

ChampionREIT

冠君產業信託

Champion Real Estate Investment Trust (stock code: 2778) 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)
冠君產業信託 (股份代號：2778) 為根據香港法例第571章證券及期貨條例第104條獲認可的香港集體投資計劃

2022 Interim Report 中期報告





Trust Profile

Champion REIT is a real estate investment 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.



Trust Objectives

Champion REIT's key objective is to provide investors with stable and sustainable distributions, achieving long-term capital growth. This aim of delivering 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 will enhance distributions.

Contents

2 Corporate Information

3 Financial Highlights

Management Discussion and Analysis

4 Overview

5 Operational Review

8 Outlook

9 Sustainability

10 Valuation of Properties

11 Financial Review

Corporate Governance and Compliance

13 Biographical Details of Directors

17 Corporate Governance

23 Connected Party Transactions Report

29 Disclosure of Interests

33 Other Information

Financials

36 Report on Review of Condensed Consolidated Financial Statements

37 Condensed Consolidated Financial Statements

71 Investment Properties Portfolio

72 Performance Table

Corporate Information

CHAMPION REIT

Champion Real Estate Investment Trust
(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

REIT MANAGER

Eagle Asset Management (CP) Limited
Suite 3008, 30th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2879 1288
Fax: (852) 2827 1338
Email: info@eam.com.hk

BOARD OF DIRECTORS OF THE REIT MANAGER

Non-executive Directors

LO Ka Shui (*Chairman*)
WONG Mei Ling, Marina

Executive Directors

HAU Shun, Christina (*Chief Executive Officer*)
KWONG Chi Kwong

Independent Non-executive Directors

CHENG Wai Chee, Christopher
HO Shut Kan
IP Yuk Keung, Albert
SHEK Lai Him, Abraham

AUDIT COMMITTEE OF THE REIT MANAGER

SHEK Lai Him, Abraham (*Chairman*)
CHENG Wai Chee, Christopher
HO Shut Kan
IP Yuk Keung, Albert
LO Ka Shui

DISCLOSURES COMMITTEE OF THE REIT MANAGER

HAU Shun, Christina (*Chairman*)
LO Ka Shui
SHEK Lai Him, Abraham

NOMINATION COMMITTEE OF THE REIT MANAGER

HO Shut Kan (*Chairman*)
CHENG Wai Chee, Christopher
LO Ka Shui
SHEK Lai Him, Abraham

FINANCE AND STRATEGIC PLANNING COMMITTEE OF THE REIT MANAGER

LO Ka Shui (*Chairman*)
HAU Shun, Christina
WONG Mei Ling, Marina

RESPONSIBLE OFFICERS OF THE REIT MANAGER

HAU Shun, Christina
KWONG Chi Kwong
LEUNG Kin Shan
LUK Ka Ping, Amy

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 BANKERS

Bank of China (Hong Kong) Limited
DBS Bank Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited

LEGAL ADVISOR

Baker & McKenzie

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL VALUER

Cushman & Wakefield Limited

UNIT REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong
Email: hkinfo@computershare.com.hk

WEBSITE

www.ChampionReit.com

STOCK CODE

2778

Financial Highlights

	6 Months Ended 30 Jun 2022 HK\$ million	6 Months Ended 30 Jun 2021 HK\$ million	Change
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 HK\$ million	As at 31 Dec 2021 HK\$ million	Change
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.

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

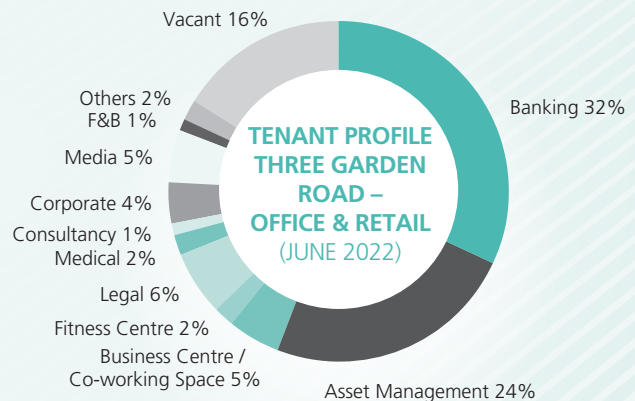
THREE GARDEN ROAD

	6 Months Ended 30 Jun 2022 HK\$'000	6 Months Ended 30 Jun 2021 HK\$'000	Change
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).



Operational Review

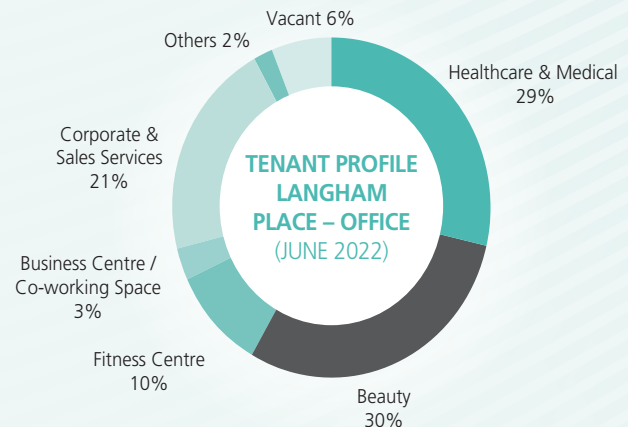
LANGHAM PLACE OFFICE TOWER

	6 Months Ended 30 Jun 2022 HK\$'000	6 Months Ended 30 Jun 2021 HK\$'000	Change
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).



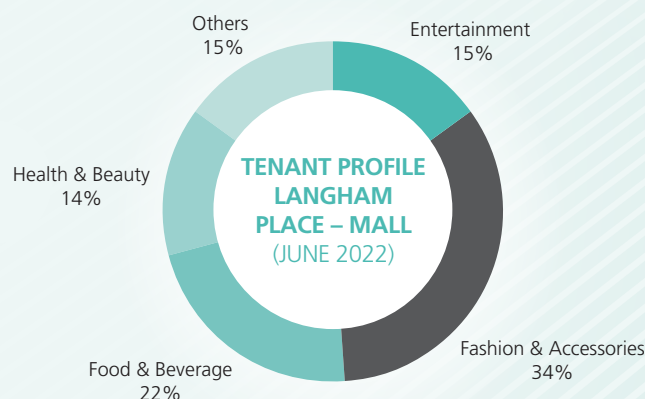
LANGHAM PLACE MALL

	6 Months Ended 30 Jun 2022 HK\$'000	6 Months Ended 30 Jun 2021 HK\$'000	Change
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 re-consider 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.

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.

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

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:

June 2022 Valuation	Three Garden Road HK\$ million	Langham Place HK\$ million	Sub-total HK\$ million
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.

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.

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

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.

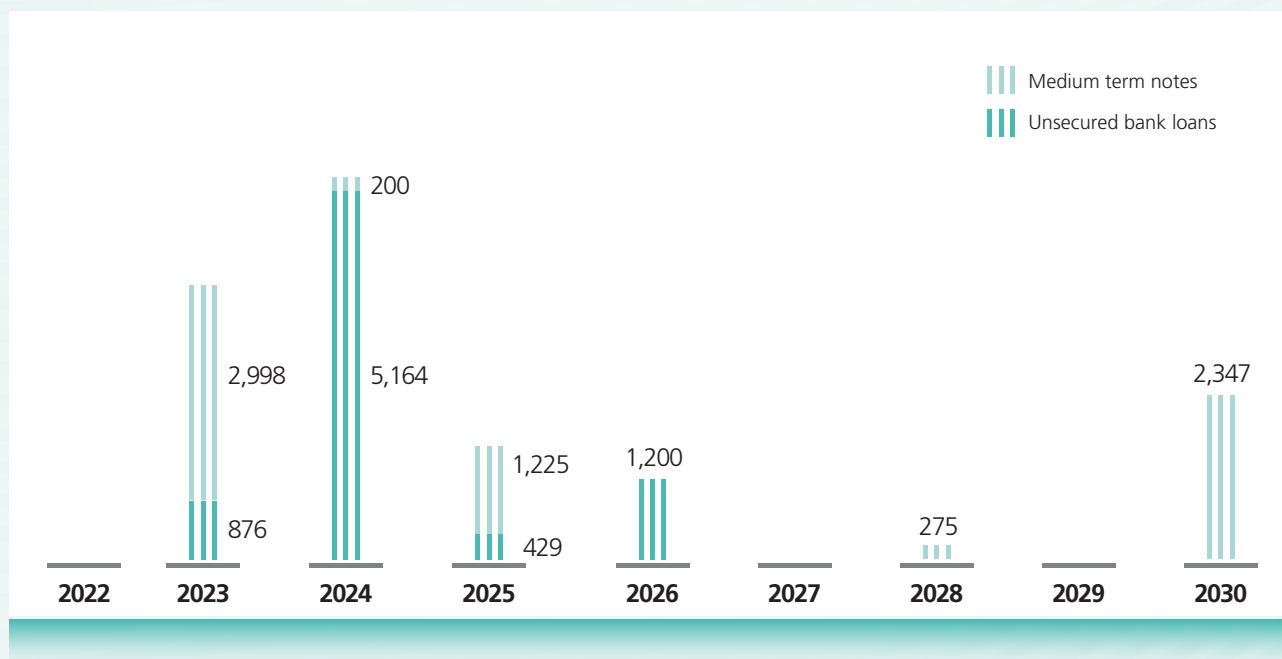
debts. The average effective interest rate - after accounting for interest rate swaps and cross currency swaps dropped slightly to 2.4% during the first half of 2022 when comparing to last corresponding period of 2.5%. The average life of the Trust's outstanding debt was 2.9 years as at 30 June 2022 (31 December 2021: 3.3 years).

Financial Review

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.

Biographical Details of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the information of Directors of the REIT Manager subsequent to the date of the 2021 Annual Report of Champion REIT are updated as follow:

Dr LO Ka Shui

Chairman and Non-executive Director

aged 75, was appointed as Chairman and Non-executive Director of the REIT Manager in 2006. He is a Member of Audit Committee, Disclosures Committee, Nomination Committee and Chairman of Finance and Strategic Planning Committee of the REIT Manager. He is also a Director of all special purpose vehicles of Champion REIT. Dr Lo is Chairman and Managing Director of Great Eagle Holdings Limited, and Chairman and Non-executive Director of the publicly-listed trust, Langham Hospitality Investments. He is also Vice President of The Real Estate Developers Association of Hong Kong and a member of The Hong Kong Centre for Economic Research's Board of Trustees.

Dr Lo was formerly Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for the Main Board and Growth Enterprise Market; a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority; Chairman of The Chamber of Hong Kong Listed Companies; Chairman of the Hospital Authority of Hong Kong; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee.

Dr Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, specialising in Internal Medicine and Cardiology. He has over four decades of experience in property and hotel development, and investment both in Hong Kong and overseas.

Ms HAU Shun, Christina

Chief Executive Officer and Executive Director

aged 48, was appointed as Chief Executive Officer and Executive Director of the REIT Manager in February 2022. She also serves in the positions of Chairman of Disclosures Committee and member of the Finance and Strategic Planning Committee of the REIT Manager. Ms Hau, as Chief Executive Officer, is responsible for planning the strategic development of Champion REIT and ensuring that Champion REIT is operated in accordance with stated investment strategy, policies and regulations. She also oversees the day-to-day operations.

Ms Hau was appointed as Chief Investment Officer of the REIT Manager in February 2022. As Chief Investment Officer, she is responsible for identifying and evaluating potential acquisitions or investments opportunities. She is also responsible for the capital structure of Champion REIT, including the planning and overseeing of capital raising activities from the market. Ms Hau is a Responsible Officer as defined under the Securities and Futures Ordinance. She is also a Director of all special purpose vehicles of Champion REIT.

Ms Hau is a Registered Architect in Hong Kong with over 23 years of experience in the real estate industry, covering design, planning, project management and asset management of renowned world-class commercial complexes. Prior to joining the REIT Manager, Ms Hau worked at Hong Kong's leading real estate listed companies overseeing the group's key Mainland China Investment Properties.

Ms Hau graduated from The Chinese University of Hong Kong with degrees in Master of Architecture and Bachelor of Social Sciences (Hons). She is a member of Hong Kong Institute of Architects and Vice-Chairman of Commercial Properties Research Association under China Real Estate Chamber of Commerce.

Biographical Details of Directors

Ms WONG Mei Ling, Marina

Non-executive Director

aged 55, was appointed as Non-executive Director of the REIT Manager in October 2020. She is also a Member of Finance and Strategic Planning Committee of the REIT Manager. Ms Wong has been the officer in charge of the corporate secretary of the REIT Manager since July 2008 principally responsible for the governance, compliance and corporate secretarial matters of the REIT Manager. She is also a Director of all special purpose vehicles of Champion REIT. Ms Wong currently is Company Secretary of Great Eagle Holdings Limited, and the publicly-listed trust, Langham Hospitality Investments. Prior to that, she was a senior management of a red chip listed company in Hong Kong and served as Company Secretary and a Member of the Investment Appraisal Committee. With over 30 years solid working experience, her expertise lies in the development of governance and compliance policies and corporate secretarial and administration.

Ms Wong is a Fellow both of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms Wong received a Master Degree in Laws from The Chinese University of Hong Kong, a Master Degree in Business Administration from the University of Wales and the University of Manchester jointly and a Bachelor Degree in Accountancy from City University of Hong Kong.

Mr KWONG Chi Kwong

Executive Director

aged 63, was appointed as Executive Director of the REIT Manager in October 2021. He was Chairman of Disclosures Committee and member of the Finance and Strategic Planning Committee of the REIT Manager during the period from 11 October 2021 to 3 February 2022. Mr Kwong has been the Chief Operating Officer and Responsible Officer of the REIT Manager since its inception in 2006. He is also the Manager-In-Charge of anti-money laundering and counter-terrorist financing function as defined under the Securities and Futures Ordinance and responsible for establishing and maintaining internal control procedures on anti-money laundering and counter-terrorist financing in the operation level for Champion REIT. Mr Kwong is also responsible for maintaining an effective risk management system for identification, evaluation, prioritising and recording as well as communication of risks within the REIT Manager and Champion REIT as well as its key service providers in accordance with the risk management policy. Prior to joining the REIT Manager, Mr Kwong had held a variety of property portfolio management, advisory and supervisory roles in relation to the investment portfolios of the Great Eagle Group (the "GE Group") and also participated in GE Group's strategic planning in property development, leasing, marketing and promotional campaigns, improvement and renovation works, asset acquisition and enhancement of the assets held by GE Group. Mr Kwong has more than 35 years of experience in the real estate industry.

Mr Kwong holds a Bachelor of Arts degree from The University of Hong Kong.

Mr CHENG Wai Chee, Christopher*Independent Non-executive Director*

aged 74, has been Director of the REIT Manager since 2006. He is a Member of Audit Committee and Nomination Committee of the REIT Manager. Mr Cheng is Chairman of Wing Tai Properties Limited (listed in Hong Kong). Mr Cheng plays an active role in public service. He is a Member of the Board of Overseers at Columbia Business School; a Member of the President's Council on International Activities of Yale University; and former Chairman of the Hong Kong General Chamber of Commerce. During the past three years, Mr. Cheng was Independent Non-executive Director of NWS Holdings Limited (listed in Hong Kong) and The Hongkong and Shanghai Banking Corporation Limited.

Mr Cheng holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong and a Doctorate in Business Administration honoris causa from The Hong Kong Polytechnic University. He graduated from the University of Notre Dame, Indiana with a Bachelor's Degree in Business Administration and from Columbia University, New York with a Master's Degree in Business Administration.

Mr HO Shut Kan*Independent Non-executive Director*

aged 74, has been Director of the REIT Manager since 2007. He is a Member of Audit Committee and Chairman of Nomination Committee of the REIT Manager. He has over 40 years of experience in the property sector. Mr Ho was Executive Director and Chief Executive Officer of Kerry Properties Limited (listed in Hong Kong) and Director of Shang Properties, Inc. (listed in Philippine) before his retirement in 2018.

Mr Ho holds a Master of Business Administration Degree from the University of East Asia.

Biographical Details of Directors

Mr IP Yuk Keung, Albert

Independent Non-executive Director

aged 70, joined the Board of the REIT Manager as Independent Non-executive Director in 2011 and was redesigned as Non-executive Director during June 2014 to May 2021. He is currently an Independent Non-executive Director, a Member of Audit Committee and Advisor of the Finance and Strategic Planning Committee of the REIT Manager. Mr Ip is an international banking executive with over 30 years of experience in the United States, Asia and Hong Kong. He was formerly Managing Director of Citigroup and Managing Director of Investments in Merrill Lynch (Asia Pacific). Mr Ip is currently Independent Non-executive Director of Lifestyle International Holdings Limited; Power Assets Holdings Limited; New World Development Company Limited; and Hutchison Telecommunications Hong Kong Holdings Limited (all the companies mentioned above are listed in Hong Kong). During the past three years, Mr Ip was Executive Director and Chief Executive Officer of the publicly-listed trust, Langham Hospitality Investments and Independent Non-executive Director of Hopewell Holdings Limited and TOM Group Limited (all the companies mentioned above are listed in Hong Kong).

Mr Ip is an Adjunct Professor of City University of Hong Kong; Hong Kong University of Science and Technology; The University of Hong Kong; The Hang Seng University of Hong Kong and The Chinese University of Hong Kong. He is also an Honorary Fellow, a Member of the International Advisory Board of College of Business and a Member of the Court at City University of Hong Kong; a Senior Advisor to the Dean of School of Business and Management; a Member of the Business School Advisory Council and an Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology; an Adjunct Distinguished Professor in Practice at University of Macau; and an Honorary Fellow of Vocational Training Council. He is Chairman of the Board of Governors of World Green Organisation.

Mr Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science at Washington University in St. Louis (summa cum laude), a Master of Science degree in Applied Mathematics at Cornell University and a Master of Science degree in Accounting and Finance at Carnegie-Mellon University.

Mr SHEK Lai Him, Abraham

Independent Non-executive Director

aged 77, was appointed as Independent Non-executive Director in 2006. He is Chairman of Audit Committee and a Member of both Disclosures Committee and Nomination Committee of the REIT Manager. Mr Shek is a Honorary Member of the Court of The Hong Kong University of Science and Technology and a Member of both of the Court and the Council of The University of Hong Kong. He is also a Member of the Advisory Committee on Corruption of the Independent Commission Against Corruption; Director of Construction Charity Fund Integrated Service Centre Limited; and Non-Executive Director of Chinese-Italian Cultural Society Limited. Mr. Shek was a Member of the Legislative Council for the HKSAR representing the real estate and construction functional constituency during the period from 2000 to 2021. Mr Shek is currently Honorary Chairman and Independent Non-executive Director of Chuang's China Investments Limited; Vice Chairman and Independent Non-executive Director of ITC Properties Group Limited; Chairman and Executive Director of Goldin Financial Holdings Limited; Independent Non-executive Director of Paliburg Holdings Limited; Lifestyle International Holdings Limited; NWS Holdings Limited; Chuang's Consortium International Limited; Country Garden Holdings Company Limited; China Resources Cement Holdings Limited; Lai Fung Holdings Limited; Cosmopolitan International Holdings Limited; Everbright Grand China Assets Limited; CSI Properties Limited; Far East Consortium International Limited; Landing International Development Limited; Hao Tian International Construction Investment Group Limited and International Alliance Financial Leasing Co., Ltd.; and advisor to SJM Holdings Limited (all the companies mentioned above are listed in Hong Kong). He is also Independent Non-executive Director of Regal Portfolio Management Limited (as the manager of Regal REIT listed in Hong Kong). Mr Shek is Independent Non-executive Director of Ping An OneConnect Bank (Hong Kong) Limited. During the past three years, Mr Shek was Independent Non-executive Director of Hop Hing Group Holdings Limited; MTR Corporation Limited; and SJM Holdings Limited (all companies are listed in Hong Kong).

Mr Shek graduated from the University of Sydney with a Bachelor of Arts Degree.

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 investment procedures. The REIT Manager has in place a comprehensive set of compliance procedures and guidelines that set out the key processes, systems and measures used to implement the corporate governance framework.

The Board of Directors (“Board”) of the REIT Manager plays a central supporting and supervisory role in its corporate governance duties and bears primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures. It regularly reviews the Compliance Manual and other policies and procedures on corporate governance and on legal and regulatory compliance, approves changes to governance policies in light of the latest statutory regime and international best practices, and reviews corporate governance disclosures.

AUTHORISATION 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 (Chapter 571 of the Laws of Hong Kong) (“SFO”) and regulated by the SFC pursuant to the provisions of the SFO, 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 regulated activity of asset management. Ms Hau Shun, Christina, Chief Executive Officer and Executive Director; Ms Luk Ka Ping, Amy, Investment and Investor Relations Director; Mr Leung Kin Shan, Business Development Director and Mr Kwong Chi Kwong, Chief Operating Officer – Risk Management 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. The Responsible Officers have completed Continuous Professional Training as required by the SFO for each calendar year.

HSBC Institutional Trust Services (Asia) Limited (“Trustee”) is registered as a Trust Company under Section 77 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) 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 the Unitholders, and to oversee the activities of the REIT Manager in accordance with, and for compliance with, the Deed of Trust (“Trust Deed”) constituting Champion REIT, other relevant constitutive documents and the regulatory requirements applicable to Champion REIT. Whereas the REIT Manager is responsible for managing Champion REIT in accordance with the Trust Deed and ensuring that the financial and economic aspects of Champion REIT’s assets are professionally managed in the sole interests of the Unitholders. The relationship between the Trustee, the REIT Manager and the Unitholders is set out in the Trust Deed entered into between the REIT Manager and the Trustee on 26 April 2006, the First Amending and Restating Deed dated 21 April 2021 and the Supplemental Deed that is amended from time to time.

Pursuant to the Property Management Agreement, Eagle Property Management (CP) Limited (“Property Manager”) provides property management services, lease management services and marketing services for the properties of Champion REIT located in Hong Kong on an exclusive basis subject to the overall management and supervision of the REIT Manager. The Property Manager has a team of experienced operational staff exclusively dedicated to providing property management services to Champion REIT.

Corporate Governance

FUNCTIONS OF THE BOARD OF DIRECTORS OF THE REIT MANAGER AND DELEGATION

Board of Directors

The Board of the REIT Manager is responsible for ensuring that the REIT Manager discharges its duties under the Trust Deed, which include, but are not limited to, managing the Trust in accordance with the Trust Deed in the sole interests of the Unitholders, ensuring sufficient oversight of the daily operations and financial conditions of the Trust when managing the Trust, and ensuring compliance with the licensing and authorisation requirements of the REIT Manager and the Trust and with any applicable laws, rules, codes or guidelines issued by government departments, regulatory bodies, exchanges or any other organisations regarding the activities of the Trust or its administration. Subject to the matters specifically reserved to the Board as set out in the Compliance Manual, the Board delegates certain management and supervisory functions to Board committees. The Board also has appointed experienced and well-qualified management to handle the day-to-day operations of the REIT Manager and Champion REIT.

The Board currently comprises eight Members, with two Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. The REIT Manager has adopted a board diversity policy concerning diversity of Board Members. The REIT Manager believes that increasing diversity at the Board level is an important part of achieving its strategic objectives and attracting and retaining the best people. In addition, the REIT Manager has adopted a nomination policy. It sets out, inter alia, selection criteria and evaluation procedures for nominating candidates to be appointed or re-appointed as Directors of the REIT Manager. Ms Wong Ka Ki, Ada resigned from her positions of the REIT Manager with effect from 11 October 2021. The vacancies left by her, except for the positions of Chief Executive Officer and Chief Investment Officer, were filled by Mr Kwong Chi Kwong during the transitional period until Ms Hau Shun, Christina was appointed as Executive Director, Chief Executive Officer, Chief Investment Officer and Responsible Officer and also Chairman of the Disclosures Committee and member of the Finance and Strategic Planning Committee of the REIT Manager on 4 February 2022. Mr Kwong is currently an Executive Director of the REIT Manager. Announcements in relation thereto were made on 13 September 2021, 8 October 2021 and 4 February 2022 respectively.

The Board of the REIT Manager may establish Board committees with clear terms of reference to review specific issues or items. The four standing Board committees established are the Audit Committee, the Disclosures Committee, the Nomination Committee and the Finance and Strategic Planning Committee.

Save as disclosed above, there is no other changes to the composition of the Board or any of its committees during the six months ended 30 June 2022.

Audit Committee

The role of the Audit Committee is to monitor and evaluate the effectiveness of the REIT Manager's risk management and internal control systems. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports issued by the REIT Manager. The Audit Committee is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee currently comprises four Independent Non-executive Directors (namely, Mr Shek Lai Him, Abraham, Mr Cheng Wai Chee, Christopher, Mr Ho Shut Kan and Mr IP Yuk Keung, Albert) and a Non-executive Director (namely, Dr Lo Ka Shui). Mr Shek is the Chairman of the Audit Committee.

Disclosures Committee

The role of the Disclosures Committee is to review matters relating to the disclosure of information to Unitholders and in public announcements. It works with the management of the REIT Manager to ensure that information disclosed is accurate and complete. The Disclosures Committee currently comprises a Non-executive Director (namely, Dr Lo Ka Shui), an Independent Non-executive Director (namely, Mr Shek Lai Him, Abraham) and an Executive Director (namely, Ms Hau Shun, Christina). Ms Hau is the Chairman of the Disclosures Committee.

Nomination Committee

The role of the Nomination Committee is to formulate policy and make recommendations to the Board on nominations, appointments or re-appointments of Directors and Board succession planning, to identify qualified individuals to become Board Members and make recommendations to the Board on the selection of individuals nominated for directorships and to assess the independence of Independent Non-executive Directors. The Nomination Committee shall consider all individuals recommended to be Directors by any Directors or shareholders of the REIT Manager in accordance with the nomination policy of the REIT Manager. The Nomination Committee currently comprises a Non-executive Director (namely, Dr Lo Ka Shui) and three Independent Non-executive Directors (namely, Mr Cheng Wai Chee, Christopher, Mr Ho Shut Kan and Mr Shek Lai Him, Abraham). Mr Ho is the Chairman of the Nomination Committee.

Finance and Strategic Planning Committee

The Finance and Strategic Planning Committee (the "Committee") is to enhance governance and control in respect of the financial performance and strategic planning of the REIT Manager and the Group. The Committee is responsible for reviewing the Trust's financial strategy, budget setting strategy, operating budget, cost control budget, treasury management activities and monitoring the implementation of proposed acquisitions and/or disposals. It is distinct and separate from the Audit Committee. The Committee currently comprises two Non-executive Directors (namely, Dr Lo Ka Shui and Ms Wong Mei Ling, Marina) and an Executive Director (namely, Ms Hau Shun, Christina). Dr Lo is the Chairman of the Committee.

Manager-In-Charge

Under the regulatory regime of the SFC, the Board has eight core functions and has assigned each of the core functions to the designated management person(s) called the Manager-In-Charge ("MIC"). Each of the MICs has acknowledged the appointment and associated responsibilities. The core functions and the respective MICs according to the SFC Circular are set out as below:

Function	MIC(s)
1. Overall Management Oversight	Chief Executive Officer
2. Key Business Line	Chief Executive Officer
3. Operational Control and Review	Head of Operations Senior Internal Audit Manager
4. Finance and Accounting	Business Development Director Finance Director
5. Risk Management	Chief Operating Officer – Risk Management Senior Internal Audit Manager
6. Information Technology	Senior IT Project Manager
7. Compliance	Compliance Manager
8. Anti-Money Laundering and Counter-Terrorist Financing	Chief Operating Officer – Risk Management Compliance Manager

Corporate Governance

GOVERNANCE AND CONTROL POLICIES AND PROCEDURES

Various governance and control policies and procedures of the REIT Manager used in relation to the management of Champion REIT have been updated/established during the six months ended 30 June 2022 and up to the date of this report, namely:

- Anti-Fraud, Bribery and Corruption Policy
- Anti-Money Laundering and Counter-Financing of Terrorism Procedures
- Code of Conduct regarding Securities Transactions by Directors and Relevant Personnel
- Connected Party Transactions Procedures on Sample Checking
- Managing Climate Risk and Resilience Policy
- Procedures for FATCA Reporting
- Reporting and Monitoring Policy on Connected Transactions
- Sanction Screening Procedures
- Whistleblowing Policy

CONFLICTS OF INTEREST AND BUSINESS COMPETITION WITH GREAT EAGLE HOLDINGS LIMITED

As mentioned hereinbefore, the REIT Manager and the Property Manager provide management and operating services to Champion REIT respectively. Longworth Management Limited (“Longworth”) acts as Office DMC (deed of mutual covenant) Sub-Manager of Langham Place Office Tower. Keysen Property Management Services Limited (“Keysen”) (formerly known as The Great Eagle Properties Management Company, Limited) acts as (1) Estate Manager of Langham Place Mall; (2) CAF Estate Manager and DMC Manager of Langham Place; and (3) DMC Sub-Manager of Three Garden Road. All of the above companies are wholly-owned subsidiaries of Great Eagle Holdings Limited (“Great Eagle”). Dr Lo Ka Shui is a substantial shareholder, Chairman and Managing Director of Great Eagle and a director of its affiliated companies. There may be potential conflicts of interest between Great Eagle and Champion REIT in respect of the performance of estate management services in relation to Three Garden Road and Langham Place or other properties.

Business Competition

The Great Eagle Group (“Group”) is one of Hong Kong’s leading property companies; the Group also owns and manages an extensive international hotel portfolio branded under “Langham”, “Cordis”, “Eaton” and their affiliate brands. Headquartered in Hong Kong, the Group develops, invests in and manages high quality residential, office, retail, furnished apartments, hotel properties and restaurants in Asia, North America, Australia, New Zealand and Europe. There may be circumstances where Champion REIT competes directly with Great Eagle and/or its subsidiaries or associates for acquisitions or disposals of properties as well as for tenants within the Hong Kong market as Great Eagle, its subsidiaries and associates are engaged in and/or may engage in, amongst other things, the development, investment in and management of, properties in the residential, office, retail, and hotel sectors in Hong Kong and overseas. There are no non-compete agreements between Great Eagle and Champion REIT.

Estate Management Services

With respect to estate management services, Longworth and Keysen together have established a team of more than 200 full-time staff exclusively dedicated to carrying out property management services in respect of Three Garden Road and Langham Place with separate office locations and IT systems. Given the extensive experience of Longworth and Keysen in the estate management of Three Garden Road and Langham Place, the REIT Manager considers that it is in the interests of Champion REIT for the existing estate management arrangements to continue and the REIT Manager does not anticipate any significant likelihood of conflicts of interest arising between Great Eagle and Champion REIT.

Leasing and Marketing

With respect to leasing and marketing functions, the REIT Manager does not anticipate any significant likelihood of conflicts of interest arising between Great Eagle and Champion REIT because the Property Manager provides property management services (including leasing and marketing functions) in respect of Three Garden Road and Langham Place exclusively, whereas Great Eagle has its independent and separate leasing team to perform the property management functions for its own properties. The Property Manager has an office location that is separate from the other Great Eagle entities that perform leasing and marketing functions for other properties held by Great Eagle. To ensure that there is segregation of information between the Property Manager and other Great Eagle entities, the Property Manager has its own database with access and security codes different from those of Great Eagle.

Procedures to Deal with Conflicts of Interest

The REIT Manager has instituted various procedures to deal with potential conflicts of interest issues, including, but not limited to: (i) in respect of matters in which a Director has an interest, direct or indirect, in any contract or arrangement to which Champion REIT (whether through the REIT Manager or the Trustee) is a party, such interested Director shall disclose his/her interest to the Board and abstain from voting on the resolution concerned at a meeting of the Directors; (ii) the REIT Manager is a dedicated manager to Champion REIT and will not manage any other real estate investment trust or be involved in any other real property business; (iii) The majority of the Board is not related to Great Eagle and the Independent Non-executive Directors act independently for the interests of Champion REIT; (iv) the management structure of the REIT Manager includes the Audit Committee, the Nomination Committee, the Disclosures Committee and the Finance and Strategic Planning Committee to promote a high level of corporate governance and address any potential conflicts of interest with Great Eagle; (v) the REIT Manager has adopted the Compliance Manual and Operations Manual that set out detailed compliance procedures in connection with its operations; (vi) the REIT Manager has employed a team of senior management and employees on a full-time basis who will not maintain any other roles apart from their roles within the REIT Manager; and (vii) all connected party transactions are managed in accordance with the requirements set out in the REIT Code, the Compliance Manual and other relevant policies and guidelines issued for and adopted by Champion REIT.

Corporate Governance

COMPLIANCE

During the six months ended 30 June 2022, the REIT Manager and Champion REIT have complied with the provisions of the REIT Code, the Trust Deed, the relevant provisions and requirements of the SFO and the 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 six months ended 30 June 2022.

The REIT Manager has adopted a Code Governing Dealings in Securities by the Directors and Relevant Personnel (the “Code on Securities Dealings”) on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Relevant Personnel include heads of each department and business unit of Champion REIT and all staff members or personnel who are required to provide accounting and company secretarial services to Champion REIT. The REIT Manager has made specific enquiries of the Directors and Relevant Personnel, who have confirmed that they have complied with the required standards as set out in the Code on Securities Dealings during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The unaudited interim results of Champion REIT for the six months ended 30 June 2022 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 Audit Committee and the Disclosures Committee of the REIT Manager, and by the Trust’s Independent Auditor, Messrs Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

Connected Party Transactions Report

Set out below is information in respect of connected party transactions involving Champion REIT and its connected persons as defined in paragraph 8.1 of the Code on Real Estate Investment Trusts ("REIT Code") effective on 4 December 2020:

CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS GROUP

The following tables set forth information on connected party transactions between Champion REIT ("Trust") and the Great Eagle Connected Persons Group for the six months ended 30 June 2022 ("Period"). The Great Eagle Connected Persons Group is defined as the connected persons of Champion REIT by virtue of their relationship (including, but not limited to, acting as director, senior executive, officer or associate (as defined under the REIT Code)) with Great Eagle.

Great Eagle Holdings Limited ("Great Eagle") is a connected person of Champion REIT by virtue of being the holding company of the REIT Manager and also being a substantial holder (as defined under the REIT Code) of Champion REIT through the direct unitholdings of its controlled corporations (including Top Domain International Limited, Keen Flow Investments Limited and Bright Form Investments Limited, each a significant holder of Champion REIT) as more particularly described under the section headed "Disclosure of Interests" in this Interim Report.

Connected Party Transactions – Rental Income (Revenue)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income for the Period HK\$
Best Come Limited	Subsidiary of Great Eagle	Leasing transaction ¹	23,269,000
Eagle Asset Management (CP) Limited	Subsidiary of Great Eagle	Leasing transaction ²	188,000
Eagle Property Management (CP) Limited	Subsidiary of Great Eagle	Leasing transaction ³	3,508,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Leasing transaction ⁴	3,667,000
Magic Energy Limited	Subsidiary of Great Eagle	Leasing transaction ⁵	24,000
Artisan International Limited	Associate of Great Eagle	Leasing transaction ⁶	66,000
Artisan International Limited	Associate of Great Eagle	Leasing related income	2,000
Eagle Asset Management (CP) Limited	Subsidiary of Great Eagle	Car parking fee	144,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Car parking fee	30,000
Total			30,898,000

Connected Party Transactions Report

Connected Party Transactions – Building Management Fee Income (Revenue)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income for the Period HK\$
Best Come Limited	Subsidiary of Great Eagle	Building management fee income ¹	2,673,000
Eagle Asset Management (CP) Limited	Subsidiary of Great Eagle	Building management fee income ²	41,000
Eagle Property Management (CP) Limited	Subsidiary of Great Eagle	Building management fee income ³	478,000
Keyesen Property Management Services Limited	Subsidiary of Great Eagle	Building management fee income ⁴	464,000
Magic Energy Limited	Subsidiary of Great Eagle	Building management fee income ⁵	4,000
Artisan International Limited	Associate of Great Eagle	Building management fee income ⁶	13,000
Total			3,673,000

Connected Party Transactions – Estate Management Transactions (Expenditures)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Expenses for the Period HK\$
Keyesen Property Management Services Limited	Subsidiary of Great Eagle	Estate management expense	67,786,000 ⁷
Keyesen Property Management Services Limited	Subsidiary of Great Eagle	Repair and maintenance services	2,000
Selex Engineering Services Limited	Subsidiary of Great Eagle	Repair and maintenance services	284,000
Toptech Co. Limited	Subsidiary of Great Eagle	Repair and maintenance services	1,190,000
Keyesen Engineering Company, Limited	Subsidiary of Great Eagle	Repair and maintenance services and other miscellaneous expense	1,345,000
GE (LHIL) Lessee Limited	Subsidiary of Great Eagle	Property miscellaneous expense	78,000
Total			70,685,000

Notes:

1. Security deposits, by way of corporate guarantee and cash to the amount of HK\$8,236,000 and HK\$8,326,000 respectively, provided by Best Come Limited, were held by the Trust as at the Period-end date.
2. A security deposit, by way of cash of approximately HK\$119,000 provided by Eagle Asset Management (CP) Limited, was held by the Trust as at the Period-end date.
3. Security deposits, by way of bank guarantee and cash in an aggregate amount of approximately HK\$2,244,000 provided by Eagle Property Management (CP) Limited, were held by the Trust as at the Period-end date.
4. A security deposit, by way of cash of approximately HK\$1,725,000 provided by Keyesen Property Management Services Limited, was held by the Trust as at the Period-end date.
5. A security deposit, by way of corporate guarantee and cash to the amount of HK\$1,282,000 and HK\$1,342,000 respectively, provided by Magic Energy Limited, were held by the Trust as at the Period-end date.
6. A security deposit, by way of cash of approximately HK\$558,000 provided by Artisan International Limited, was held by the Trust as at the Period-end date.
7. Out of this HK\$67,786,000 approximately HK\$66,471,000 represents the amount of reimbursement for estate management expenses paid out under the Langham Place Mall Estate Management Agreement. The remaining amount of approximately HK\$1,315,000 represents the amount of reimbursement for estate management expenses paid out under the CAF Management Agreement (in relation to the common areas/facilities and reserved areas of Langham Place). Both the Langham Place Mall Estate Management Agreement and the CAF Management Agreement are Pre-Existing Agreements with Keyesen Property Management Services Limited. Pursuant to the Langham Place Mall Estate Management Agreement, the Mall Estate Manager is entitled to retain at all times an amount equal to one-sixth of the annual expenditure under the approved budget for the year ended 31 December 2022 so as to enable the Mall Estate Manager to make payments under estate management expenses.

PRE-EXISTING AGREEMENTS

The following tables set forth information on the agreements previously entered into with the Great Eagle Connected Persons Group in relation to the management and operation of Three Garden Road and Langham Place (the "Properties") before the acquisition of the Properties by Champion REIT, and which will continue to subsist and be subject to annual limits of the waiver from strict compliance with the requirements and/or reporting requirements under Chapter 8 of the REIT Code.

Pre-Existing Agreements Subject to Waiver

The following Pre-Existing Agreements are among the connected party transactions with the Great Eagle Connected Persons Group as disclosed above, and dealt with as if they were connected party transactions that 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 Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income/Expenses for the Period HK\$
Langham Place Mall Estate Management Agreement ⁵	Keyesen Property Management Services Limited (as the Langham Place Mall Estate Manager)	Subsidiary of Great Eagle	Reimbursement of estate management expense	66,471,000
CAF Management Agreement (in relation to the common areas/facilities and reserved areas of Langham Place)	Keyesen Property Management Services Limited (as the CAF Estate Manager of Langham Place)	Subsidiary of Great Eagle	Reimbursement of estate management expense	1,315,000

Connected Party Transactions Report

Other Pre-Existing Agreements and other transactions subject to Reporting Requirements under the REIT Code

Name/Description of Agreement	Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income/ Expenses for the Period HK\$
DMC (deed of mutual covenant) for Langham Place	Keysen Property Management Services Limited (as DMC Manager of Langham Place)	Subsidiary of Great Eagle	Building management fee expense ¹	1,458,000
Office Sub-DMC (sub-deed of mutual covenant) for Langham Place Office Tower	Longworth Management Limited (as Office Sub-DMC Manager of Langham Place Office Tower)	Subsidiary of Great Eagle	Building management fee expense ²	26,643,000
Deed of Delegation	Keysen Property Management Services Limited (as DMC Manager of Langham Place)	Subsidiary of Great Eagle	Delegation of management functions of common areas/facilities	Nil
Property Management Agreement ⁶	Eagle Property Management (CP) Limited (as Property Manager of Champion REIT)	Subsidiary of Great Eagle	Leasing and marketing services and reimbursement	46,569,000 ⁴
DMC (deed of mutual covenant) for Three Garden Road	Keysen Property Management Services Limited (as DMC Sub-manager appointed by the DMC Manager of Three Garden Road)	Subsidiary of Great Eagle	Building management fee expense ³	82,263,000

Notes:

1. A management fee deposit and sinking fund of approximately HK\$716,000 was kept by Keysen Property Management Services 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 kept by 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\$16,384,000 was kept by Keysen Property Management Services Limited in its capacity as DMC Sub-manager of Three Garden Road as at the Period-end date.
4. Out of this HK\$46,569,000, approximately HK\$36,305,000 represents the amount of property and lease management service fee paid, approximately HK\$5,799,000 represents the amount of rental commission paid and approximately HK\$4,465,000 represents the amount of reimbursement paid to Keysen Property Management Services Limited as delegate for operating the carparks of Langham Place and Three Garden Road
5. The Langham Place Mall Estate Management Agreement has been renewed for a period from 24 May 2021 to 31 December 2022.
6. The Property Management Agreement has been renewed for a period from 24 May 2021 to 31 December 2022.

OTHER CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS GROUP

REIT Manager's fee

Eagle Asset Management (CP) Limited, a wholly-owned subsidiary of Great Eagle, was appointed as the REIT Manager of Champion REIT. The REIT Manager's fee of approximately HK\$126,721,000, being 12% of the net property income of Champion REIT (including minority-owned property) for such services rendered during the Period, is to be settled by the issuance of new Units pursuant to the Trust Deed and in the form of cash.

In 2012, the REIT Manager notified the Trustee in writing that they elected to receive 50% of the REIT Manager's fee in the form of Units and the balance of 50% in cash for the financial year 2013. As no change has been made by the REIT Manager since that time, according to Clause 11.1.2 of the Trust Deed, the structure of the REIT Manager's fee, 50% in the form of Units and 50% in cash, remains applicable to the financial year 2022. For the Period, the REIT Manager's fee, paid and payable in the form of Units, is in the amount of approximately HK\$63,360,000 and the REIT Manager's fee, paid and payable in the form of cash, is in the amount of approximately HK\$63,361,000.

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 are defined as the Trustee and companies within the same group or otherwise "associated" with the Trustee as set out in the REIT Code. The Trustee Connected Persons include directors, senior executives or officers of the Trustee and controlling entities, holding companies, subsidiaries or associated companies of the Trustee.

HSBC Group refers to The Hongkong and Shanghai Banking Corporation Limited ("HSBC") 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 Report

Connected Party Transactions - Ordinary Banking and Financial Services

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income/ Expenses for the Period HK\$
HSBC Group	Trustee Connected Persons	Interest income from ordinary banking services	122,000
HSBC Group	Trustee Connected Persons	Bank charges	164,000
HSBC	Trustee Connected Persons	Loan and interest rate swap/ interest expense	527,000
Hang Seng Bank Limited ¹	Trustee Connected Persons	Loan interest expense	11,787,000
Hang Seng Bank Limited	Trustee Connected Persons	Agency fee expense	95,000

Note:

1. Hang Seng Bank Limited is a subsidiary of HSBC.

Champion MTN Limited (a special purpose vehicle wholly-owned and controlled by Champion REIT) maintained currency swap contracts with HSBC during the Period. The total notional amount in respect of such swap contracts with HSBC was US\$386.4 million as at the Period-end date.

HSBC is one of the mandated lead arrangers under the Facility Agreement dated 14 June 2019 in respect of a HK\$850 million revolving loan facility. As at 30 June 2022, a total of HK\$200 million was drawn and outstanding.

Hang Seng Bank Limited is the mandated lead arranger under the Facility Agreement dated 26 June 2020 in respect of HK\$1,000 million term and revolving loan facilities (subsequently increased to HK\$1,300 million term and revolving loan facilities) and acts as the facility agent. As at 30 June 2022, a total of HK\$429 million was drawn and outstanding.

Hang Seng Bank Limited is one of the mandated lead arrangers under the Facility Agreement dated 8 June 2021 in respect of HK\$3,000 million term and revolving loan facilities and acts as the facility agent. As at 30 June 2022, a total of HK\$1,200 million was drawn and outstanding.

CONNECTED PARTY TRANSACTIONS - OTHERS

During the Period, the trustee fee of approximately HK\$4,225,000 had been incurred for services rendered by HSBC Institutional Trust Services (Asia) Limited in its capacity as the trustee of Champion REIT.

Hong Kong, 19 August 2022

Note: All figures presented in this "Connected Party Transactions Report" have been rounded to the nearest thousand.

Disclosure of Interests

HOLDINGS OF DIRECTORS AND CHIEF EXECUTIVE OF THE REIT MANAGER, THE REIT MANAGER AND SUBSTANTIAL UNITHOLDERS

As at 30 June 2022, the following persons had interests or short positions in the Units, underlying Units and debentures of Champion REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the REIT Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO as deemed to be applicable by virtue of Schedule 3 of the Trust Deed, or which were recorded in the register required to be kept under Schedule 3 of the Trust Deed, are as follows:

Directors and Chief Executive of the REIT Manager

Name	Capacity	Nature of Interests	Number of Units/Underlying Units Held	Total Number of Units/Underlying Units Held ⁸	Percentage of Issued Units ⁹
Lo Ka Shui	Beneficial Owner	Personal Interests	3,592,007		
	Interests of Controlled Corporations	Corporate Interests	4,052,167,915 ¹		
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	11,761,000	4,067,520,992 ²	68.30
Cheng Wai Chee, Christopher	Beneficiary of a Trust	Trust Interests	13,424,730	13,424,730 ⁵	0.23
Wong Mei Ling, Marina	Beneficial Owner	Personal Interests	200,000	200,000 ⁶	0.00

REIT Manager

(also a substantial Unitholder)

Name	Total Number of Units/Underlying Units Held ⁸	Percentage of Issued Units ⁹
Eagle Asset Management (CP) Limited	518,033,947	8.70

Disclosure of Interests

Substantial Unitholders

Name	Total Number of Units/ Underlying Units Held ⁸	Percentage of Issued Units ⁹
Great Eagle Holdings Limited ("Great Eagle")	4,048,909,305 ³	67.99
HSBC International Trustee Limited	3,960,923,284 ⁴	66.51
HKSCC Nominees Limited	2,321,561,393 ⁷	38.98
Top Domain International Limited	1,420,416,628	23.85
Keen Flow Investments Limited	1,071,375,933	17.99
Bright Form Investments Limited	680,232,558	11.42

Notes:

- Among these 4,052,167,915 Units:
 - 50,000 Units, 940,000 Units, 589,000 Units and 1,679,610 Units were respectively held by Alexander C H Limited, Elizabeth B K Limited, Katherine B L Limited and Nicholas C N Limited, all of which are wholly-owned by Dr Lo Ka Shui who is also a director of these companies;
 - 4,048,909,305 Units and/or underlying Units were indirectly held by Great Eagle as explained in Note 3 below. Dr Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director of Great Eagle.
- The unitholdings of Dr Lo Ka Shui and his associates increased by 18,755,013 Units/underlying Units in aggregate as compared with the position as at 31 December 2021.
- The 4,048,909,305 Units were indirectly held by Great Eagle through its controlled corporations as listed in the following table. The following table shows the number of Units and/or underlying Units held by these companies as at 30 June 2022 and 31 December 2021 respectively:

Name	Number of Units/ Underlying Units Held As at 30 June 2022	Number of Units/ Underlying Units Held As at 31 December 2021
Top Domain International Limited	1,420,416,628	1,420,416,628
Keen Flow Investments Limited	1,071,375,933	1,071,375,933
Bright Form Investments Limited	680,232,558	680,232,558
Eagle Asset Management (CP) Limited	518,033,947	500,057,004
Fine Noble Limited	200,007,503	200,007,503
Great Eagle Nichemusic Limited	61,345,743	61,345,743
The Great Eagle Company, Limited	94,401,993	86,269,993
Ecobest Ventures Limited	3,095,000	3,095,000

4. The disclosure was based on the latest Disclosure of Interest Form (with the date of relevant event as at 7 October 2020) received from HSBC International Trustee Limited (“HITL”) as at 30 June 2022.

As at 30 June 2022, HITL was deemed to be interested in the same parcel of Units and underlying Units held by Great Eagle in its capacity as a trustee of a discretionary trust which held 34.06% interests in Great Eagle. Dr Lo Ka Shui (a director of the REIT Manager), Madam Lo To Lee Kwan, Mr Lo Hong Sui, Antony, Madam Law Wai Duen, Mr Lo Hong Sui, Vincent and Dr Lo Ying Sui (all being directors of Great Eagle) are among the discretionary beneficiaries of the discretionary trust. Dr Lo Ka Shui in his personal capacity, as controlling shareholder of certain companies and as the founder of another discretionary trust held 30.30% voting right in the capital of Great Eagle as at 30 June 2022.

5. The unitholdings of Mr Cheng Wai Chee, Christopher remained unchanged as compared with the position as at 31 December 2021.
6. The unitholdings of Ms Wong Mei Ling, Marina remained unchanged as compared with the position as at 31 December 2021.
7. As far as the REIT Manager is aware, HKSCC Nominees Limited held such Units as a nominee. The number of Units held by HKSCC Nominees Limited increased by 6,499 Units when compared with the position as at 31 December 2021.
8. Unless otherwise stated, the interests in Units disclosed above represent long positions in Units and/or underlying Units.
9. This percentage has been compiled based on the total number of issued Units of Champion REIT of 5,955,056,541 as at 30 June 2022.

Save as disclosed above, so far as is known to the REIT Manager, none of the Directors and Chief Executive of the REIT Manager and no other persons had any interests (or were deemed to be interested) and short positions in the Units, underlying Units and debentures of Champion REIT as at 30 June 2022 which were required to be notified to the REIT Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO as deemed to be applicable by virtue of Schedule 3 of the Trust Deed, or which were required to be recorded in the register kept under Schedule 3 of the Trust Deed.

HOLDINGS OF OTHER CONNECTED PERSON

As at 30 June 2022, in addition to the disclosures in the above section headed “Holdings of Directors and Chief Executive of the REIT Manager, the REIT Manager and Substantial Unitholders”, so far as the REIT Manager is aware of, the following connected person (as defined under the REIT Code) of Champion REIT, held Units and/or underlying Units of Champion REIT:

Name	Total Number of Units Held	Percentage of Issued Units ²
HSBC Group	108 ¹	0.00

Notes:

1. The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries, unless otherwise expressly stated herein) (“HSBC Group”) are connected persons by virtue of being holding company, controlling entities, subsidiaries or associated companies (as defined under the REIT Code) of the Trustee of Champion REIT according to the information available to the REIT Manager. The number of Units held by HSBC Group remained unchanged as compared with the position as at 31 December 2021.
2. This percentage has been compiled based on the total number of issued Units of Champion REIT of 5,955,056,541 as at 30 June 2022.

Save as disclosed above, the REIT Manager is not aware of any other connected persons (as defined under the REIT Code) of Champion REIT holding any Units and/or underlying Units of Champion REIT as at 30 June 2022.

Disclosure of Interests

HOLDINGS OF DIRECTORS AND CHIEF EXECUTIVE OF THE REIT MANAGER IN GREAT EAGLE HOLDINGS LIMITED AND LANGHAM HOSPITALITY INVESTMENTS AND LANGHAM HOSPITALITY INVESTMENTS LIMITED

Great Eagle is the holding company of Champion REIT and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham"). As at 30 June 2022, Great Eagle owned 4,048,909,305 Units and/or underlying Units (67.99%) in Champion REIT and 2,263,824,207 share stapled units (69.53%) in Langham. While the definition of "associated corporation" under the SFO caters only to corporations, for the purpose of enhancing the transparency of Champion REIT, the holdings of Directors and Chief Executive of the REIT Manager in Great Eagle and Langham as at 30 June 2022 are disclosed as follows:

Great Eagle

Name of Directors and Chief Executive of the REIT Manager	Capacity	Nature of Interests	Number of Ordinary Shares Held	Number of Underlying Shares Held ¹	Total Number of Ordinary Shares/ Underlying Shares Held
Lo Ka Shui	Beneficial Owner	Personal Interests	61,412,835	3,378,000	
	Interests of Controlled Corporations	Corporate Interests	95,898,363		
	Founder of a Discretionary Trust	Trust Interests	65,866,676		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393		481,220,267
Ip Yuk Keung, Albert	Beneficial Owner	Personal Interests	60,000		60,000
Wong Mei Ling, Marina	Beneficial Owner	Personal Interests	27,844	331,000	358,844
Kwong Chi Kwong	Beneficial Owner	Personal Interests	13,000	56,000	69,000

Langham

Name of Directors and Chief Executive of the REIT Manager	Capacity	Nature of Interests	Number of Share Stapled Units/ Underlying Share Stapled Units Held	Total Number of Share Stapled Units/ Underlying Share Stapled Units Held
Lo Ka Shui	Beneficial Owner	Personal Interests	31,584,000	
	Interests of Controlled Corporations	Corporate Interests	2,266,914,207 ²	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	90,010,250	2,388,508,457
Ip Yuk Keung, Albert	Interests held jointly with another person	Joint Interests	3,015,000	3,015,000
Wong Mei Ling, Marina	Beneficial Owner	Personal Interests	15,000	15,000

Notes:

- These interests were share options.
- Among these 2,266,914,207 Units: (i) 3,090,000 share stapled units of Langham were held by two companies wholly-owned by Dr Lo Ka Shui who is also a director of these companies; and (ii) 2,263,824,207 share stapled units of Langham held by Great Eagle as at 30 June 2022 were deemed to be interested by Dr Lo Ka Shui by virtue of being a substantial shareholder, the Chairman and Managing Director of Great Eagle.

Other Information

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 arising from the real estate owned by Champion REIT of approximately HK\$64 million payable by Champion REIT for the six months ended 31 December 2021.

Except for the above, no new Units were issued during the six months ended 30 June 2022. 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 REIT Code) during the six months ended 30 June 2022.

RELEVANT INVESTMENTS

The full investment portfolio of the Relevant Investments¹ 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 ²)	Mark-to- market Value (HK\$ '000 ²)	Weighting of GAV ³	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 7/8 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%	- / - / -
CIFHG 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 7/8 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%⁴	

Notes:

- The financial instruments permissible from time-to-time under the REIT Code for Champion REIT to invest in, including (without limitation): (i) securities listed on the Stock Exchange or other internationally recognised stock exchanges; (ii) unlisted debt securities; (iii) government and other public securities; and (iv) local or overseas property funds (as defined in 7.2B of the REIT Code).
- All figures presented above have been rounded to the nearest thousand.
- The weighting of gross asset value ("GAV") is by reference to the latest published accounts as adjusted for any distribution declared and any published valuation.
- The full investment portfolio of the Relevant Investments is updated monthly within five business days of the end of each calendar month on the website of Champion REIT.

Other Information

RELEVANT INVESTMENTS AND INVESTMENTS IN PROPERTY DEVELOPMENT AND RELATED ACTIVITIES

As at 30 June 2022, the portfolio of Relevant Investments represented approximately 0.59% of the gross asset value of Champion REIT. The combined value of (i) all Relevant Investments; (ii) all Minority-owned properties; (iii) other ancillary investments; and (iv) all of the Property Development Costs (as defined in 7.2C of the REIT Code) represented approximately 1.07% of the gross asset value of Champion REIT as at 30 June 2022, and therefore is within the Maximum Cap, being 25% of the gross asset value of Champion REIT.

EMPLOYEES

Champion REIT is managed by the REIT Manager and does not directly employ any staff itself.

BUY-BACK, SALE OR REDEMPTION OF CHAMPION REIT'S 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 six months ended 30 June 2022, 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 report, 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.

Financials

- 36 Report on Review of Condensed Consolidated Financial Statements
- 37 Condensed Consolidated Income Statement
- 38 Condensed Consolidated Statement of Comprehensive Income
- 39 Condensed Consolidated Statement of Financial Position
- 40 Condensed Consolidated Statement of Changes In Net Assets Attributable to Unitholders
- 41 Condensed Consolidated Statement of Cash Flows
- 42 Notes to the Condensed Consolidated Financial Statements



Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF EAGLE ASSET MANAGEMENT (CP) LIMITED

(as Manager of Champion Real Estate Investment Trust)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Champion Real Estate Investment Trust (“Champion REIT”) and its subsidiaries set out on pages 37 to 70, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Eagle Asset Management (CP) Limited (the “Manager” of Champion REIT) is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

19 August 2022

Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Notes	2022 HK\$'000 (unaudited)	2021 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	16	(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

	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period, after distribution to unitholders	(577,514)	(1,825,985)
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	(8,236)	36,509
	68,677	144,592
Total comprehensive expense for the period	(508,837)	(1,681,393)

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Non-current assets			
Investment properties	15	64,761,000	65,296,000
Notes receivables	16	156,573	164,483
Interests in a joint venture	17	318,722	312,753
Equity instruments at fair value through other comprehensive income	18	165,249	136,814
Derivative financial instruments	19	91,794	15,732
Total non-current assets		65,493,338	65,925,782
Current assets			
Trade and other receivables	20	375,540	285,869
Notes receivables	16	58,952	9,411
Tax recoverable		741	23,217
Financial assets at fair value through profit or loss	22	266,615	–
Derivative financial instruments	19	25,161	–
Time deposits with original maturity over three months	21	39,238	–
Bank balances and cash	21	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	23	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	24	1,357,426	1,383,286
Medium term notes	25	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	19	–	32,584
Bank borrowings	24	6,262,205	6,255,820
Medium term notes	25	4,015,269	7,006,560
Deferred tax liabilities	26	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)	27	5,955,057	5,937,080
Net asset value per unit	28	HK\$8.15	HK\$8.25

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2022

	Issued units HK\$'000 (note 27)	Hedging reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	Others HK\$'000 (note)	Profit less distribution HK\$'000	Total HK\$'000
Net assets attributable to unitholders as at 1 January 2021 (audited)	24,709,151	(124,386)	21,001	–	5,757,943	20,493,889	50,857,598
Loss for the period, after distribution to unitholders	–	–	–	–	–	(1,825,985)	(1,825,985)
Fair value gain on equity instruments at fair value through other comprehensive income	–	–	102,173	–	–	–	102,173
Cash flow hedges	–	42,631	–	–	–	–	42,631
Exchange differences arising on translation of foreign operations	–	–	–	(212)	–	–	(212)
Total comprehensive income (expense) for the period	–	42,631	102,173	(212)	–	(1,825,985)	(1,681,393)
Issue of units	69,166	–	–	–	–	–	69,166
Net assets attributable to unitholders as at 30 June 2021 (unaudited)	24,778,317	(81,755)	123,174	(212)	5,757,943	18,667,904	49,245,371
Net assets attributable to unitholders at 1 January 2022 (audited)	24,846,924	(39,844)	82,530	(341)	5,757,943	18,315,407	48,962,619
Loss for the period, after distribution to unitholders	–	–	–	–	–	(577,514)	(577,514)
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	(37,595)	–	–	–	(37,595)
Cash flow hedges	–	109,412	–	–	–	–	109,412
Exchange differences arising on translation of foreign operations	–	–	–	(3,140)	–	–	(3,140)
Total comprehensive income (expense) for the period	–	109,412	(37,595)	(3,140)	–	(577,514)	(508,837)
Issue of units	64,394	–	–	–	–	–	64,394
Net assets attributable to unitholders as at 30 June 2022 (unaudited)	24,911,318	69,568	44,935	(3,481)	5,757,943	17,737,893	48,518,176

Note: "Others" represent:

- (i) Excess of fair value of property interests acquired over acquisition costs from unitholders amounting to HK\$5,752,658,000 in prior years; and
- (ii) Pursuant to the Deed of Amendment of Distribution Entitlement Waiver Deed dated 14 February 2008, the undertakings made by Top Domain International Limited, a wholly owned subsidiary of Great Eagle Holdings Limited ("Great Eagle"), under the Distribution Entitlement Waiver Deed dated 26 April 2006 in respect of distribution periods in 2008 ceased to be effective in consideration of a total amount of HK\$86,185,000, of which HK\$5,285,000 was retained.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Operating activities		
Profit (loss) before tax and distribution to unitholders	181,748	(983,246)
Adjustments for:		
Allowance for credit losses on trade receivables	5,514	–
Decrease in fair value of investment properties	535,000	1,809,000
Manager's fee payable in units	63,360	68,606
Share of results of joint venture	(38,326)	(25,790)
Fair value changes on financial assets at fair value through profit or loss	15,967	–
Allowance for credit losses on notes receivables	18,441	–
Other income	(10,472)	(45,940)
Finance costs	198,058	229,873
Exchange difference	8,104	(91)
Operating cash flow before movements in working capital	977,394	1,052,412
(Increase) decrease in trade and other receivables	(94,004)	7,540
(Decrease) increase in trade and other payables	(90,065)	5,407
(Decrease) increase in deposits received	(35,225)	8,182
Cash generated from operations	758,100	1,073,541
Interest paid	(192,446)	(224,566)
Hong Kong Profits Tax paid	–	(53,047)
Net cash from operating activities	565,654	795,928
Investing activities		
Interest received	6,204	24,387
Dividend received	1,409	387
Additions to investment properties	(13,781)	–
Additions to notes receivables	(73,420)	(775,350)
Advance to a joint venture	–	(297,616)
Redemption of notes receivables	–	295,610
Proceeds from disposal of notes receivables	14,972	–
Additions of equity instrument at fair value through other comprehensive income	(66,030)	–
Additions of financial assets at fair value through profit or loss	(418,908)	–
Proceeds from disposal of financial assets at fair value through profit or loss	138,357	–
Placement of time deposit with original maturity over three months	(39,238)	–
Release of time deposit with original maturity over three months	–	191,485
Net cash used in investing activities	(450,435)	(561,097)
Financing activities		
Distribution paid	(641,955)	(752,616)
Redemption of medium term notes	(643,000)	–
Repayment of bank loan	–	(3,450,000)
New bank loans raised	–	2,912,475
Bank origination fee paid	–	(25,500)
Net cash used in financing activities	(1,284,955)	(1,315,641)
Net decrease in cash and cash equivalents	(1,169,736)	(1,080,810)
Cash and cash equivalents at beginning of the period	1,628,725	1,642,094
Cash and cash equivalents at end of the period, represented by bank balances and cash	458,989	561,284

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 (“HKICPA”) 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.

3.1 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
Amendment 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.

3.2 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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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)

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

Set out below is the reconciliation of the revenue from contracts with customers for the periods with the amounts disclosed in the segment information.

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)
Building management fee income	73,395	25,021	35,993	134,409
Rental related income	4,287	761	19,158	24,206
Revenue from contracts with customers	77,682	25,782	55,151	158,615
Rental income and rental related income	684,861	180,237	307,053	1,172,151
Segment revenue	762,543	206,019	362,204	1,330,766

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)
Building management fee income	74,171	24,176	39,392	137,739
Rental related income	4,668	69	19,501	24,238
Revenue from contracts with customers	78,839	24,245	58,893	161,977
Rental income and rental related income	729,900	178,088	327,355	1,235,343
Segment revenue	808,739	202,333	386,248	1,397,320

The timing of revenue recognition of building management fee income and rental related income is over time.

Total revenue arising from leases for the six months ended 30 June 2022 includes variable lease payments that do not depend on an index or a rate of HK\$51,139,000 (2021: HK\$14,717,000), the remaining amounts are lease payments that are fixed.

4. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

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

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

6. PROPERTY OPERATING EXPENSES

	2022 HK\$'000 (unaudited)	2021 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
	286,378	260,190

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

7. OTHER INCOME

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

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.

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

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

	2022 HK\$'000 (unaudited)	2021 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	3,843	3,152
	198,058	229,873

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

	2022 HK\$'000 (unaudited)	2021 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)	(831)	–

11. INCOME TAXES

	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax		
– Current period	87,061	94,288
Deferred tax		
– Current period (note 26)	38,640	37,630
	125,701	131,918

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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:

	2022 HK\$'000 (unaudited)	2021 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	38,640	37,630
Total distributable income	703,957	789,801

13. DISTRIBUTION STATEMENT

	2022 HK\$'000 (unaudited)	2021 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	633,561	710,821
Distribution per unit to unitholders (note (ii))	HK\$0.1064	HK\$0.1197

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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

15. INVESTMENT PROPERTIES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
FAIR VALUE		
At the beginning of the period/year	65,296,000	67,318,000
Additions during the period/year	–	57,354
Decrease in fair value	(535,000)	(2,079,354)
At the end of the period/year	64,761,000	65,296,000

The fair value of the Group's investment properties at 30 June 2022 and 31 December 2021 has been arrived at on the basis of valuation carried out by Cushman & Wakefield Limited, independent qualified professional valuer not connected to the Group. The valuation was arrived by using the Income Capitalisation Approach which is a method of valuation whereby the existing rental income of all lettable units of the property are capitalised for their respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at its current market rent as at the end of the reporting period. Upon the expiry of the existing tenancy, each of the leased area is assumed to be let at the market rent as at the end of the reporting period, which is in turn capitalised at the market yield as expected by investors for the period which the property is held with expectations of renewal of Government lease upon its expiry. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors. The expected return reflects implicitly the quality of the investment, the expectation of the potential for future rental growth and capital appreciation, operating cost, risk factor and the like. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The capitalisation rates for the retail and office accommodation range from 4.00% to 4.35% (31 December 2021: 4.00% to 4.35%) and 3.70% to 4.10% (31 December 2021: 3.70% to 4.10%), respectively and negatively correlated to the fair value of the investment properties.

The fair value of the Group's investment properties as at 30 June 2022 and 31 December 2021 are categorised into Level 3 based on the degree to which the inputs to the fair value measurements are observable and the significant of the inputs to the fair value measurement in its entirety. Level 3 inputs are unobservable inputs for the asset or liability.

The Group's leasehold property interests, which are located in Hong Kong, are measured using the fair value model and are classified and accounted for as investment properties.

16. NOTES RECEIVABLES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Note receivables	308,481	248,514
Less: Allowance for credit losses	(92,956)	(74,620)
	215,525	173,894
Analysed for reporting purpose:		
Shown under non-current assets	156,573	164,483
Shown under current assets	58,952	9,411
	215,525	173,894

As at 30 June 2022, the Group held unsecured bonds with aggregate carrying amounts of HK\$215,525,000 (31 December 2021: HK\$173,894,000), which are denominated in United States dollar ("US\$") with nominal values ranging from US\$500,000 to US\$6,860,000 (31 December 2021: US\$500,000 to US\$8,000,000). The unsecured bonds bear interest at fixed interest rates ranging from 1.5% to 5.95% (31 December 2021: 3.75% to 11.50%) per annum and have maturity dates ranging from September 2022 to May 2026 (31 December 2021: January 2022 to October 2025).

Included in the carrying amount of notes receivables as at 30 June 2022 is accumulated allowance for credit losses of HK\$92,956,000 (31 December 2021: HK\$74,620,000). During the period, the Group recognised HK\$18,441,000 (30 June 2021: nil) allowance for credit losses on notes receivables in the condensed consolidated income statement.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

17. INTERESTS IN A JOINT VENTURE

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Cost of investments in a joint venture (note 1)	211,364	233,733
Share of post-acquisition results and other comprehensive income	55,770	21,973
	267,134	255,706
Amount due from a joint venture (note 2)	51,588	57,047
	318,722	312,753

Notes:

1. Included an amount due from a joint venture of HK\$211,364,000 (31 December 2021: HK\$233,733,000) which is in substance form part of the Group's net investment in the joint venture. The amount is unsecured and non-interest bearing.
2. The amount is denominated in Great Britain Pound ("GBP") and is unsecured, repayable on demand and carrying interest at market rate agreed between the lender and the borrower reasonably and in good faith from time to time.

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).

17. INTERESTS IN A JOINT VENTURE (CONTINUED)

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation	Issued and fully paid share capital	Effective interest held by the Group		Principal activity
			As at 30 June 2022	As at 31 December 2021	
Athene Investment	British Virgin Islands	US\$100	27%	27%	Investment holding of a subsidiary which is engaged in property investment

Material information regarding the joint venture are as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
The Group's share of net property income	11,623	6,310

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
	The Group's share of investment properties carried at fair value	627,178

18. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 June 2022, the Group had equity securities listed in Hong Kong with a carrying amount of HK\$165,249,000 (31 December 2021: HK\$136,814,000). All the listed securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

19. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Derivative as assets		
Designated as cash flow hedge		
– interest rate swaps (note i)	78,097	–
– cross currency swaps (note ii)	38,858	15,732
	116,955	15,732
<i>Analysed for reporting purpose:</i>		
Shown under current assets	25,161	–
Shown under non-current assets	91,794	15,732
	116,955	15,732
Derivative as liabilities		
Designated as cash flow hedge		
– interest rate swaps (note i)	–	30,214
– cross currency swaps (note ii)	–	2,370
	–	32,584
<i>Analysed for reporting purpose:</i>		
Shown under non-current liabilities	–	32,584

Notes:

- (i) Interest rate swap

As at 30 June 2022, the Group entered into interest rate swap contracts to minimise its exposure to fluctuations in interest rates of its bank borrowings which bear interest at a floating rate of HIBOR plus 0.95% (31 December 2021: HIBOR plus 0.95%) per annum. The critical terms of the interest rate swaps and the corresponding bank borrowings are identical and the Manager considered that the interest rate swap contracts were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2022 (unaudited)	At 31 December 2021 (audited)
Carrying amount (HK\$'000)	78,097	(30,214)
Notional amount (HK\$'000)	2,900,000	2,900,000
Maturity date	28 June 2024	28 June 2024
Change in fair value of hedging instruments during the period/year (HK\$'000)	93,147	33,783
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(93,147)	(33,783)
Weighted average swap rate per annum (before interest margin)	1.27%	1.27%

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Notes: (Continued)

(ii) Cross currency swap

As at 30 June 2022, the Group entered into cross currency swap contracts to minimise its exposure to fluctuations in foreign currency exchange rates and interest rate of certain of its medium term notes denominated in US\$. The critical terms of the cross currency swaps and the corresponding medium term notes are identical and the Manager considered that the cross currency swaps were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2022 (unaudited)	At 31 December 2021 (audited)
Carrying amount (HK\$'000)	38,858	13,362
Notional amount (US\$'000)	476,400	476,400
Maturity date	17 January 2023 to 15 June 2030	17 January 2023 to 15 June 2030
Change in fair value of hedging instruments during the period/year (HK\$'000)	24,501	13,803
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(24,501)	(13,803)
Weighted average exchange rate (US\$: HK\$)	7.7640	7.7640

(iii) Hedging reserve

	Interest rate swap HK\$'000	Cross currency swaps HK\$'000	Total hedging reserves HK\$'000
At as 1 January 2021 (audited)	(121,549)	(2,837)	(124,386)
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	33,783	13,803	47,586
Reclassification of fair value adjustment to profit or loss	57,639	(20,683)	36,956
As at 31 December 2021 (audited)	(30,127)	(9,717)	(39,844)
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	93,147	24,501	117,648
Reclassification of fair value adjustment to profit or loss	15,108	(23,344)	(8,236)
As at 30 June 2022 (unaudited)	78,128	(8,560)	69,568

The fair values of the above derivatives are based on the valuations provided by the counterparty financial institutions and measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

20. TRADE AND OTHER RECEIVABLES

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

Rental receivables from tenants, which are included in trade receivables, are payable on presentation of invoices. The collection is closely monitored to minimise any credit risk associated with these receivables.

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

At the reporting date, the Group has not provided any allowance for trade receivables of HK\$141,357,000 (31 December 2021: HK\$56,747,000) as there has not been a significant change in credit quality and the amounts are still considered recoverable with most of the balance covered by deposit received.

As at 30 June 2022, debtors with aggregate carrying amount of HK\$41,360,000 (31 December 2021: HK\$26,221,000) included in the Group's trade receivable balance were under deferring lease payment arrangements.

21. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS AND BANK BALANCES AND CASH

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Time deposits with original maturity over three months	39,238	–
Bank balances and cash	234,207	848,875
Time deposits with original maturity less than three months	224,782	779,850
Bank balances and cash	458,989	1,628,725
	498,227	1,628,725

Bank balances and cash are denominated in the following currencies:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
HK\$	365,985	496,675
USD	123,198	1,119,792
GBP	9,044	12,258
	498,227	1,628,725

Cash at bank carry interest at market rates of 0.001% to 0.30% (31 December 2021: 0.001% to 0.30%) per annum. Time deposits with original maturity over three months carry interest at a market rate of 2.3% per annum. Time bank deposits with original maturity less than three months carry interest at market rates ranging from 1.55% to 2.72% (31 December 2021: 0.25%) per annum.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At the end of the reporting period, the Group had entered into currency linked deposits with banks with an aggregate carrying amount of HK\$266,615,000 (31 December 2021: nil) and fair value loss of HK\$15,967,000 (30 June 2021: nil) is recognised during the period. The interest rates vary depending on different strike prices with further details as follows:

	Nominal values	Maturity period
GBP/USD	USD27,000,000	3 to 6 months
GBP/USD	GBP6,980,000	6 months

23. TRADE AND OTHER PAYABLES

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

- (i) As at 30 June 2022, manager's fee payable of HK\$126,721,000 (31 December 2021: HK\$128,787,000) is included in other payables and accruals.
- (ii) The accrual of stamp duty is based on the current stamp duty rate of 4.25% (31 December 2021: 4.25%) 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 Three Garden Road upon listing.

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

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

24. BANK BORROWINGS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Unsecured term loan	6,292,635	6,292,635
Unsecured revolving loan	1,376,080	1,405,298
	7,668,715	7,697,933
Less: unamortised front-end fees	(49,084)	(58,827)
	7,619,631	7,639,106
The maturity of bank borrowings is as follows:		
Shown under current liabilities:		
Within 1 year	1,357,426	1,383,286
Shown under non-current liabilities:		
After 1 year but within 2 years	4,945,859	–
After 2 years but within 5 years	1,316,346	6,255,820
	6,262,205	6,255,820
	7,619,631	7,639,106

As at 30 June 2022, total committed loan facilities amounted to HK\$11,400,000,000 (31 December 2021: HK\$11,400,000,000), out of which HK\$7,668,715,000 (31 December 2021: HK\$7,697,933,000) were drawn and outstanding. Except for the bank borrowings denominated in GBP which bear interest at a floating rate of SONIA plus a margin of 0.93% per annum, the remaining bank borrowings are denominated in Hong Kong dollars and bear interest at a floating rate of HIBOR plus margins ranging from 0.83% to 0.95% per annum. The Group also entered into interest rate swaps, details of which are set out in note 19.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

25. MEDIUM TERM NOTES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Medium term notes	7,086,524	7,695,890
Origination fees	(41,461)	(46,330)
	7,045,063	7,649,560
The maturity of medium term notes is as follows:		
Shown under current liabilities:		
Within 1 year	3,029,794	643,000
Shown under non-current liabilities:		
After 1 year but within 2 years	–	3,008,647
After 2 years but within 5 years	1,417,528	1,416,401
After 5 years	2,597,741	2,581,512
	4,015,269	7,006,560
	7,045,063	7,649,560

The major terms of the issued medium term notes are set out below:-

As at 30 June 2022

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$1,700,000,000	Fixed rates ranging from 2.75% to 4.00%

As at 31 December 2021

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$2,343,000,000	3-month HIBOR plus 1.275% or fixed rates ranging from 2.75% to 4.00%

The Group also entered into cross currency swaps, details of which are set out in note 19.

26. 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	Tax losses HK\$'000	Total HK\$'000
As at 1 January 2021 (audited)	659,739	(632)	659,107
Charge (credit) to consolidated income statement during the year	39,454	(1,220)	38,234
As at 31 December 2021 (audited)	699,193	(1,852)	697,341
Charge to condensed consolidated income statement during the period	38,207	433	38,640
As at 30 June 2022 (unaudited)	737,400	(1,419)	735,981

27. NUMBER OF UNITS IN ISSUE

	Number of units	Amount HK\$'000
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)	5,955,056,541	24,911,318

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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

28. 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).

29. 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).

30. 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).

31. CAPITAL COMMITMENT

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

32. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2022, 17,976,943 units (six months ended 30 June 2021: 15,309,022 units) were issued as payment for the Manager's fee for the period from 1 July 2021 to 31 December 2021, amounting to HK\$64,394,000 (six months ended 30 June 2021: HK\$69,166,000).

33. CONNECTED AND RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with connected and related parties:

	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Rental income			
Keysen Property Management Services Limited	(a)	3,697	4,110
Eagle Asset Management (CP) Limited	(a)	332	332
Eagle Property Management (CP) Limited	(a)	3,508	4,263
Best Come Limited	(a)	23,269	28,224
Noodlemeen Limited	(a)	–	293
Magic Energy Limited	(a)	24	–
Artisan International Limited	(a)	66	–
Interest income			
HSBC Group ^{1,3}	(b)	122	917
Building management fee income			
Keysen Property Management Services Limited	(a)	464	464
Eagle Asset Management (CP) Limited	(a)	41	41
Eagle Property Management (CP) Limited	(a)	478	478
Best Come Limited	(a)	2,673	2,673
Noodlemeen Limited	(a)	–	431
Magic Energy Limited	(a)	4	–
Artisan International Limited	(a)	13	–
Rental related income			
Noodlemeen Limited	(a)	–	65
Artisan International Limited	(a)	2	–
Building management expenses and car park operating expenses			
Keysen Property Management Services Limited	(a)	155,972	130,170
Longworth Management Limited	(a)	26,643	26,643
Property and lease management service fee			
Eagle Property Management (CP) Limited	(a)	36,305	37,793

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

33. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Rental commission			
Eagle Property Management (CP) Limited	(a)	5,799	6,253
Promotion expenses			
Noodlemeen Limited	(a)	–	455
Property miscellaneous expenses			
GE (LHIL) Lessee Limited	(a)	78	86
Keysen Engineering Company, Limited	(a)	4	–
Repairs and maintenance fee			
Selex Engineering Services Limited	(a)	447	548
Keysen Engineering Company, Limited	(a)	556	487
Keysen Property Management Services Limited	(a)	2	1
Repairs and maintenance and improvement works contracted to			
Selex Engineering Services Limited	(a)	284	3,614
Keysen Engineering Company, Limited	(a)	1,341	2,733
Keysen Property Management Services Limited	(a)	2	1
Toptech Company Limited	(a)	1,190	566
Trustee's fee and other expenses			
HSBC Institutional Trust Services (Asia) Limited ³	(b)	4,225	5,810
HSBC Group ^{1,3}	(b)	164	264
Eagle Asset Management (CP) Limited	(a) & (f)	–	4,360
Manager's fee			
Eagle Asset Management (CP) Limited	(a) & (c)	126,721	137,213
Finance costs			
Hang Seng Bank Limited ³	(b)	15,590	26,165
HSBC ³	(b)	739	12,320

33. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Balances with connected and related parties are as follows:

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Amount due from (included in trade and other receivables)			
Keysen Property Management Services Limited	(a) & (d)	40,970	40,970
Longworth Management Limited	(a) & (d)	15,311	15,311
Toptech Co. Limited	(a) & (d)	1,782	–
Amount due to (included in trade and other payables)			
Eagle Property Management (CP) Limited	(a) & (d)	21,245	37,516
Eagle Asset Management (CP) Limited	(a) & (d)	126,869	129,389
Selex Engineering Services Limited	(a) & (d)	–	1,150
Keysen Property Management Services Limited	(a) & (d)	28,095	89,376
Keysen Engineering Company, Limited	(a) & (d)	201	377
Longworth Management Limited	(a) & (d)	–	4,441
Deposits placed with the Group for the lease of the Group's properties			
Eagle Property Management (CP) Limited	(a) & (e)	997	1,414
Keysen Property Management Services Limited	(a)	1,725	1,935
Best Come Limited	(a)	8,326	8,326
Eagle Asset Management (CP) Limited	(a)	119	119
Magic Energy Limited	(a)	1,342	–
Artisan International Limited	(a)	558	–

Other than the above balances and amount due from a joint venture as disclosed in note 17, the Group has no other related company balances.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

33. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) These companies are subsidiaries/associates directly or indirectly held by Great Eagle Holdings Limited, a significant unitholder of Champion REIT.
 - (b) These companies are the Trustee or associates² of the Trustee.
 - (c) The Manager's fee is calculated at 12% of the net property income provided that Champion REIT achieves net property income of HK\$200 million for each of the six months period ended 30 June 2022 and 30 June 2021.
 - (d) The amounts due from and due to connected and related parties included in other receivables and other payables, respectively, are unsecured, interest-free and repayable on demand.
 - (e) A bank guarantee of HK\$1,247,000 (31 December 2021: HK\$1,247,000) was received in lieu of deposit.
 - (f) Acquisition fee is calculated at 1% of Champion REIT's pro rata share of the acquisition price of the acquired property for the six months ended 30 June 2021. The amount has been netted off with reimbursement of Champion REIT's pro rata share of agency fee for the acquisition.
- 1 HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries.
- 2 As defined in the REIT Code.
- 3 Connected party transactions as defined in the REIT Code.

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) to active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets (liabilities) in the condensed statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)		
Listed equity securities classified as equity instruments at fair value through other comprehensive income	165,249	136,814	Level 1	Quoted market bid prices in an active market.
Cross currency swaps classified as derivative financial instruments	38,858	15,732/(2,370)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps classified as derivative financial instruments	78,097	(30,214)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets in the condensed statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)			
Currency linked deposits classified as financial assets at fair value through profit or loss	266,615	–	Level 3	Discounted cash flow. Future cash flows are estimated based on foreign currency exchange rate (from observable foreign currency exchange rate at the end of the reporting period) and contracted foreign currency exchange rate, discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying foreign currency exchange rate. (Note)

Note: The higher the volatility, the higher the fair value of currency linked deposits. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

There were no transfers between Levels 1 and 2 during the period.

Reconciliation of Level 3 fair value measurements

	Currency linked deposits HK\$'000
As at 31 December 2021	–
Additions during the period	418,908
Disposal during the period	(138,357)
Accrued interest income	2,031
Change in fair value	(15,967)
As at 30 June 2022	266,615

The above changes in fair value of currency linked deposits are included in "fair value changes on financial assets at fair value through profit or loss" in the condensed consolidated income statement.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

Investment Properties Portfolio

As at 30 June 2022

Property	Location	Approximate gross floor area (sq. ft.)	Lease expiry	Group's interest
Three Garden Road	3 Garden Road, Central, Hong Kong	1,638,000	2047	100%
Langham Place Office Tower	8 Arygle Street, Mongkok, Kowloon, Hong Kong	703,000	2047	100%
Langham Place Mall	8 Arygle Street, Mongkok, Kowloon, Hong Kong	590,000	2047	100%
66 Shoe Lane	66 Shoe Lane, Holborn, London, EC4A 3BQ, United Kingdom	157,800	2101	27%

Performance Table

	2022 (unaudited)	2021 (unaudited)	2020 (unaudited)	2019 (unaudited)	2018 (unaudited)
As at 30 June:					
Net asset value (HK\$'000)	48,518,176	49,245,371	55,570,540	69,241,127	64,455,513
Net asset value per unit (HK\$)	8.15	8.32	9.44	11.82	11.05
The highest traded price during the period (HK\$)	4.08	4.88	5.11	6.89	5.86
The highest premium of the traded price to net asset value ¹	N/A	N/A	N/A	N/A	N/A
The lowest traded price during the period (HK\$)	3.29	4.36	3.51	5.34	5.19
The highest discount of the traded price to net asset value	59.6%	47.6%	62.8%	54.8%	53.0%
For the six months ended 30 June:					
Distribution yield per unit ²	3.0%	2.8%	3.0%	2.1%	2.4%
Annualised distribution yield per unit ³	6.1%	5.8%	6.4%	4.3%	5.1%
Net profit/(loss) yield per unit ⁴	0.3%	-4.3%	-35.8%	8.4%	15.5%
Annualised net profit/(loss) yield per unit	0.6%	-8.6%	-71.6%	16.7%	31.1%

Notes:

1. The highest traded price is lower than the net asset value per unit. 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\$0.1064 (which calculation was set out in the Distribution Statement) for the six months ended 30 June 2022 over the traded price of HK\$3.49 as at 30 June 2022.
3. Annualised distribution yield per unit is calculated based on the effective payout ratio of last financial year.
4. Net profit/(loss) yield per unit is calculated based on profit/(loss) for the period before distribution to unitholders per unit for the six months ended 30 June 2022 over the traded price of HK\$3.49 as at 30 June 2022.

ChampionREIT

冠君產業信託

Suite 3008, 30th Floor, Great Eagle Centre,
23 Harbour Road, Wanchai, Hong Kong
Tel (852) 2879 1288 Fax (852) 2827 1338

香港灣仔港灣道23號鷹君中心30樓3008室
Tel 電話 (852) 2879 1288 Fax 傳真 (852) 2827 1338

www.ChampionReit.com



PDF version



PDF 文本

