

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



2023
Interim Report
中期報告

The page features a decorative background illustration on the left side. It depicts a tall, stylized skyscraper with horizontal lines in shades of blue, purple, and pink. Below the building, there is a field of sunflowers. Two figures are shown watering the sunflowers: one on the left is bent over, and one on the right is standing and holding a watering can. The ground is represented by wavy, horizontal lines in shades of blue and purple.

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.

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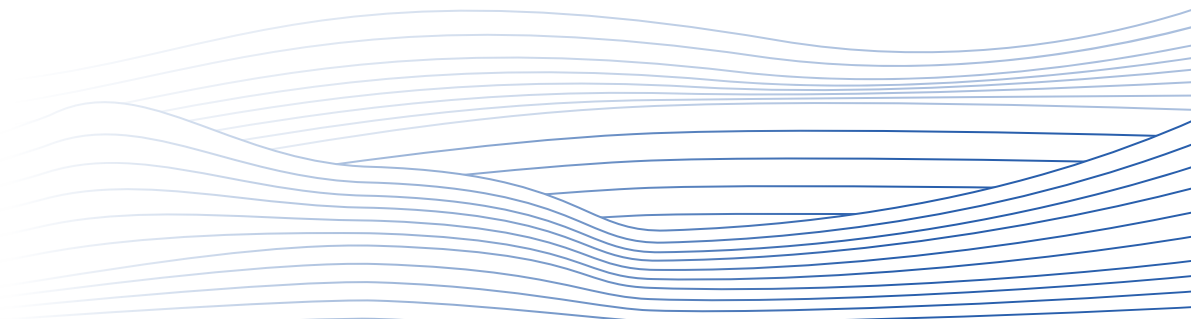
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Corporate Information

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 Director

HAU Shun, Christina (*Chief Executive Officer*)

Independent Non-executive Directors

CHAN Ka Keung, Ceajer
CHENG Wai Chee, Christopher
IP Yuk Keung, Albert
SHEK Lai Him, Abraham

AUDIT COMMITTEE OF THE REIT MANAGER

SHEK Lai Him, Abraham (*Chairman*)
CHAN Ka Keung, Ceajer
CHENG Wai Chee, Christopher
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

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

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
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 ADVISORS

Baker & McKenzie
Mayer Brown
Reed Smith Richards Butler LLP

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 2023	6 Months Ended 30 Jun 2022	Change
	HK\$ million	HK\$ million	
Total Rental Income ¹	1,168	1,196	– 2.4%
Net Property Operating Expenses ¹	(173)	(152)	+ 13.6%
Net Property Income	995	1,044	– 4.7%
Distributable Income	617	704	– 12.3%
Distribution Amount	555	634	– 12.3%
Distribution per Unit (HK\$)	0.0927	0.1061	– 12.6%

	As at 30 Jun 2023	As at 31 Dec 2022	Change
	HK\$ million	HK\$ million	
Gross Value of Portfolio	63,126	63,555	– 0.7%
Net Asset Value per Unit (HK\$)	7.81	7.91	– 1.3%
Gearing Ratio	22.7%	22.5%	+ 0.2pp

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

Overview

The full reopening with mainland China and a new round of the government's Consumption Voucher Scheme helped revive the Hong Kong retail market in the first half of 2023. While a return of tourists boosted the footfall and tenants' sales, the number of arrivals was still below pre-pandemic levels. Due to geopolitical tensions and softening global economy, the Hong Kong office market remained challenging in the first half. The high interest rate environment in 2023 has increased markedly the interest debt charges. Results of the Trust continued to be impacted by the leases committed during the pandemic. Distributable income declined by 12.3% to HK\$617 million (2022: HK\$704 million) and distribution per unit ("DPU") dropped by 12.6% to HK\$0.0927 (2022: HK\$0.1061).

The rebound in retail sales contributed to the growth in rental income of Langham Place Mall, but it was not sufficient to compensate for the soft leasing momentum of the office market. The negative rental reversion of the office portfolio kept on having a lingering effect on the income side. Total rental income of the Trust dropped by 2.4% to HK\$1,168 million (2022: HK\$1,196 million). Net property operating expenses went up to HK\$173 million (2022: HK\$152 million) mainly due to higher net building management expenses, higher other operating expenses as well as higher promotion expenses. As a result, the net operating expenses ratio of the Trust rose to 14.8% (2022: 12.7%). Net property income decreased by 4.7% to

HK\$995 million (2022: HK\$1,044 million). Share of results of a joint venture recorded a loss of HK\$6 million (2022: profit of HK\$38 million) primarily due to the revaluation loss of the minority-owned property 66 Shoe Lane in London. Share of net property income of the property amounted to HK\$12 million (2022: HK\$12 million).

The rising interest rate environment continued to weigh down the Trust's distributable income. Cash finance costs increased by 46.1% to HK\$268 million (2022: HK\$183 million) as a result of a higher average HIBOR. The medium-term note and bank loan due in the first half of 2023 were refinanced by existing and newly arranged credit facilities. A total of HK\$1,000 million of sustainability-linked credit facilities were arranged to further strengthen our commitment on sustainability. The fixed-rate debt portion was at a balanced level of 54.5% as at 30 June 2023 (31 December 2022: 75.0%). Other income increased to HK\$23 million (2022: HK\$10 million) mainly attributable to higher interest income from bank deposits.

The appraised value of the Trust's properties declined to HK\$63.1 billion as at 30 June 2023, compared with HK\$63.6 billion as at 31 December 2022. The decrease was mainly due to lower rental rate assumptions. Net asset value per unit dropped to HK\$7.81 (31 December 2022: HK\$7.91). Gearing ratio increased slightly to 22.7% as at 30 June 2023 from 22.5% as at 31 December 2022.

Operational Review

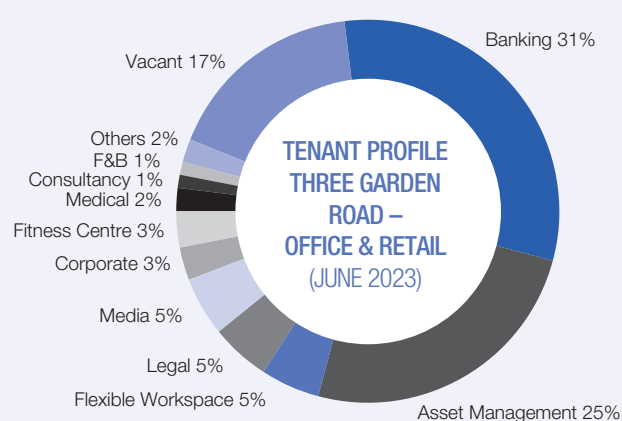
THREE GARDEN ROAD

	6 Months Ended 30 Jun 2023 HK\$'000	6 Months Ended 30 Jun 2022 HK\$'000	Change
Rental Income	627,161	689,148	– 9.0%
Net Property Operating Expenses	71,687	68,816	+ 4.2%
Net Property Income	555,474	620,332	– 10.5%

After a prolonged period of remote work arrangements during the COVID-19, more tenants had resumed the in-office mode. We have received more enquiries for Central office after the reopening of the border. However, occupiers remained cost cautious in general. That said, an anchor tenant in the financial sector expanded its operations in Three Garden Road. The expansion largely offset the spaces vacated by departing tenants. Occupancy of the property was 82.2% as at 30 June 2023 (31 December 2022: 82.7%).

While occupancy was relatively stable in the first half of 2023, the competitive landscape in the Grade A Central office market remained because of the available inventory. Market rental of the property continued to soften and negative rental reversion continued to affect the income. Passing rent dropped to HK\$95.3 per sq. ft. (based on lettable area) (31 December 2022: HK\$99.7 per sq. ft.). Total rental income of the property lowered to HK\$627 million (2022: HK\$689 million).

Ongoing asset enhancement is essential to maintain the competitive edge of the property, given the abundant supply and rising expectations for better amenities and sustainable



features of office occupiers. To this end, we completed the lift modernisation project at Three Garden Road to improve efficiency during the reporting period.

Net property operating expenses increased by 4.2% to HK\$72 million (2022: HK\$69 million). The lower average occupancy resulted in higher net building management expenses as landlord has to bear the cost for vacant units. Net property income decreased by 10.5% to HK\$555 million (2022: HK\$620 million).

Operational Review

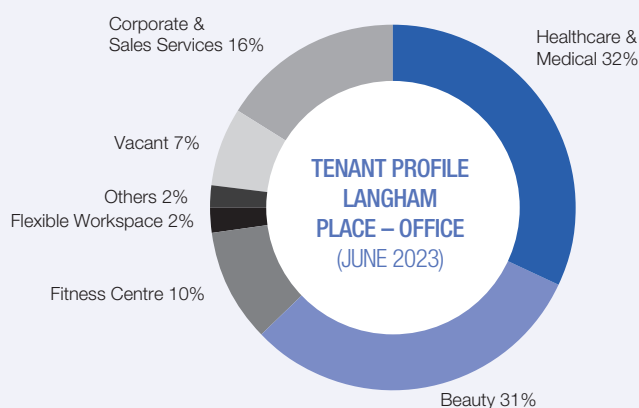
LANGHAM PLACE OFFICE TOWER

	6 Months Ended 30 Jun 2023 HK\$'000	6 Months Ended 30 Jun 2022 HK\$'000	Change
Rental Income	174,219	180,998	– 3.7%
Net Property Operating Expenses	21,454	16,654	+ 28.8%
Net Property Income	152,765	164,344	– 7.0%

The results of Langham Place Office Tower showed relative resilience during the pandemic despite intermittent suspension under the social distancing measures ordered by the government. As the lifestyle operators returned to normalcy, we observed a stable demand for office spaces from the healthcare and beauty sectors. Lifestyle tenants remained the major segment of the property, representing 73% of the tenants mix as at 30 June 2023.

Occupancy of the property remained stable at 93.2% as at 30 June 2023 (31 December 2022: 93.3%). While we saw quite a sizeable proportion of lease expiring this year, many of them had been handled in the first half. Rental income decreased by 3.7% to HK\$174 million (2022: HK\$181 million), mainly due to negative rental reversion. Passing rent as at 30 June 2023 was HK\$45.4 per sq. ft. (based on gross floor area) (31 December 2022: HK\$46.0 per sq. ft.).

Net property operating expenses went up to HK\$21 million (2022: HK\$17 million) mainly due to higher rental commission resulting from a higher number of expiring leases, as well as increase in other operating expenses. Net property income decreased 7.0% to HK\$153 million (2022: HK\$164 million).



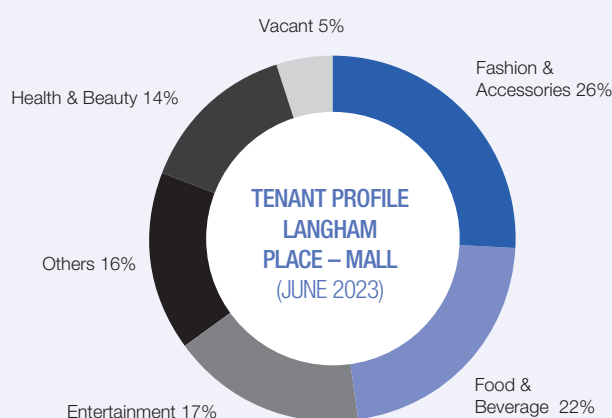
LANGHAM PLACE MALL

	6 Months Ended 30 Jun 2023 HK\$'000	6 Months Ended 30 Jun 2022 HK\$'000	Change
Rental Income	366,277	326,211	+ 12.3%
Net Property Operating Expenses	79,459	66,499	+ 19.5%
Net Property Income	286,818	259,712	+ 10.4%

Thanks to the border reopening and another round of the government's consumption voucher scheme, the local retail market recorded a solid rebound of 20.7% in retail sales in the first six months of this year. The recovery of tourist spending as well as growth in domestic consumption delivered a remarkable growth of 66.3% in tenants' sales of Langham Place Mall. The substantial above-market performance of the mall was largely attributable to the considerable growth in the beauty sector. However, the overall sales level still lagged behind pre-pandemic levels. Occupancy of the property receded to 95.0% as at 30 June 2023 mainly due to the time gap in tenant turnover. All the unoccupied areas had been committed, and renovations of new entrants were under way.

The robust rebound in tenants' sales lifted the turnover rent by over two-fold to HK\$114 million (2022: HK\$51 million). The increase was more than sufficient to cover the 11.4% decline in base rent portion to HK\$224 million (2022: HK\$253 million). Total rental income of the mall grew 12.3% to HK\$366 million (2022: HK\$326 million). Average passing rent increased to HK\$192.3 per sq. ft. (based on lettable area) as at 30 June 2023 (31 December 2022: HK\$157.1 per sq. ft.). The short-term leases signed during COVID-19 allowed us to capture the improving retail momentum during negotiations for renewal. Also, as market sentiment recuperated, more tenants were willing to resume the payment of base rent. The proportion of tenants paying turnover rent only lowered further to 4% as at 30 June 2023.

To capture the return of tourists and ride on the release of the consumption voucher scheme in April, a series of



promotional activities were activated to boost sales and footfall. For instance, a joint promotion with a bank was developed to stimulate sales and also exclusive shopping vouchers were offered to tourists. Langham Beauty also opened a Xiaohungshu account, targeting mainland tourists. New tenants ranging from the food and beverage, lifestyle to fashion categories were introduced to the mall to provide variety for patrons.

As we stepped up the marketing efforts, promotion expenses of the mall increased by HK\$5 million. The initiatives were effective in accelerating sales growth. The higher tenancy turnover caused rental commission to rise by HK\$4 million. As a result, net property operating expenses increased by 19.5% to HK\$79 million (2022: HK\$66 million). Net property income increased by 10.4% to HK\$287 million (2022: HK\$260 million).

Outlook

The growth momentum for retail sales may slow down a bit in the remaining part of this year following a strong rebound in the first half, because of the relatively higher base in the second half of last year. We stay cautiously optimistic of the retail market outlook as the number of tourist arrivals picked up gradually. On the other hand, the outlook for Central office market remains uncertain and challenging in view of the rising availability in the district, and lack of demand from mainland Chinese corporations.

As most enquires for Three Garden Road come from the financial industry, the volatility in the financial market coupled with the uncertainties in China and the global economy may dampen demand. Retaining tenants and occupancy will remain a priority for the property. Negative rental reversion is expected to remain for a while as the market will take some time to absorb the available spaces. We will also continue to strengthen our relationships with tenants and enhance tenants' experience through a series of wellness activities.

Langham Place Office remains as a prime choice of location for the lifestyle tenants. The property is expected to continue to attract more tenants from the healthcare and beauty sectors. However, occupancy and rental income in the second half may decline somewhat due to non-renewals of some tenants.

The gradual increase in tourist arrivals to Hong Kong should continue to support retail sales and rental growth of Langham Place Mall. Yet the magnitude of sales growth may moderate in the second half. We will continue to refine the tenant mix, and launch promotional and marketing events to drive footfall and sales.

While the rate hike by the Federal Reserve may come to an end, the sustained high interest rate environment should continue for a while, which therefore would increase the financing costs of the Trust. We will look for an optimal market window to increase the fixed rate portion to lessen volatility in interest expense in anticipation of the expiring fixed rate debt in 2024. The high interest rate environment is unfavourable for identifying yield enhancing acquisition opportunities. We will nonetheless continue to look for opportunities in a prudent manner for the long-term growth of the Trust.

The overall operating environment of the Trust will remain challenging under the uncertain global economic situation. While the rental income of the retail segment is bottoming out from the pandemic, it may not be sufficient to compensate the negative rental reversion of both office properties and the higher finance costs. The downward trajectory of the rental income and DPU of the Trust is expected to continue for the full year of 2023.

Sustainability

We remain steadfast in championing greater resilience together with our tenants and business partners. At Champion REIT, we are dedicated to promoting climate resilience, social well-being as well as diversity and inclusion. With agility and responsiveness, we made significant progress during the reporting year towards our 2030 Environmental, Social, and Governance (“ESG”) targets and 2045 Net Zero Commitment.

To strengthen climate and community resilience, we foster a collaborative landlord-tenant relationship that promotes a favourable workplace environment through an all-round ecosystem and people-oriented initiatives. Our inaugural ESG Forum provided opportunities for exchange among our stakeholders to facilitate a greener transition. In addition to pursuing international green building standards, we also step up our sustainability efforts by adding more electric vehicle charging stations. To multiply the impact, we encourage eco-friendly practices across our value chain through public engagement. Among the highlights was the launch of the innovative “Green Champion Challenge”, the Trust’s first incentive-based programme to encourage tenants’ involvement in combating climate risks.

Furthermore, we also leverage our resources and networks to respond to stakeholders’ wellness needs and cultivated an empowering community. For instance, we celebrated International Women’s Day by pampering our female tenants with healthy drinks and shoulder massage services offered by a social enterprise focusing on middle-aged unemployed women. We also partnered with our restaurant tenant under the Love · Play · Farm project to offer a “waste-to-farm-to-table” experience for our employees and tenants. We continued to curate holistic and immersive activities to give participants an impactful experience of a balanced lifestyle under the year-long “Champion Our Wellness” programme. Furthermore, the exclusive “Musica del Cuore” musical concerts, tree planting day, and trail run events were also on offer to engage the community.

Riding on our collaborative spirit, we will press on progressively to realise our short- and long-term sustainable commitments by enhancing company policies and partnering with stakeholders. To build a blossoming and sustainable future, we need the collective effort from our stakeholders.

By Order of the Board

Eagle Asset Management (CP) Limited

(as manager of Champion Real Estate Investment Trust)

Lo Ka Shui

Chairman

Hong Kong, 18 August 2023

Valuation of Properties

According to the Property Valuation Reports issued by Cushman & Wakefield Limited on 31 July 2023, the valuation of the properties of Champion REIT, broken down by usage as at 30 June 2023 was:

Jun 2023 Valuation	Three Garden Road HK\$ million	Langham Place HK\$ million	Sub-total
Office	36,935	8,766	45,701
Retail	591	15,285	15,876
Car Park	623	388	1,010
Miscellaneous	402	137	539
Total	38,551	24,576	63,126

As at 30 June 2023, the appraised value of the Trust's property portfolio was HK\$63.1 billion, 0.7% lower than HK\$63.6 billion as at 31 December 2022. 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 2023 was HK\$555 million (2022: HK\$634 million), calculated as 90% of Champion REIT's total available distributable income of HK\$617 million (2022: HK\$704 million).

The distribution per unit for the six months ended 30 June 2023 ("Interim Distribution per Unit") was HK\$0.0927. This represents an annualised distribution yield of 6.5% based on the closing price of HK\$2.84 as at 30 June 2023.

The interim distribution amount to be paid to unitholders on 6 October 2023 would base on the Interim Distribution per Unit of HK\$0.0927 and the total number of issued units as of 22 September 2023, the record date set for such period.

CLOSURE OF REGISTER OF UNITHOLDERS

The Register of Unitholders will be closed from Tuesday, 19 September 2023 to Friday, 22 September 2023 ("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 2023 will be made on Friday, 6 October 2023 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 2023, 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, 18 September 2023.

PROACTIVE LIABILITY MANAGEMENT

Outstanding Debt Facilities ⁽¹⁾

As at 30 June 2023
(HK\$ million)

	Fixed rate debt	Floating rate debt	Utilised facilities
Unsecured bank loans ⁽³⁾	3,900	6,642	10,542
Medium term notes ⁽⁴⁾	4,045	–	4,045
Total	7,945	6,642	14,587
%	54.5%	45.5%	100.0%

(1) All amounts are stated at face value

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

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

(4) (i) The Group entered into cross currency swaps contracts of notional amount of US\$300 million at an average rate of HK\$7.8176 to US\$1.00 to mitigate exposure to fluctuations in exchange rate and interest rate of US dollars;

(ii) Equivalence of HK\$2,345 million (after accounting for cross currency swaps) were US dollars notes

In January 2023, the Trust successfully repaid its outstanding medium-term notes amounting to HK\$2,998 million by utilizing bank loan facilities. This transaction led to a decrease in the standby revolving facilities from HK\$5,857 million as of 31 December 2022 to HK\$2,858 million as of 30 June 2023. In preparation for the upcoming refinancing requirements in 2024, the Trust has taken proactive measures and initiated the refinancing process with various banks.

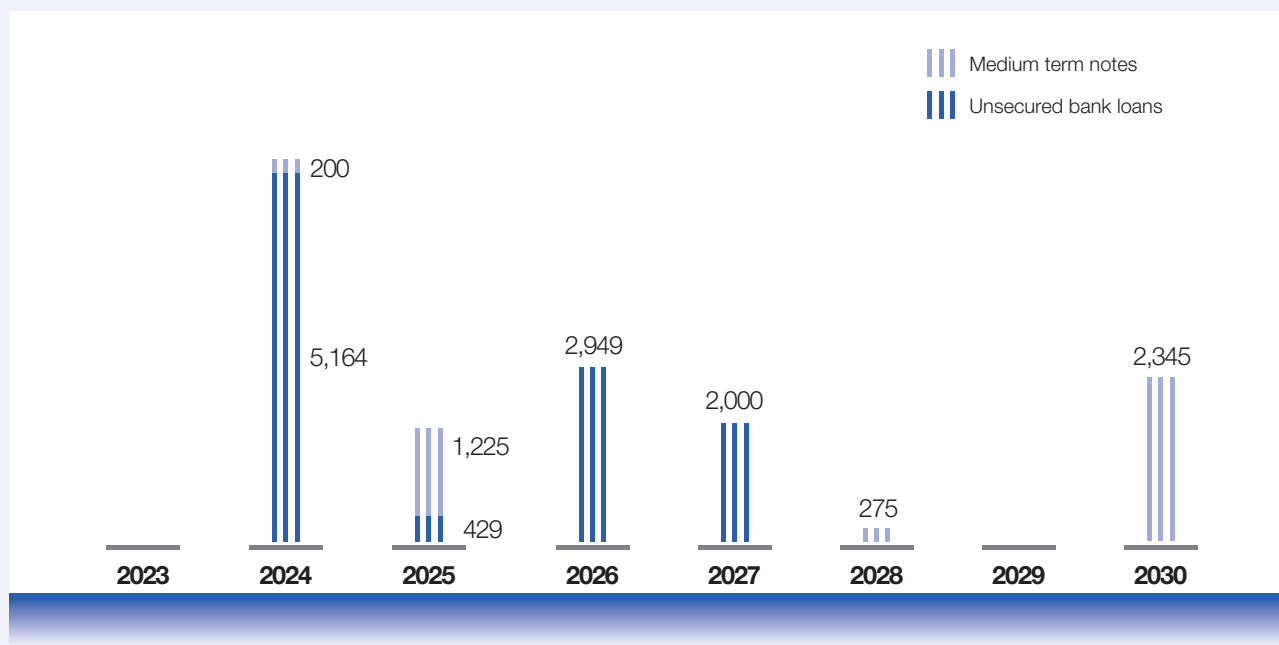
As of 30 June 2023, the Trust's fixed-rate debt proportion stood at 54.5%. Upon the expiration of the interest rate swaps with a notional amount of HK\$2,900 million in June 2024, the proportion of fixed-rate debt of the Trust is anticipated to decline. Given the current high interest rate environment, the Trust will diligently monitor market conditions to assess potential risks and enter into interest rate swap agreements to mitigate the impact of interest rate fluctuations and minimize interest rate risk.

Financial Review

Outstanding debt maturity profile ⁽¹⁾

As at 30 June 2023

(HK\$ million)



(1) Based on the final maturity dates of the respective facility agreements

The average effective cash interest rate - after accounting for interest rate swaps and cross currency swaps increased to 3.6% during the first half of 2023 when comparing to last corresponding period of 2.4%. The average life of the Trust's outstanding debt was 3.0 years as at 30 June 2023 (31 December 2022: 2.5 years).

The Trust's investment properties as at 30 June 2023 were appraised at a total value of HK\$63.1 billion, representing a slight 0.7% decrease from HK\$63.6 billion as at 31 December 2022. The Trust's gearing ratio (or total borrowings as a percentage of gross assets) as at 30 June 2023 was 22.7% (31 December 2022: 22.5%). The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 27.8% (31 December 2022: 27.6%).

LIQUIDITY POSITION

The Manager is now negotiating with banks to refinance existing unsecured term loans of the Trust which are due within one year. As at 30 June 2023, the Trust had cash and

deposits of HK\$894 million and committed debt facilities of HK\$2,858 million undrawn, 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 2023 was HK\$7.81 (31 December 2022: HK\$7.91). It represented a 175.0% premium to the closing unit price of HK\$2.84 as at 30 June 2023.

COMMITMENTS

As at 30 June 2023, 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\$69 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 2022 Annual Report of Champion REIT are updated as follow:

Dr LO Ka Shui

Chairman and Non-executive Director

aged 76, 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 SAR; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee of Hong Kong SAR.

Dr Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, and was certified in Internal Medicine and Cardiovascular Disease at University of Michigan Hospitals. 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 49, was appointed as Chief Executive Officer, Chief Investment Officer and Executive Director of the REIT Manager in 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. She is also a Director of all special purpose vehicles of Champion REIT.

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 of Champion REIT. 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.

Ms Hau is a Registered Architect in Hong Kong with over 20 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 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 56, was appointed as Non-executive Director of the REIT Manager in 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 both Great Eagle Holdings Limited and the manager of 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 member of both 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.

Professor CHAN Ka Keung, Ceajer

Independent Non-executive Director

aged 66, was appointed as Independent Non-executive Director of the REIT Manager in April 2023. He is also a member of Audit Committee. Professor Chan holds an Honorary Doctoral Degree from The Hong Kong University of Science and Technology (HKUST). Professor Chan is an Adjunct Professor and a Senior Advisor to the Dean at HKUST Business School. He was appointed as the Secretary for Financial Services and the Treasury of the Government of the Hong Kong SAR from July 2007 to June 2017. Prior to that, he was the Dean of Business and Management in HKUST. Before joining the HKUST Business School in 1993, Professor Chan had spent nine years teaching at Ohio State University in the United States. Professor Chan is currently a member of Competition Commission of Hong Kong and a Director of the One Country and Two Systems Research Institute. He is an Independent Non-executive Director of China Overseas Land & Investment Limited, Guotai Junan International Holdings Limited, Hong Kong Aerospace Technology Group Limited, Langham Hospitality Investments and Langham Hospitality Investments Limited, and NWS Holdings Limited, all of which are listed on the Main Board of Hong Kong Stock Exchange. He is an Independent Non-executive Director of Greater Bay Area Homeland Investments Limited. He is also the Chairman of WeLab Bank Limited and a Senior Advisor to WeLab Holdings Limited.

Professor Chan received his bachelor's degree in economics from Wesleyan University in the United States and both of his M.B.A. and Ph.D. in finance from The University of Chicago. He specialised in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

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

aged 75, 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 IP Yuk Keung, Albert*Independent Non-executive Director*

aged 71, has been Director of the REIT Manager since 2011. He is currently an Independent Non-executive Director, a Member of Audit Committee and an 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 an Independent Non-executive Director of Power Assets Holdings Limited; New World Development Company Limited; and Hutchison Telecommunications Hong Kong Holdings Limited (all listed in Hong Kong). Mr Ip is also an Independent Non-executive Director of Lifestyle International Holdings Limited (delisted on 20 December 2022). During the past three years, Mr Ip was an Independent Non-executive Director of TOM Group Limited (listed in Hong Kong).

Mr Ip is an Adjunct Professor of City University of Hong Kong; The 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 President, a Special 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 has been appointed as a member of The Science and Technology Council of the Macau SAR on 1 June 2023.

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.

Biographical Details of Directors

Mr SHEK Lai Him, Abraham

Independent Non-executive Director

aged 78, was appointed as Independent Non-executive Director of the REIT Manager in 2006. He is Chairman of both Audit Committee and Nomination Committee, and a Member of Disclosures Committee and of the REIT Manager. Mr Shek is a Honorary Member of the Court of The Hong Kong University of Science and Technology, a Court Member of City University of Hong Kong and a Member of both of the Court and the Council of The University of Hong Kong. Mr Shek was a Member of the Legislative Council for the Hong Kong SAR 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; Chairman and Executive Director of Goldin Financial Holdings Limited (in liquidation); Vice Chairman and Independent Non-executive Director of ITC Properties Group Limited; Independent Non-executive Director of Alliance International Education Leasing Holdings Limited (formerly known as Alliance Financial Leasing Co., Ltd.); China Resources Cement Holdings Limited; Chuang's Consortium International Limited; Cosmopolitan International Holdings Limited; Country Garden Holdings Company Limited; CSI Properties Limited; Everbright Grand China Assets Limited; Far East Consortium International Limited; Hao Tian International Construction Investment Group Limited; Lai Fung Holdings Limited; NWS Holdings Limited; Paliburg Holdings Limited; and Shin Hwa World Limited; and advisor to SJM Holdings Limited (all 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 and Lifestyle International Holdings Limited (delisted on 20 December 2022). During the past three years, Mr Shek was Independent Non-executive Director of Hop Hing Group Holdings Limited and SJM Holdings Limited (all listed in Hong Kong).

Mr Shek graduated from the University of Sydney with a Bachelor of Arts Degree and City University of Hong Kong with a Juris Doctor 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 (the “Stock Exchange”). The current corporate governance framework implemented by the REIT Manager places a strong emphasis on accountability to all Unitholders, resolving conflicts of interests, transparent reporting, compliance with relevant regulations and maintaining sound operating and investment procedures. To ensure the effective implementation of this framework, the REIT Manager has established a compliance manual to implement a comprehensive set of compliance procedures and guidelines (“Compliance Manual”) that outline the key processes, systems and measures.

The Board of Directors (the “Board”) of the REIT Manager plays a central supporting and supervisory role in fulfilling its corporate governance responsibilities, and holds primary accountability for upholding appropriate standards of conduct and adherence to proper procedures. It conducts regular reviews of the Compliance Manual, as well as other policies and procedures related to corporate governance, legal and regulatory compliance. Additionally, the Board approves any necessary changes to governance policies in alignment with the latest statutory requirements and international best practices. Moreover, it oversees corporate governance disclosures to ensure transparency and adherence to established standards.

AUTHORISATION STRUCTURE

Champion REIT is a collective investment scheme constituted as a Unit Trust and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Trust is regulated by the SFC in accordance with the SFO, the Code on Real Estate Investment Trusts (the “REIT Code”) and the Rules Governing the Listing of Securities on the Stock Exchange (the “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, the Chief Executive Officer, the Chief Investment Officer and Executive Director; Ms Luk Ka Ping, Amy, the Investment and Investor Relations Director, and, Mr Leung Kin Shan, the Business Development Director, are the Responsible Officers of the REIT Manager, to fulfill 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 (the “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 (the “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 as 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, stock 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 seven members, with two Non-executive Directors, one Executive Director and four Independent Non-executive Directors. The REIT Manager has established a Board Diversity Policy with an aim of having a Board comprising diverse perspectives that are relevant to the business and organizational needs of the Trust. In addition, a nomination policy has been adopted, outlining the selection criteria and the evaluation procedures for nominating candidates to be appointed or re-appointed as Directors of the REIT Manager. On 1 April 2023, Mr Kwong Chi Kwong, an Executive Director, the Chief Operating Officer and Responsible Officer of the REIT Manager, passed away. Furthermore, pursuant to the code provision B.2.4(b) of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange, a new Independent Non-executive Director was required to be appointed at the forthcoming annual general meeting if all the Independent Non-executive Directors have served more than 9 years for the financial year commencing on or after 1 January 2023. Accordingly, on 14 April 2023, Professor Chan Ka Keung, Ceajer (“Professor Chan”) was appointed as an Independent Non-executive Director and a member of the Audit Committee of the REIT Manager and Professor Chan was subsequently re-elected as such at the 2023 annual general meeting of Champion REIT on 25 May 2023. Relevant announcements were made on 3 April 2023, 14 April 2023 and 25 May 2023 respectively.

The Board of the REIT Manager has the authority to establish Board committees with specific terms of reference to address distinct issues or matters. Currently, the four standing Board committees established namely are the Audit Committee, Disclosures Committee, Nomination Committee and Finance and Strategic Planning Committee.

Save as disclosed above, there are no other changes to the composition of the Board or any of its committees during the six months ended 30 June 2023.

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 recommending and overseeing the appointment, remuneration, independence, and effectiveness of external auditor, taking into account the cost, scope and performance of the audit process, as well as developing policies for engaging them for non-audit services and reporting to the Board. The Audit Committee currently comprises four Independent Non-executive Directors (namely, Mr Shek Lai Him, Abraham, Professor Chan Ka Keung, Ceajer, Mr Cheng Wai Chee, Christopher 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 an Executive Director (namely, Ms Hau Shun, Christina), a Non-executive Director (namely, Dr Lo Ka Shui) and an Independent Non-executive Director (namely, Mr Shek Lai Him, Abraham). 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 candidates recommended as nominees for Directors by Directors or shareholders of the REIT Manager in accordance with the nomination policy of the REIT Manager. The Nomination Committee currently comprises two Independent Non-executive Directors (namely, Mr Shek Lai Him, Abraham and Mr Cheng Wai Chee, Christopher) and a Non-executive Director (namely, Dr Lo Ka Shui). Mr Shek is the Chairman of the Nomination Committee.

Finance and Strategic Planning Committee

The role of 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 Champion REIT including its special purpose vehicles and, if appropriate, joint venture entities (collectively, the “Trust 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. Its role 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) known as 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	Senior Internal Audit Manager
4. Finance and Accounting	Business Development Director Finance Director
5. Risk Management	Senior Internal Audit Manager
6. Information Technology	Senior Program Manager
7. Compliance	Compliance Manager
8. Anti-Money Laundering and Counter-Terrorist Financing	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 during the six months ended 30 June 2023 and up to the date of this report, namely:

- Anti-Money Laundering and Counter-Financing of Terrorism Procedures
- Compliance Manual
- Operations Manual
- Sanction Screening Procedures

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 Sub-Manager of Langham Place Office Tower. Keysen Property Management Services Limited (“Keysen”) 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, one of Hong Kong’s leading property companies, owns and manages an extensive international hotel portfolio branded under “Langham”, “Cordis”, “Eaton” and their affiliate brands. Headquartered in Hong Kong, the Great Eagle 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. 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 Interests

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 which 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, Listing Rules and other relevant policies and guidelines issued for and adopted by Champion REIT.

COMPLIANCE

During the six months ended 30 June 2023, the REIT Manager and Champion REIT had complied with the REIT Code, the Trust Deed, the relevant provisions and requirements of the SFO and the Listing Rules which are applicable to the Trust.

The REIT Manager and Champion REIT had 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 2023.

The REIT Manager has adopted a code (the “Code on Securities Dealings”) governing dealings in the securities of Champion REIT by the Directors and Relevant Personnel (as defined in the Code on Securities Dealings) of the REIT Manager on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 contained in the Listing Rules. The Relevant Personnel includes but not limited to 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 had made specific enquiries of the Directors and Relevant Personnel, who had confirmed that they had complied with the required standards as set out in the Code on Securities Dealings during the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The unaudited interim results of Champion REIT for the six months ended 30 June 2023 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.

Corporate Governance

OTHER INFORMATION UPDATES

New Units Issued

On 13 March 2023, 17,006,654 new Units were issued to the REIT Manager at the price of HK\$3.519 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\$60 million payable by Champion REIT for the six months ended 31 December 2022.

Save for the above, no new Units were issued during the six months ended 30 June 2023. As at 30 June 2023, the total number of issued Units of Champion REIT was 5,990,682,244.

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 2023.

Relevant Investments

The full investment portfolio of the Relevant Investments¹ of Champion REIT as at 31 July 2023 is set out below:

As at 31 July 2023	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 7/8 05/29/24 EMTN	Bond	Singapore Exchange	British Virgin Islands	USD	56,602	52,786	0.0816%	BBB- / Baa3 / -
CAPG 6.35 02/08/24	Bond	Singapore Exchange	Cayman Islands	USD	38,747	2,200	0.0034%	- / - / -
CIFIHG 5.95 10/20/25	Bond	Hong Kong Exchange	Cayman Islands	USD	46,493	4,035	0.0062%	- / - / -
SHUION 5 3/4 11/12/23	Bond	Singapore Exchange	Cayman Islands	USD	33,282	35,481	0.0548%	- / - / -
HKE 2 7/8 05/03/26	Bond	Hong Kong Exchange	British Virgin Islands	USD	7,758	7,304	0.0113%	A- / - / -
CKHH 1 1/2 04/15/26	Bond	Singapore Exchange	Cayman Islands	USD	14,530	14,063	0.0217%	A / A2 / A-
SWIPRO 3 5/8 01/13/26	Bond	Hong Kong Exchange	Hong Kong	USD	23,526	22,391	0.0346%	- / A2 / A
MOLAND 7 12/30/23	Bond	Singapore Exchange	Cayman Islands	USD	1,247	87	0.0001%	- / - / -
MOLAND 9 12/30/27	Bond	Singapore Exchange	Cayman Islands	USD	2,495	178	0.0003%	- / - / -
EC Healthcare (Stock Code: 2138.HK)	Equity	Hong Kong Exchange	Cayman Islands	HKD	25,250	27,832	0.0430%	N / A
AIA (Stock Code: 1299.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,413	11,223	0.0173%	N / A
CCB (Stock Code: 939.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,468	9,287	0.0144%	N / A
ICBC (Stock Code: 1398.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,831	9,880	0.0153%	N / A
HKEX (Stock Code: 388.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,390	10,100	0.0156%	N / A
HSBC Holdings (Stock Code: 5.HK)	Equity	Hong Kong Exchange	England	HKD	19,928	26,210	0.0405%	N / A
Total					315,961	233,055	0.3601% 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.

Relevant investments and investments in property development and related activities

As at 30 June 2023, the portfolio of Relevant Investments represented approximately 0.37% of the gross asset value of Champion REIT. The combined value of (i) all Relevant Investments; (ii) properties held by a joint venture; (iii) other ancillary investments; and (iv) all of the Property Development Costs (as defined in 7.2C of the REIT Code) represented approximately 0.78% of the gross asset value of Champion REIT as at 30 June 2023, 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 25 May 2023. During the six months ended 30 June 2023, 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 had maintained a sufficient public float with more than 25% of the issued and outstanding Units of Champion REIT being held by the public.

Connected Party Transactions Report

ANNUAL CAPS OF 2023-2025 CONTINUING CONNECTED PARTY TRANSACTIONS (“CCT ANNUAL CAPS”)

On 24 November 2022, an extraordinary general meeting of Champion REIT (the “EGM”) was held to seek independent Unitholders’ approval on the CCT annual caps and the entering into of the Framework Agreements (as defined in the notice of the EGM) in accordance with the REIT Code and Chapter 14A of the Listing Rules. The renewal of CCT annual caps complies with the requirements of the Code on Real Estate Investment Trusts, Listing Rules and Securities and Futures Ordinance. The ordinary resolutions received an overwhelming 99.96% of the votes in favour. Details of the above were set out in the circular to the Unitholders dated 8 November 2022.

Set out below is the information in respect of connected party transactions involving Champion REIT and its connected persons as defined in paragraph 8.1 of the REIT Code:

CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS

The following tables set forth information on connected party transactions between Champion REIT and the Great Eagle Connected Persons for the six months ended 30 June 2023 (the “Period”).

Great Eagle is a connected person of Champion REIT by virtue of being the holding company of the REIT Manager and a substantial holder (as defined under the REIT Code) of Champion REIT through the direct unitholding of its controlled corporations. Further details regarding these relationships are disclosed in the “Disclosure of Interests” section of this Interim Report. The Great Eagle Connected Persons is defined as the connected persons include directors, senior executives, officers of Great Eagle and controlling entities, holding companies, subsidiaries or associated companies of Great Eagle.

Connected Party Transactions – Revenue Transactions (Rental Income)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income for the Period HK\$
Artisan International Limited	Associate of Great Eagle	Leasing transaction ¹	413,000
Eagle Asset Management (CP) Ltd	Subsidiary of Great Eagle	Leasing transaction and car parking fee ²	332,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Leasing transaction ³	3,495,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Leasing transaction and car parking fee ⁴	3,473,000
Longworth Management Limited	Subsidiary of Great Eagle	Leasing transaction	9,000
Magic Energy Limited	Subsidiary of Great Eagle	Leasing transaction ⁵	4,280,000
Tonkichi (HK) Limited	Associate of Great Eagle	Leasing transaction ⁶	946,000
Total			12,948,000

Connected Party Transactions – Revenue Transactions (Building Management Fee Income)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income for the Period HK\$
Artisan International Limited	Associate of Great Eagle	Building management fee income ¹	81,000
Eagle Asset Management (CP) Ltd	Subsidiary of Great Eagle	Building management fee income ²	41,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Building management fee income ³	489,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Building management fee income ⁴	474,000
Magic Energy Limited	Subsidiary of Great Eagle	Building management fee income ⁵	685,000
Tonkichi (HK) Limited	Associate of Great Eagle	Building management fee income ⁶	156,000
Total			1,926,000

Connected Party Transactions Report

Connected Party Transactions – Expense Transactions

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Expenses for the Period HK\$
Best Come Limited	Subsidiary of Great Eagle	Estate management fee expenses ⁷	6,088,000
Cordis, Hong Kong	Subsidiary of Great Eagle	Sundry expenses	75,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Lease management service fee	34,821,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Marketing service fee	15,021,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Repairs and maintenance services	1,883,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Promotion expenses	4,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Estate management expenses ⁸	59,833,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Building management fee expenses ⁹	80,606,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Reimbursement of carpark expenses ¹⁰	5,347,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Sundry expenses	2,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Reimbursement of delegation of management functions of common areas/facilities	1,000
Longworth Management Limited	Subsidiary of Great Eagle	Building management fee expenses ¹¹	26,713,000
Selex Engineering Services Limited	Subsidiary of Great Eagle	Repairs and maintenance services	2,815,000
Total			233,209,000

Notes:

1. 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.
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\$2,075,000 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 Keysen 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\$1,790,000 provided by Tonkichi (HK) Limited, was held by the Trust as at the Period-end date.
7. Best Come Limited has been appointed as manager to provide management services for certain areas and facilities of developments in which Champion REIT's properties are located. The amount represents the total of management fee of HK\$400,000 and reimbursement of out of pocket expenses amounting to HK\$5,688,000.
8. Out of this HK\$59,833,000 approximately HK\$58,279,000 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\$1,554,000 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). 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 so as to enable the Mall Estate Manager to make payments under estate management expenses.
9. A management fee deposit and sinking fund of approximately HK\$820,000 and HK\$16,384,000 provided by the Trust were kept by Keysen Property Management Services Limited in its capacity as DMC Manager of Langham Place and DMC Sub-manager of Three Garden Road as at the Period-end date respectively.
10. It 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.
11. A management fee deposit and sinking fund of approximately HK\$15,311,000 provided by the Trust 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.
12. The Langham Place Mall Estate Management Agreement has been renewed for a period from 1 January 2023 to 31 December 2025.
13. The Property Management Agreement has been renewed for a period from 1 January 2023 to 31 December 2025.

Connected Party Transactions Report

OTHER CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS

Eagle Asset Management (CP) Limited, a wholly-owned subsidiary of Great Eagle, was appointed as the REIT Manager of Champion REIT. During the Period, the REIT Manager's fee of approximately HK\$120,794,000, being 12% of the net property income of Champion REIT (including property held by a joint venture) 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 accordance with the announcement of Champion REIT dated 30 November 2012, the REIT Manager notified the Trustee in writing that it elected to receive 50% of the Manager's fee arising from the real estate owned by Champion REIT in the form of Units and the remaining 50% in cash. As the REIT Manager has not elected the payment method of Manager's fee for the financial year 2023, the most recent valid election by the REIT Manager on 30 November 2012 shall be applicable apply to the financial year 2023 according to Clause 11.1.2 of the Trust Deed. On 5 September 2023, the REIT Manager received 23,052,287 new Units issued by Champion REIT as payment of 50% of the Manager's fee for the Period of approximately HK\$60,397,000. The remaining 50% of the Manager's fee in the amount of approximately HK\$60,397,000 was received in cash.

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 – 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 Person	Interest income from ordinary banking services	6,807,000
HSBC Group	Trustee Connected Persons	Loan interest/expense	69,932,000
HSBC Group	Trustee Connected Persons	Commitment fee and agency fee	1,833,000
HSBC Group	Trustee Connected Person	Bank charges	217,000

Champion MTN Limited (a special purpose vehicle wholly-owned and controlled by Champion REIT) maintained currency swap contracts of a total notional amount of US\$386.4 million with HSBC Group. Such currency swap contracts expired on 17 January 2023.

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 2023, a total of HK\$200 million was drawn and outstanding.

Hang Seng Bank Limited, a subsidiary of HSBC Group, 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 2023, 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 2023, a total of HK\$2,949 million was drawn and outstanding.

CONNECTED PARTY TRANSACTIONS – OTHERS

During the Period, the trustee fee of approximately HK\$4,110,000 had been incurred for services rendered by HSBC Institutional Trust Services (Asia) Limited in its capacity as the trustee of Champion REIT.

Hong Kong, 18 August 2023

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 2023, 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	4,123,354,618 ¹		
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	10,061,000	4,137,007,625 ²	69.06%
Cheng Wai Chee, Christopher	Beneficiary of a Trust	Trust Interests	13,424,730	13,424,730 ⁵	0.22%
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	553,659,650	9.24%

Substantial Unitholders

Name	Total Number of Units/ Underlying Units Held ⁸	Percentage of Issued Units ⁹
Great Eagle Holdings Limited ("Great Eagle")	4,120,096,008 ³	68.78%
HSBC International Trustee Limited	4,049,771,805 ⁴	67.60%
HKSCC Nominees Limited	2,323,878,040 ⁷	38.79%
Top Domain International Limited	1,420,416,628	23.71%
Keen Flow Investments Limited	1,064,580,933	17.77%
Bright Form Investments Limited	680,232,558	11.35%

Notes:

- Among these 4,123,354,618 Units:
 - 50,000 Units, 940,000 Units, 589,000 Units and 1,679,610 Units were respectively held by ACHL Limited (formerly known as Alexander C H Limited), EBK Limited (formerly known as Elizabeth B K Limited), KBLL Limited (formerly known as Katherine B L Limited) and NCN Limited (formerly known as Nicholas C N Limited), all of which are wholly-owned by Dr Lo Ka Shui who is also a director of these companies; and
 - 4,120,096,008 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 41,297,654 Units/underlying Units in aggregate as compared with the position as at 31 December 2022.
- The 4,120,096,008 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 2023 and 31 December 2022 respectively:

Name	Number of Units/ Underlying Units Held As at 30 June 2023	Number of Units/ Underlying Units Held As at 31 December 2022
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	553,659,650	536,652,996
Fine Noble Limited	200,007,503	200,007,503
The Great Eagle Company, Limited	129,962,993	105,671,993
Great Eagle Nichemusic Limited	61,345,743	61,345,743
Ecobest Ventures Limited	3,095,000	3,095,000

Disclosure of Interests

4. The disclosure was based on the latest Disclosure of Interest Form (with the date of relevant event as at 11 July 2022) received from HSBC International Trustee Limited.

As at 30 June 2023, HSBC International Trustee Limited 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) is the discretionary beneficiary 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 30.32% voting right in the capital of Great Eagle as at 30 June 2023.

5. The unitholdings of Mr Cheng Wai Chee, Christopher remained unchanged as compared with the position as at 31 December 2022.
6. The unitholdings of Ms Wong Mei Ling, Marina remained unchanged as compared with the position as at 31 December 2022.
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 2,962,850 Units when compared with the position as at 31 December 2022.
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 5,990,682,244 as at 30 June 2023.

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 2023 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 2023, 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	1,161,108 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 was increased by 74,000 Units when compared with the position as at 31 December 2022.
2. This percentage is based on the total number of issued Units of Champion REIT of 5,990,682,244 as at 30 June 2023.

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 2023.

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 2023, Great Eagle owned 4,120,096,008 Units and/or underlying Units (68.78%) in Champion REIT and 2,301,139,933 share stapled units (69.96%) 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 2023 are disclosed as follows:

Great Eagle

Name of Directors and/or 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	61,542,835	3,390,000	
	Interests of Controlled Corporations	Corporate Interests	95,928,364		
	Founder of a Discretionary Trust	Trust Interests	65,866,676		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393		481,392,268
Ip Yuk Keung, Albert	Beneficial Owner	Personal Interests	60,000	–	60,000
Wong Mei Ling, Marina	Beneficial Owner	Personal Interests	27,844	347,000	374,844
Hau Shun, Christina	Beneficial Owner	Personal Interests	–	101,000	101,000

Langham

Name of Directors and/or 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	2,304,229,933 ²	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	90,010,250	2,425,824,183
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 2,304,229,933 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) 2,301,139,933 share stapled units of Langham held by Great Eagle as at 30 June 2023 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.

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 35 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

18 August 2023

Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Rental income	5	1,151,904	1,183,543
Building management fee income		131,847	134,409
Rental related income		15,753	12,814
Total revenue		1,299,504	1,330,766
Property operating expenses	6	(304,447)	(286,378)
Net property income		995,057	1,044,388
Other income	7	22,897	10,472
Manager's fee	8	(120,794)	(126,721)
Trust and other expenses		(11,771)	(17,251)
Decrease in fair value of investment properties		(428,700)	(535,000)
Fair value changes on financial assets at fair value through profit or loss	22	–	(15,967)
Allowance for credit losses on notes receivables	16	–	(18,441)
Finance costs	9	(282,155)	(198,058)
Share of results of a joint venture		(5,956)	38,326
Profit before tax and distribution to unitholders	10	168,578	181,748
Income taxes	11	(101,912)	(125,701)
Profit for the period, before distribution to unitholders		66,666	56,047
Distribution to unitholders	13	(555,423)	(633,561)
Loss for the period, after distribution to unitholders		(488,757)	(577,514)
Basic profit per unit	14	HK\$0.01	HK\$0.01

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period, after distribution to unitholders	(488,757)	(577,514)
Other comprehensive (expense) income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	(17,942)	(37,595)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	11,284	(3,140)
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	(4,017)	117,648
Reclassification of fair value adjustments to profit or loss	(15,508)	(8,236)
Deferred tax related to fair value adjustments recognised in other comprehensive income	514	–
	(25,669)	68,677
Total comprehensive expense for the period	(514,426)	(508,837)

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Non-current assets			
Investment properties	15	63,126,300	63,555,000
Notes receivables	16	46,116	99,984
Interests in a joint venture	17	252,281	238,974
Equity instruments at fair value through other comprehensive income	18	91,363	152,819
Derivative financial instruments	19	–	111,589
Total non-current assets		63,516,060	64,158,366
Current assets			
Trade and other receivables	20	220,560	233,121
Notes receivables	16	91,580	84,270
Tax recoverable		709	2,082
Derivative financial instruments	19	92,731	16,109
Short-term bank deposits	21	100,266	66,380
Bank balances and cash	21	793,344	668,551
Total current assets		1,299,190	1,070,513
Total assets		64,815,250	65,228,879
Current liabilities			
Trade and other payables	23	1,375,180	1,422,512
Deposits received		651,089	654,575
Tax liabilities		118,940	85,858
Distribution payable		555,423	534,883
Bank borrowings	24	8,184,076	1,226,258
Medium term notes	25	–	3,017,389
Total current liabilities		10,884,708	6,941,475
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments	19	38,074	38,122
Bank borrowings	24	2,314,255	6,268,590
Medium term notes	25	4,018,589	4,006,947
Deferred tax liabilities	26	786,436	745,978
Total non-current liabilities, excluding net assets attributable to unitholders		7,157,354	11,059,637
Total liabilities, excluding net assets attributable to unitholders		18,042,062	18,001,112
Net assets attributable to unitholders		46,773,188	47,227,767
Number of units in issue ('000)	27	5,990,682	5,973,676
Net asset value per unit	28	HK\$7.81	HK\$7.91

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2023

	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 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
Net assets attributable to unitholders at 1 January 2023 (audited)	24,974,678	53,257	37,366	4,443	5,757,943	16,400,080	47,227,767
Loss for the period, after distribution to unitholders	-	-	-	-	-	(488,757)	(488,757)
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(17,942)	-	-	-	(17,942)
Cash flow hedges, net of related income tax	-	(19,011)	-	-	-	-	(19,011)
Exchange differences arising on translation of foreign operations	-	-	-	11,284	-	-	11,284
Total comprehensive (expense) income for the period	-	(19,011)	(17,942)	11,284	-	(488,757)	(514,426)
Issue of units	59,847	-	-	-	-	-	59,847
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income	-	-	(20,547)	-	-	20,547	-
Net assets attributable to unitholders as at 30 June 2023 (unaudited)	25,034,525	34,246	(1,123)	15,727	5,757,943	15,931,870	46,773,188

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 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
Profit before tax and distribution to unitholders	168,578	181,748
Adjustments for:		
Allowance for credit losses on trade receivables	966	5,514
Decrease in fair value of investment properties	428,700	535,000
Manager's fee payable in units	60,397	63,360
Share of results of joint venture	5,956	(38,326)
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	(22,897)	(10,472)
Finance costs	282,155	198,058
Exchange difference	3,611	8,104
Operating cash flow before movements in working capital	927,466	977,394
Decrease (increase) in trade and other receivables	10,234	(94,004)
Decrease in trade and other payables	(3,221)	(90,065)
Decrease in deposits received	(3,486)	(35,225)
Cash generated from operations	930,993	758,100
Interest paid	(319,911)	(192,446)
Hong Kong Profits Tax paid	(26,485)	–
Net cash from operating activities	584,597	565,654
Investing activities		
Interest received	21,382	6,204
Dividend received	1,985	1,409
Additions to investment properties	–	(13,781)
Additions to notes receivables	–	(73,420)
Advance to a joint venture	(7,432)	–
Redemption of notes receivables	49,423	–
Proceeds from disposal of notes receivables	–	14,972
Additions of equity instrument at fair value through other comprehensive income	–	(66,030)
Net proceeds from disposal of equity instrument at fair value through other comprehensive income	43,514	–
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 short-term deposit with original maturity over three months	(100,266)	(39,238)
Release of short-term deposit with original maturity over three months	66,380	–
Net cash from (used in) investing activities	74,986	(450,435)
Financing activities		
Distribution paid	(534,968)	(641,955)
Redemption of medium term notes	(2,998,274)	(643,000)
Repayment of bank loan	(719,550)	–
New bank loans raised	3,718,002	–
Bank origination fee paid	–	–
Net cash used in financing activities	(534,790)	(1,284,955)
Net increase (decrease) in cash and cash equivalents	124,793	(1,169,736)
Cash and cash equivalents at beginning of the period	668,551	1,628,725
Cash and cash equivalents at end of the period, represented by bank balances and cash	793,344	458,989

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023, the Group’s net current liabilities amounted to HK\$9,585,518,000. Management reviews the Group’s financial position and is now negotiating with banks to refinance existing unsecured term loans which are due within one year. The Manager is of the opinion that, taking into account of the fair value of investment properties available to pledge for new financing if needed, presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements within 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 2023 are the same as those followed and presented in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

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 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRSs Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules

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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023

	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	696,107	199,081	404,316	1,299,504
Segment results - Net property income	555,474	152,765	286,818	995,057
Other income				22,897
Manager's fee				(120,794)
Trust and other expenses				(11,771)
Decrease in fair value of investment properties				(428,700)
Finance costs				(282,155)
Share of results of a joint venture				(5,956)
Profit before tax and distribution to unitholders				168,578
Income taxes				(101,912)
Profit for the period, before distribution to unitholders				66,666
Distribution to unitholders				(555,423)
Loss for the period, after distribution to unitholders				(488,757)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:				
(Decrease) increase in fair value of investment properties	(391,200)	(48,000)	10,500	(428,700)

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

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)

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023

	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	68,946	24,862	38,039	131,847
Rental related income	7,348	331	24,263	31,942
Revenue from contracts with customers	76,294	25,193	62,302	163,789
Rental income and rental related income	619,813	173,888	342,014	1,135,715
Segment revenue	696,107	199,081	404,316	1,299,504

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

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 2023 includes variable lease payments that do not depend on an index or a rate of HK\$114,150,000 (2022: HK\$51,139,000), the remaining amounts are lease payments that are fixed.

4. 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 2023, the fair values of Three Garden Road, Langham Place Office Tower and Langham Place Mall were HK\$38,550,800,000 (31 December 2022: HK\$38,942,000,000), HK\$8,766,000,000 (31 December 2022: HK\$8,814,000,000) and HK\$15,809,500,000 (31 December 2022: HK\$15,799,000,000), 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 2023 (30 June 2022: one).

5. RENTAL INCOME

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Property rental income	1,126,699	1,164,072
Car park income	25,205	19,471
Rental income	1,151,904	1,183,543

6. PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Allowance for credit losses on trade receivables	966	5,514
Building management expenses	167,215	163,843
Car park operating expenses	5,508	5,341
Government rent and rates	46,544	46,155
Legal cost and stamp duty	3,021	1,744
Other operating expenses	12,379	3,668
Promotion expenses	13,756	7,874
Property and lease management service fee	34,820	36,305
Property miscellaneous expenses	1,896	2,448
Rental commission	17,569	11,828
Repairs and maintenance	773	1,658
	304,447	286,378

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	14,746	3,431
Bond interest income	6,166	5,632
Dividend income	1,985	1,409
	22,897	10,472

8. MANAGER'S FEE

Pursuant to the Trust Deed, as the net property income of Champion REIT (including the share of net property income arising from the property held by a joint venture) exceeds HK\$200 million for the six months ended 30 June 2023 and 2022, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2023 and 2022 as remuneration.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Manager's fee:		
In the form of units	60,397	63,360
In the form of cash	60,397	63,361
	120,794	126,721

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 2023 and 2022 arising from the properties currently owned by Champion REIT 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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs represent:		
Interest expense on bank borrowings	209,359	69,187
Interest expense on medium term notes	69,764	125,028
Other borrowing costs	3,032	3,843
	282,155	198,058

10. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax and distribution to unitholders has been arrived at after charging (crediting):		
Auditor's remuneration	1,350	1,346
Trustee's fee	4,110	4,225
Principal valuer's fee	110	125
Other professional fee and charges	2,602	2,957
Roadshow and public relations expenses	585	343
Bank charges	6,214	3,178
Exchange difference	3,611	8,104
Share of tax of a joint venture (included in the share of results of a joint venture)	938	(831)

11. INCOME TAXES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax		
– Current period	60,940	87,061
Deferred tax		
– Current period (note 26)	40,972	38,640
	101,912	125,701

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 2023

12. TOTAL DISTRIBUTABLE INCOME

Total distributable income is the profit for the period, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as 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:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit for the period, before distribution to unitholders	66,666	56,047
Adjustments:		
Manager's fees payable in units	60,397	63,360
Decrease in fair value of investment properties	428,700	535,000
Share of results of a joint venture	5,956	(38,326)
Non-cash finance costs	14,446	14,828
Deferred tax	40,972	38,640
Fair value changes on financial assets at fair value through profit or loss	–	15,967
Allowance for credit losses on notes receivables	–	18,441
Total distributable income	617,137	703,957

13. DISTRIBUTION STATEMENT

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Total distributable income (note 12)	617,137	703,957
Total distribution amount to be paid	555,423	633,561
Percentage of distribution over distributable income (note (i))	90%	90%
Distribution per unit to unitholders (note (ii))	HK\$0.0927	HK\$0.1061

Notes:

- (i) In accordance with the terms of the Trust Deed, Champion REIT is required to distribute to Unitholders not less than 90% of its total distributable income for each financial year. The Manager also has the discretion to make distributions over and above the minimum 90% of Champion REIT's total distributable income.
- (ii) The interim distribution per unit of HK\$0.0927 for the six months ended 30 June 2023 is calculated based on the interim distribution of HK\$555,423,000 for the period and 5,990,682,244 units in issue as of 30 June 2023. The interim distribution amount to be paid to unitholders on 6 October 2023 would base on the interim distribution per unit of HK\$0.0927 and the total number of issued units as of 22 September 2023, which is the record date set for such period.

The interim distribution per unit of HK\$0.1061 for the six months ended 30 June 2022 was calculated based on the interim distribution paid of HK\$633,561,000 for the period and 5,973,675,590 units in issue as of 23 September 2022. The interim distribution was paid to unitholders on 7 October 2022.

14. BASIC PROFIT PER UNIT

The basic profit per unit during the six months ended 30 June 2023 is calculated by dividing the profit for the period before distribution to unitholders of HK\$66,666,000 (2022: HK\$56,047,000) by the weighted average number of units of 5,994,550,439 (2022: 5,957,578,866) 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 2023 and 2022.

There were no diluted potential units in issue during the six months ended 30 June 2023 and 2022, therefore the diluted loss per unit has not been presented.

15. INVESTMENT PROPERTIES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
FAIR VALUE		
At the beginning of the period/year	63,555,000	65,296,000
Additions during the period/year	–	8,233
Decrease in fair value	(428,700)	(1,749,233)
At the end of the period/year	63,126,300	63,555,000

The fair value of the Group's investment properties at 30 June 2023 and 31 December 2022 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 4.5% to 4.85% (31 December 2022: 4.5% to 4.85%) and 4.2% to 4.6% (31 December 2022: 4.2% to 4.6%), 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 2023 and 31 December 2022 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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. NOTES RECEIVABLES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Notes receivables	258,319	304,426
Less: Allowance for credit losses	(120,623)	(120,172)
	137,696	184,254
Analysed for reporting purpose:		
Shown under non-current assets	46,116	99,984
Shown under current assets	91,580	84,270
	137,696	184,254

As at 30 June 2023, the Group held unsecured bonds with aggregate carrying amounts of HK\$137,696,000 (31 December 2022: HK\$184,254,000), which are denominated in United States dollar ("US\$") with nominal values ranging from US\$1,000,000 to US\$6,860,000 (31 December 2022: US\$1,000,000 to US\$6,860,000). The unsecured bonds bear interest at fixed interest rates ranging from 1.50% to 5.75% (31 December 2022: 1.50% to 5.75%) per annum and have maturity dates ranging from November 2023 to May 2026 (31 December 2022: March 2023 to May 2026).

Included in the carrying amount of notes receivables as at 30 June 2023 is accumulated allowance for credit losses of HK\$120,623,000 (31 December 2022: HK\$120,172,000). During the period, the Group did not recognise any allowance for credit losses on notes receivables (30 June 2022: HK\$18,441,000) in the condensed consolidated income statement.

17. INTERESTS IN A JOINT VENTURE

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Cost of investments in a joint venture (note 1)	281,183	209,588
Share of post-acquisition results and other comprehensive income	(28,902)	(21,768)
	252,281	187,820
Amount due from a joint venture (note 2)	–	51,154
	252,281	238,974

Notes:

- As at 30 June 2023, cost of investments in a joint venture included an amount due from a joint venture of HK\$281,183,000 (31 December 2022: HK\$209,588,000) which is in substance form part of the Group's net investment in the joint venture. The amount is unsecured and non-interest bearing.
- 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.

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 2023	As at 31 December 2022	
Athene Investment (BVI) Limited	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:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
The Group's share of net property income	11,559	11,623

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
The Group's share of investment properties carried at fair value	536,730	532,699

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 June 2023, the Group had equity securities listed in Hong Kong with a carrying amount of HK\$91,363,000 (31 December 2022: HK\$152,819,000). All the listed securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Derivative as assets		
Designated as cash flow hedge		
– interest rate swaps (note i)	92,731	111,038
– cross currency swaps (note ii)	–	16,660
	92,731	127,698
Analysed for reporting purpose:		
Shown under current assets	92,731	16,109
Shown under non-current assets	–	111,589
	92,731	127,698
Derivative as liabilities		
Designated as cash flow hedge		
– interest rate swaps (note i)	9,745	24,937
– cross currency swaps (note ii)	28,329	13,185
	38,074	38,122
Analysed for reporting purpose:		
Shown under non-current liabilities	38,074	38,122

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Notes:

(i) Interest rate swap

As at 30 June 2023, 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 0.88% to 0.95% (31 December 2022: HIBOR plus 0.88% to 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 2023 (unaudited)	At 31 December 2022 (audited)
Carrying amount (HK\$'000)	82,986	86,101
Notional amount (HK\$'000)	3,900,000	3,900,000
Maturity date	28 June 2024 to 29 June 2026	28 June 2024 to 29 June 2026
Change in fair value of hedging instruments during the period/year (HK\$'000)	25,297	116,974
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(25,297)	(116,974)
Weighted average swap rate per annum (before interest margin)	2.07%	2.07%

(ii) Cross currency swap

As at 30 June 2023, 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 2023 (unaudited)	At 31 December 2022 (audited)
Carrying amount (HK\$'000)	(28,329)	3,475
Notional amount (US\$'000)	300,000	639,400
Maturity date	15 June 2030	17 January 2023 to 15 June 2030
Change in fair value of hedging instruments during the period/year (HK\$'000)	(29,314)	(9,547)
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	29,314	9,547
Weighted average exchange rate (US\$: HK\$)	7.8176	7.7829

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Notes: (Continued)

(iii) Hedging reserve

	Interest rate swap HK\$'000	Cross currency swaps HK\$'000	Total hedging reserves HK\$'000
At as 1 January 2022 (audited)	(30,127)	(9,717)	(39,844)
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	116,974	(9,547)	107,427
Reclassification of fair value adjustment to profit or loss	(1,211)	1,092	(119)
Deferred tax related to fair value adjustments recognised in other comprehensive income	(14,207)	–	(14,207)
As at 31 December 2022 (audited)	71,429	(18,172)	53,257
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	25,297	(29,314)	(4,017)
Reclassification of fair value adjustment to profit or loss	(28,253)	12,745	(15,508)
Deferred tax related to fair value adjustments recognised in other comprehensive income	514	–	514
As at 30 June 2023 (unaudited)	68,987	(34,741)	34,246

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.

20. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade receivables	44,067	60,463
Less: Allowance for credit losses	(7,041)	(6,487)
	37,026	53,976
Deferred lease receivables	91,460	93,453
Deposits, prepayments and other receivables	95,922	89,526
Less: Allowance for credit losses	(3,848)	(3,834)
	92,074	85,692
	220,560	233,121

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 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
0 - 3 months	13,601	20,818
3 - 6 months	1,210	8,598
Over 6 months	22,215	24,560
	37,026	53,976

At the reporting date, the Group has not provided any allowance for trade receivables of HK\$37,026,000 (31 December 2022: HK\$53,976,000) 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 2023, debtors with aggregate carrying amount of HK\$17,217,000 (31 December 2022: HK\$18,879,000) included in the Group's trade receivable balance were under deferring lease payment arrangements.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Short-term bank deposits with original maturity more than three months	100,266	66,380
Bank balances and cash	133,075	128,503
Short-term bank deposits with original maturity less than three months	660,269	540,048
Bank balances and cash	793,344	668,551
	893,610	734,931

Short-term bank deposits and bank balances and cash are denominated in the following currencies:

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
HK\$	717,845	617,013
USD	173,838	117,682
GBP	1,927	236
	893,610	734,931

Short-term deposits and bank balances and cash carry interest at the following market rates per annum:

	At 30 June 2023 (unaudited)	At 31 December 2022 (audited)
Bank balances and cash	0.001% to 0.20%	0.001% to 0.20%
Short-term bank deposits with original maturity of less than three months	3.12% to 5.70%	3.83% to 5.25%
Short-term bank deposits with original maturity of more than three months	5.18% to 5.74%	5.42% to 5.66%

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period ended 30 June 2022, loss on fair value change of HK\$15,967,000 on currency linked deposits of was recognised in the condensed consolidated income statement.

23. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade payables	126,905	151,720
Rental received in advance	42,022	27,726
Other payables and accruals (note i)	242,778	279,591
Accrued stamp duty (note ii)	963,475	963,475
	1,375,180	1,422,512

Notes:

- (i) As at 30 June 2023, manager's fee payable of HK\$120,794,000 (31 December 2022: HK\$119,693,000) 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 2022: 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 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
0 - 3 months	126,905	151,720

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

24. BANK BORROWINGS

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Unsecured term loan	7,292,635	6,292,635
Unsecured revolving loan	3,249,000	1,250,000
	10,541,635	7,542,635
Less: unamortised front-end fees	(43,304)	(47,787)
	10,498,331	7,494,848
The maturity of bank borrowings is as follows:		
Shown under current liabilities:		
Within 1 year	8,184,076	1,226,258
Shown under non-current liabilities:		
After 1 year but within 2 years	424,768	4,950,322
After 2 years but within 5 years	1,889,487	1,318,268
	2,314,255	6,268,590
	10,498,331	7,494,848

As at 30 June 2023, total committed loan facilities amounted to HK\$12,400,000,000 (31 December 2022: HK\$13,400,000,000), out of which HK\$10,541,635,000 (31 December 2022: HK\$7,542,635,000) were drawn and outstanding. The bank borrowings are denominated in Hong Kong dollars and bear interest at a floating rate of HIBOR plus margins ranging from 0.85% to 0.95% per annum (31 December 2022: 0.83% to 0.95%). The Group also entered into interest rate swaps, details of which are set out in note 19.

25. MEDIUM TERM NOTES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Medium term notes	4,051,640	7,060,441
Origination fees	(33,051)	(36,105)
	4,018,589	7,024,336
The maturity of medium term notes is as follows:		
Shown under current liabilities:		
Within 1 year	–	3,017,389
Shown under non-current liabilities:		
After 1 year but within 2 years	973,949	199,965
After 2 years but within 5 years	720,745	1,218,735
After 5 years	2,323,895	2,588,247
	4,018,589	4,006,947
	4,018,589	7,024,336

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

As at 30 June 2023

Principal amount	Coupon rate (per annum)
US\$300,000,000	2.95%
HK\$1,700,000,000	Fixed rates ranging from 2.75% to 4.00%

As at 31 December 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%

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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	Hedging instrument HK\$'000	Tax losses HK\$'000	Total HK\$'000
As at 1 January 2022 (audited)	699,193	–	(1,852)	697,341
Charge (credit) to consolidated income statement during the year	38,469	–	(4,039)	34,430
Charge to consolidated statement of comprehensive income during the year	–	14,207	–	14,207
As at 31 December 2022 (audited)	737,662	14,207	(5,891)	745,978
Charge to condensed consolidated income statement during the period	38,152	–	2,820	40,972
Credit to condensed consolidated of comprehensive income during the period	–	(514)	–	(514)
As at 30 June 2023 (unaudited)	775,814	13,693	(3,071)	786,436

27. NUMBER OF UNITS IN ISSUE

	Number of units	Amount HK\$'000
As at 1 January 2022 (audited)	5,937,079,598	24,846,924
Units issued for settlement of Manager's fee	36,595,992	127,754
As at 31 December 2022 (audited)	5,973,675,590	24,974,678
Units issued for settlement of Manager's fee	17,006,654	59,847
As at 30 June 2023 (unaudited)	5,990,682,244	25,034,525

On 13 March 2023, 17,006,654 units at HK\$3.519 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2022 to 31 December 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 2023 of HK\$46,773,188,000 (31 December 2022: HK\$47,227,767,000) by the number of units in issue of 5,990,682,244 units as at 30 June 2023 (31 December 2022: 5,973,675,590 units).

29. NET CURRENT LIABILITIES

At 30 June 2023, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$9,585,518,000 (31 December 2022: HK\$5,870,962,000).

30. TOTAL ASSETS LESS CURRENT LIABILITIES

At 30 June 2023, the Group's total assets less current liabilities amounted to HK\$53,930,542,000 (31 December 2022: HK\$58,287,404,000).

31. CAPITAL COMMITMENT

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the consolidated financial statements	68,971	46,274

32. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2023, 17,006,654 units (six months ended 30 June 2022: 17,976,943 units) were issued as payment for the Manager's fee for the period from 1 July 2022 to 31 December 2022, amounting to HK\$59,847,000 (six months ended 30 June 2022: HK\$64,394,000).

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

33. CONNECTED AND RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Rental income			
Artisan International Limited	(a)	399	66
Best Come Limited	(a)	–	23,269
Eagle Asset Management (CP) Limited	(a)	332	332
Eagle Property Management (CP) Limited	(a)	3,495	3,508
Keysen Property Management Services Limited	(a)	3,428	3,697
Magic Energy Limited	(a)	4,280	24
Tonkichi (HK) Limited	(a)	922	–
Interest income			
HSBC Group ^{1,3}	(b)	6,807	122
Building management fee income			
Artisan International Limited	(a)	81	13
Best Come Limited	(a)	–	2,673
Eagle Asset Management (CP) Limited	(a)	41	41
Eagle Property Management (CP) Limited	(a)	489	478
Keysen Property Management Services Limited	(a)	474	464
Magic Energy Limited	(a)	685	4
Tonkichi (HK) Limited	(a)	156	–
Rental related income			
Artisan International Limited	(a)	14	2
Keysen Property Management Services Limited	(a)	45	–
Longworth Management Limited	(a)	9	–
Tonkichi (HK) Limited	(a)	24	–
Building management expenses and car park operating expenses			
Keysen Property Management Services Limited	(a)	145,786	155,972
Longworth Management Limited	(a)	26,713	26,643
Other operating expenses			
Best Come Limited	(a)	6,088	–
Property and lease management service fee			
Eagle Property Management (CP) Limited	(a)	34,821	36,305
Rental commission			
Eagle Property Management (CP) Limited	(a)	15,021	5,799
Promotion expenses			
Keysen Engineering Company, Limited	(a)	4	–

33. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Property miscellaneous expenses			
Cordis, Hong Kong	(a)	75	–
GE (LHIL) Lessee Limited	(a)	–	78
Keysen Engineering Company, Limited	(a)	–	4
Keysen Property Management Services Limited	(a)	2	–
Repairs and maintenance fee			
Keysen Engineering Company, Limited	(a)	485	556
Keysen Property Management Services Limited	(a)	–	2
Selex Engineering Services Limited	(a)	–	447
Toptech Company Limited	(a)	122	–
Repairs and maintenance and improvement works contracted to			
Keysen Engineering Company, Limited	(a)	1,883	1,341
Keysen Property Management Services Limited	(a)	–	2
Selex Engineering Services Limited	(a)	2,815	284
Toptech Company Limited	(a)	–	1,190
Trustee's fee and other expenses			
HSBC Institutional Trust Services (Asia) Limited ³	(b)	4,110	4,225
HSBC Group ^{1,3}	(b)	217	164
Manager's fee			
Eagle Asset Management (CP) Limited	(a) & (c)	120,794	126,721
Finance costs			
HSBC Group ^{1,3}	(b)	71,765	16,329

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

33. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Balances with connected and related parties are as follows:

	Notes	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Amount due from (included in trade and other receivables)			
Keysen Property Management Services Limited	(a) & (d)	39,703	40,970
Longworth Management Limited	(a) & (d)	15,311	15,311
Toptech Co. Limited	(a) & (d)	1,130	1,130
Amount due to (included in trade and other payables)			
Best Come Limited	(a) & (d)	3,564	2,345
Eagle Asset Management (CP) Limited	(a) & (d)	120,794	119,702
Eagle Property Management (CP) Limited	(a) & (d)	20,220	27,639
Keysen Engineering Company, Limited	(a) & (d)	1,600	1,617
Keysen Property Management Services Limited	(a) & (d)	21,201	60,732
Longworth Management Limited	(a) & (d)	–	8,881
Selex Engineering Services Limited	(a) & (d)	542	1,045
Deposits placed with the Group for the lease of the Group's properties			
Artisan International Limited	(a)	558	558
Eagle Asset Management (CP) Limited	(a)	119	119
Eagle Property Management (CP) Limited	(a) & (e)	997	997
Keysen Property Management Services Limited	(a)	1,725	1,725
Magic Energy Limited	(a)	1,342	1,342
Tonkichi (HK) Limited	(a)	1,790	–

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.

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 2023 and 30 June 2022.
- (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\$1,078,000 (31 December 2022: HK\$1,078,000) was received in lieu of deposit.

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).

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)		
Listed equity securities classified as equity instruments at fair value through other comprehensive income	91,363	152,819	Level 1	Quoted market bid prices in an active market.
Cross currency swaps classified as derivative financial instruments	(28,329)	16,660/ (13,185)	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	92,731/ (9,745)	111,038/ (24,937)	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.

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 2023

Property	Location	Approximate gross floor area (sq. ft.)	Lease expiry (Year)	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

	2023 (unaudited)	2022 (unaudited)	2021 (unaudited)	2020 (unaudited)	2019 (unaudited)
As at 30 June:					
Net asset value (HK\$'000)	46,773,188	48,518,176	49,245,371	55,570,540	69,241,127
Net asset value per unit (HK\$)	7.81	8.15	8.32	9.44	11.82
The highest traded price during the period (HK\$)	3.66	4.08	4.88	5.11	6.89
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	2.63	3.29	4.36	3.51	5.34
The highest discount of the traded price to net asset value	66.3%	59.6%	47.6%	62.8%	54.8%
For the six months ended 30 June:					
Distribution yield per unit ²	3.3%	3.0%	2.7%	3.0%	2.1%
Annualised distribution yield per unit ³	6.5%	6.1%	5.8%	6.4%	4.3%
Net profit/(loss) yield per unit ⁴	0.4%	0.3%	-4.3%	-35.8%	8.4%
Annualised net profit/(loss) yield per unit	0.8%	0.5%	-8.6%	-71.6%	16.7%

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\$0.0927 (which calculation was set out in the Distribution Statement) for the six months ended 30 June 2023 over the traded price of HK\$2.84 as at 30 June 2023.
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 year before distribution to unitholders per unit for the six months ended 30 June 2023 over the traded price of HK\$2.84 as at 30 June 2023.

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