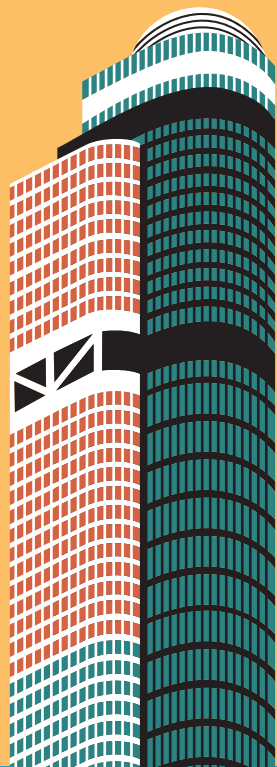




LANGHAM
PLACE



ChampionREIT
冠君產業信託

2024 INTERIM REPORT
中期報告



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

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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Corporate Information

Champion REIT

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

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

Knight Frank Petty 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 2024 HK\$ million	6 Months Ended 30 Jun 2023 HK\$ million	Change
Total Rental Income ¹	1,115	1,168	- 4.5%
Net Property Operating Expenses ¹	(160)	(173)	- 7.1%
Net Property Income	954	995	- 4.1%
Distributable Income	544	617	- 11.9%
Distribution Amount	490	555	- 11.9%
Distribution per Unit (HK\$)	0.0809	0.0927	- 12.7%

	As at 30 Jun 2024 HK\$ million	As at 31 Dec 2023 HK\$ million	Change
Gross Value of Portfolio	61,406	62,950	- 2.5%
Net Asset Value per Unit (HK\$)	7.42	7.72	- 3.9%
Gearing Ratio	23.1%	22.8%	+ 0.3pp

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

Overview

The high interest rate environment continued to affect the results of the Trust in the first half of 2024. While the total number of tourist arrivals recorded solid growth, the strong local currency dampened consumption and prompted an outflow of domestic travellers. While Langham Place Mall continued to outperform the market in retail sales, the growth momentum stalled in the reporting period. The Hong Kong office rental market remained under pressure in light of the supply situation. Amid the challenging operating environment, distributable income of the Trust decreased by 11.9% to HK\$544 million (2023: HK\$617 million) and distribution per unit ("DPU") declined by 12.7% to HK\$0.0809 (2023: HK\$0.0927).

Rental income of Langham Place Mall continued to grow but the growth momentum has slowed down. The growth was not sufficient to cover the decline in rental income of the office portfolio as the office rental reversion trend remained negative. Rental income of the Trust declined by 4.5% to HK\$1,115 million (2023: HK\$1,168 million). Net property operating expenses of the Trust dropped by 7.1% to HK\$160 million (2023: HK\$173 million) mainly due to lower rental commission, due to more renewal leasing activities of major tenants in 2023. Net property income of the Trust decreased by 4.1% to HK\$954 million (2023: HK\$995 million). Share of results of a joint venture amounted

to HK\$15 million (2023: loss of HK\$6 million), which was attributed to the minority-owned property 66 Shoe Lane in London. Share of net property income of the property was HK\$12 million (2023: HK\$12 million).

During the reporting period, we successfully refinanced the bank loan with the arrangement of new credit facility amounting to HK\$5.05 billion. As at 30 June 2024, there were a total of HK\$4.0 billion in undrawn committed facilities on hand, which is sufficient to service all the refinancing needs in 2024 and 2025. With notional amount of HK\$2.9 billion of interest rate swap contracts expired, the fixed rate debt portion lowered to 35.1% as at 30 June 2024 (31 December 2023: 54.5%). Having entered into new interest rate swap contracts after the reporting period, the Trust's current fixed rate debt portion is 40.6%. Cash finance cost increased to HK\$309 million (2023: HK\$268 million) due to higher average HIBOR.

The appraised value of the Trust's properties decreased to HK\$61.4 billion as at 30 June 2024, compared with HK\$62.9 billion as at 31 December 2023. The drop was mainly due to lower rental rate assumptions. Net asset value per unit was HK\$7.42 as at 30 June 2024 (31 December 2023: HK\$7.72). Gearing ratio remained at a healthy level of 23.1% as at 30 June 2024 (31 December 2023: 22.8%).

Operational Review

THREE GARDEN ROAD

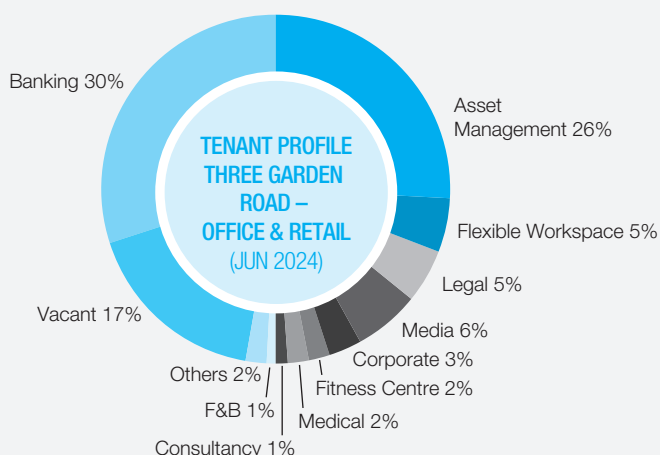
	6 Months Ended 30 Jun 2024 HK\$'000	6 Months Ended 30 Jun 2023 HK\$'000	Change
Rental Income	570,721	627,161	- 9.0%
Net Property Operating Expenses	63,994	71,687	- 10.7%
Net Property Income	506,727	555,474	- 8.8%

The overall leasing momentum in the Central Grade A office market remained subdued in the first half of 2024. Occupiers continued to take a cost-conscious approach amid uncertain economic outlook. Occupancy of Three Garden Road remained resilient despite the abundant supply in the market. We observed more enquiries from asset management firms and family offices and managed to secure some new small-sized tenants during the reporting period. Occupancy stood at 82.3% as at 30 June 2024 (31 December 2023: 82.8%).

While majority of lease expiries in 2024 has already been handled, we have proactively reached out to tenants with leases expiring in 2025 to start negotiation with tenants on renewals to mitigate the relatively concentrated expiry profile. Currently, over 20% of 2025 expiries have been confirmed to renew.

The competitive landscape of the existing demand and supply environment continued to impact the market rental of Central office and the property in the reporting period. Negative rental reversion of the property continued in the first half of the year, with passing rent lowered to HK\$89.5 per sq. ft. (based on lettable area) as at 30 June 2024 (31 December 2023: HK\$91.7 per sq. ft.). As a result, rental income of the property decreased by 9.0% to HK\$571 million (2023: HK\$627 million).

We continue to push ahead with our commitment in sustainability across our properties and value chain. During 2024, Three Garden Road obtained the Platinum certification of Leadership in Energy and Environmental Design (LEED) "v4.1



Operations and Maintenance: Existing Buildings" from the U.S. Green Building Council and the Platinum certification of WiredScore v.3.1.

The achievements, along with Hong Kong's first WELL Platinum certification and BEAM Plus Platinum certification awarded to us in 2020 and 2022 respectively, make Three Garden Road the first "Quadruple Platinum" grade-A office building under the existing building certification category in Hong Kong.

Net property operating expenses decreased by 10.7% to HK\$64 million (2023: HK\$72 million) mainly due to lower rental commission and lower legal cost and stamp duty. Net property income decreased by 8.8% to HK\$507 million (2023: HK\$555 million).

Operational Review

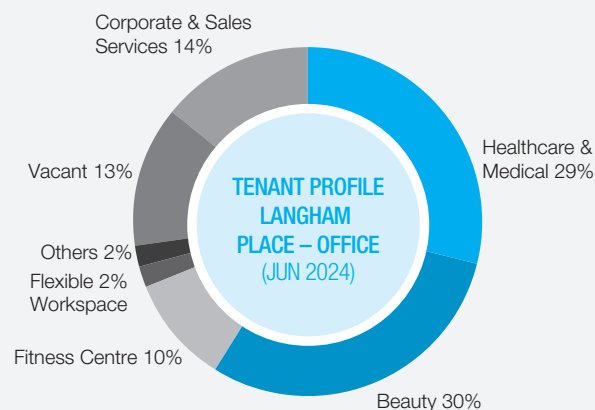
LANGHAM PLACE OFFICE TOWER

	6 Months Ended 30 Jun 2024 HK\$'000	6 Months Ended 30 Jun 2023 HK\$'000	Change
Rental Income	166,412	174,219	- 4.5%
Net Property Operating Expenses	21,162	21,454	- 1.4%
Net Property Income	145,250	152,765	- 4.9%

As the recovery of mainland medical beauty tourism after the pandemic was slower than expected, some beauty and medical tenants scaled down their operations in Langham Place Office Tower. Occupancy dropped to 87.1% as at 30 June 2024 (31 December 2023: 93.3%). Nonetheless, the property continues to be a lifestyle and wellness hub with lifestyle tenants occupying 69% of the area as at 30 June 2024.

We continued to observe demand from the healthcare and beauty segments albeit at a sluggish pace. Market rental of the property softened and passing rent decreased to HK\$44.2 per sq. ft. (based on gross floor area) as at 30 June 2024 (31 December 2023: HK\$45.9 per sq. ft.). Rental income decreased by 4.5% to HK\$166 million (2023: HK\$174 million).

We also strengthened our collaboration with lifestyle tenants on marketing and promotion activities such as the customer acquisition campaign launched in May. The campaign aimed to draw new customers to the beauty tenants of Langham Place Office Tower and to drive customers' spending in Langham Place Mall. The endeavour not only reinforced tenants' relationships and brought more businesses to



tenants but also enhanced the image of the property as a lifestyle hub.

Net operating expenses remained steady at HK\$21 million (2023: HK\$21 million). The lower average occupancy caused an increase in net building management expenses but was offset by lower rental commission due to decreased leasing activities. Net property income fell by 4.9% to HK\$145 million (2023: HK\$153 million).

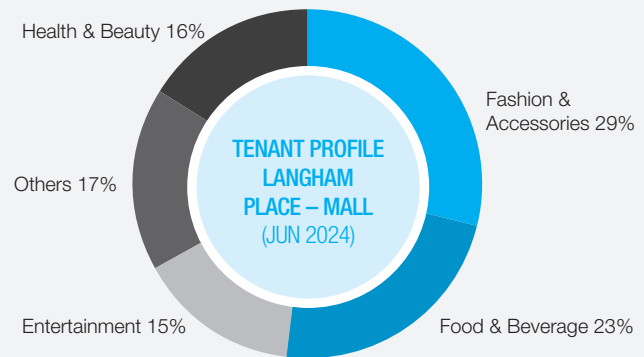
LANGHAM PLACE MALL

	6 Months Ended 30 Jun 2024 HK\$'000	6 Months Ended 30 Jun 2023 HK\$'000	Change
Rental Income	377,516	366,277	+ 3.1%
Net Property Operating Expenses	75,192	79,459	- 5.4%
Net Property Income	302,324	286,818	+ 5.4%

Langham Place Mall continued to outperform the overall Hong Kong retail market in the reporting period. While Hong Kong retail sales declined by 6.6% in the first half of the year, tenants' sales of the mall increased by 2.3%. The beauty segment continued to be the growth driver. Given the net outflow of local travellers, the retail sales growth trend of the mall started to dwindle in the second quarter.

Occupancy of the mall returned to full occupancy as at 30 June 2024 (31 December 2023: 98.6%). Rental income improved to HK\$378 million (2023: HK\$366 million). The base rent portion increased to HK\$242 million (2023: HK\$224 million) while the turnover rent portion amounted to HK\$107 million (2023: HK\$114 million). The proportion of base rent increased as more tenants solely paying turnover rent resumed to paying a base rent portion compared to the same period last year. Passing rent of the mall rose to HK\$187.2 per sq. ft. (based on lettable area) (31 December 2023: HK\$185.3 per sq. ft.).

We continued to work closely with different stakeholders to stimulate sales and footfall of the mall. The joint Christmas Campaign organised in conjunction with a tenant and a non-profit organisation last year won two prestigious awards at



The Marketing Events Awards 2024 Hong Kong. In April and May, we launched collaborative initiatives with our beauty tenants to reinforce Langham Place's profile as a premier beauty hub. We also collaborated with credit cards and payment system to recruit new members to the mall's loyalty program to boost consumption.

Net property expenses dropped by 5.4% to HK\$75 million (2023: HK\$79 million) which was mainly driven by lower net building management expenses, lower promotion expenses and lower rental commission. Net property income increased by 5.4% to HK\$302 million (2023: HK\$287 million).

Outlook

While the market generally expects interest rate cuts to start in the second half of 2024, it remains uncertain about the degree of the adjustment. The global economy outlook is also clouded by geopolitical tensions and policy risks. The operating environment for the Trust could remain challenging in view of the abundant office supply in the market and change in consumer behaviour post pandemic.

For the office portfolio, tenant retention remains a top priority. We will stay flexible in our leasing strategy to tailor to the requirements of tenants. We will also continue to roll out impactful events and strategic partnerships to strengthen engagement with tenants and stakeholders such as the ESG Week held in July. For Three Garden Road, in view of the competitive supply landscape, we will continue to take a proactive approach to negotiate lease renewals ahead of their expiries. We will further bolster Langham Place Office's position as a lifestyle and wellness hub through deepening collaboration with tenants.

Langham Place Mall has been a chic and trendy mall since opening. We will continue to refine the tenant mix and recruit first-in-Hong Kong brands to strengthen the appeal to both local consumers and tourists. Collaboration with tenants and business partners will also be enhanced to bring more targeted promotions to boost footfall and sales. However,

the growth in sales may continue to sink if the trend of local residents travelling outbound remains. However, we remain optimistic for the longer term as the Individual Visit Scheme was extended to more mainland cities, and as the mainland economy recovers, Hong Kong as an international financial and tourism hub will benefit.

The existing committed undrawn facilities of HK\$4.0 billion are sufficient to serve the refinancing needs in 2024 and 2025. To further enhance liability management, we will continue to develop new banking relationships to broaden funding sources. Potential interest rate cuts could help lower the interest expenses of the floating rate debt portion of the Trust. We will closely monitor the market situation and take a prudent approach in capital management.

The Hong Kong retail sales growth trend has started to slow down in recent months and it will take some time for the market to absorb the office supply. Against the backdrop, the rental income of the Trust will continue to face downside risks. Financing costs for the full year are expected to be higher compared to last year as the average effective interest rate has increased after the expiration of interest swap contracts in the first half which were at a lower rate. We will stay agile and flexible in this challenging macroeconomic environment.

Sustainability

Our sustainability strategy anchors on championing shared values of our ecosystem through joint initiatives that promote climate resilience, collective partnership, and holistic wellness. Embracing evolution and transformation, the Trust continues to make strides in fulfilling the 2030 Environmental, Social, and Governance (“ESG”) targets and 2045 Net Zero Commitment.

We incorporate efficiency and innovative green practices into facilities management to foster a sustainable and resilient environment. Three Garden Road has become Hong Kong’s first existing building conferred with the prestigious “Quadruple Platinum” after achieving the Platinum certification of Leadership in Energy and Environmental Design (LEED) v4.1 Operations and Maintenance and the Platinum certification of WiredScore v3.1. In addition to hardware optimisation, we partner with our tenants in the decarbonisation journey. The Green Champion Challenge concluded with an award presentation to recognise our office tenants’ efforts in energy conservation and waste management. Building on the momentum, we launched the EcoChampion Pledge programme to gear both office and retail tenants up for climate adaptation and mitigation measures.

Buoyed by our collaborative spirit, we spearheaded the Champion REIT ESG Week with more than 20 partners from various sectors. The ESG Week featured novel initiatives including the ESG Forum, Social Impact Pitch and WELL Summit. The programme attracted two-fold as many attendees as the inaugural ESG forum last year. It provided further impetus to a range of issues, including climate change strategy, diversity, equity and inclusion, healthy ecosystem, and social empowerment.

Creative placemaking remains a key strategy in enhancing cultural vibrancy and prioritising the needs of our tenants. To promote wellness, we continue to host the classical music concerts series “Musica del Cuore” and trail run around the surrounding urban green space. We marked International Women’s Day by inviting more than 3,000 female stakeholders and pampering them with complimentary wellness refreshments provided by social enterprises. These are the solid examples of utilising resources across our supply chains to pursue a healthy lifestyle and promote inclusion for all.

Moving forward, the Trust will continue its role as a super connector by mobilising resources and synergy among our stakeholders to cultivate partnership and to become a catalyst for change for the sake of all-round resilience.

By Order of the Board

Eagle Asset Management (CP) Limited

(as manager of Champion Real Estate Investment Trust)

Lo Ka Shui

Chairman

Hong Kong, 19 August 2024

Valuation of Properties

According to the Property Valuation Reports issued by Knight Frank Petty Limited on 9 August 2024, the valuation of the properties of Champion REIT, broken down by usage as at 30 June 2024 was:

	Three Garden Road HK\$' million	Langham Place HK\$' million	Sub-total HK\$' million
Office	35,162	8,716	43,878
Retail	591	15,560	16,151
Car Park	607	413	1,020
Miscellaneous	187	170	357
Total	36,547	24,859	61,406

As at 30 June 2024, the appraised value of the Trust's property portfolio was HK\$61.4 billion, 2.5% lower than HK\$62.9 billion as at 31 December 2023. The decrease was mainly due to lower rental assumptions for office 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 2024 was HK\$490 million (2023: HK\$555 million), calculated as 90% of Champion REIT's total available distributable income of HK\$544 million (2023: HK\$617 million).

The distribution per unit for the six months ended 30 June 2024 ("Interim Distribution per Unit") was HK\$0.0809. This represents an annualised distribution yield of 10.3% based on the closing price of HK\$1.57 as at 28 June 2024.

The interim distribution amount to be paid to unitholders on 8 October 2024 would base on the Interim Distribution per Unit of HK\$0.0809 and the total number of issued units as at 24 September 2024, the record date set for such period.

Closure of Register of Unitholders

The Register of Unitholders will be closed from Thursday, 19 September 2024 to Tuesday, 24 September 2024 ("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 2024 will be made on Tuesday, 8 October 2024 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 2024, 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 of transfer of units not later than 4:30pm on Tuesday, 17 September 2024.

Proactive Liability Management Outstanding Debt Facilities⁽¹⁾

As at 30 June 2024
(HK\$ million)

	Fixed rate debt	Floating rate debt	Utilised facilities
Unsecured bank loans ⁽³⁾	1,000	9,339	10,339
Medium Term Notes ⁽⁴⁾	4,045	–	4,045
Total	5,045	9,339	14,384
%	35.1%	64.9%	100%

(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\$1,000 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; and
(ii) Equivalence of HK\$2,345 million (after accounting for cross currency swaps) were US dollars notes.

In June 2024, the Trust successfully refinanced its outstanding unsecured bank loan of HK\$5.0 billion by a three-year unsecured loan facility of HK\$5.05 billion with interest margin of 88 basis points over HIBOR. With the new loan facilities secured during the reporting period, total committed undrawn facilities amounted to HK\$4.0 billion as at 30 June 2024. As

a result, the Trust has already secured sufficient debt facilities to refinance all the outstanding debt due in 2024 and 2025. The Trust will continue to take proactive measures and adopt a prudent financial management strategy to navigate the changing market conditions, maintaining its solid financial standing and capital management.

Financial Review

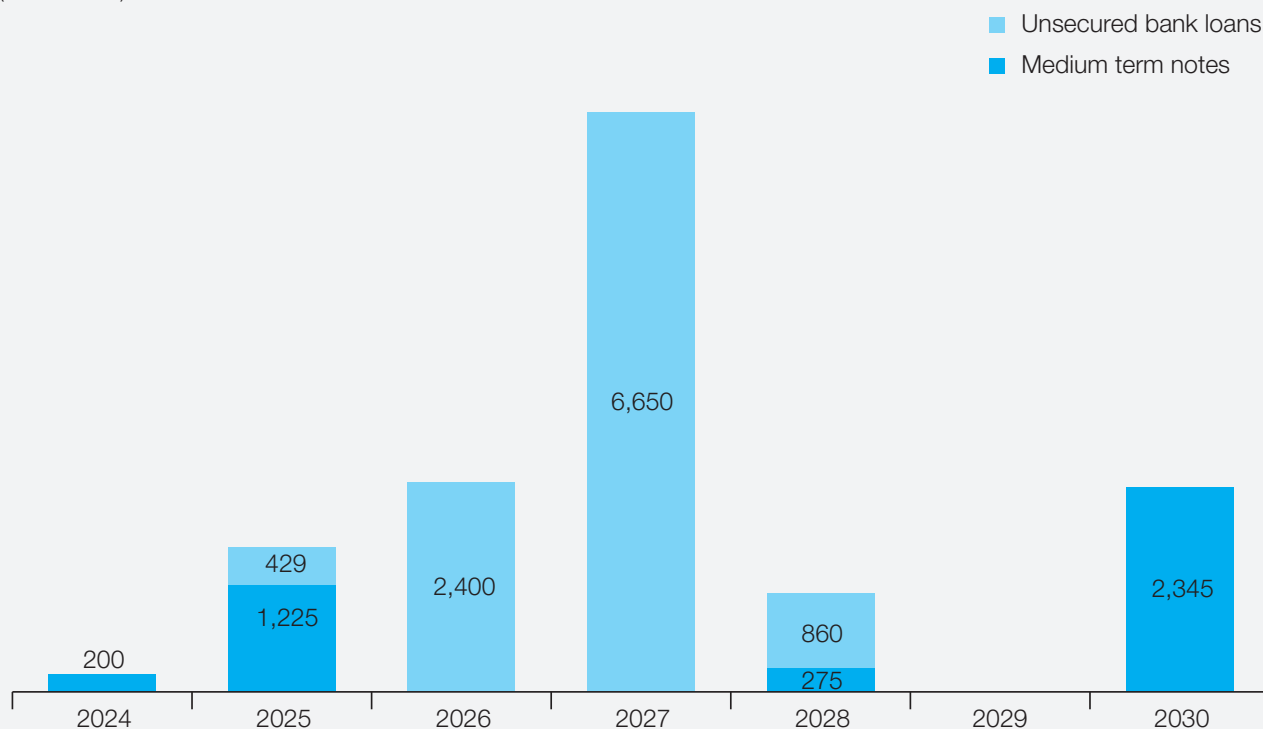
As at 30 June 2024, the Trust's fixed-rate debt proportion decreased to 35.1% after the expiration of the interest rate swaps with a notional amount of HK\$2.9 billion in June 2024. The Trust's current fixed rate debt portion is 40.6%, with new interest rate swap contracts secured after the reporting period. 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.

The average effective cash interest rate – after accounting for interest rate swaps and cross currency swaps increased to 4.2% during the first half of 2024 compared to last corresponding period of 3.6%. The average life of the Trust's outstanding debt was 3.1 years as at 30 June 2024 (31 December 2023: 2.3 years).

The Trust's investment properties as at 30 June 2024 were appraised at a total value of HK\$61.4 billion, representing a 2.5% decrease from HK\$62.9 billion as at 31 December 2023. The Trust's gearing ratio (or total borrowings as a percentage of gross assets) as at 30 June 2024 was 23.1% (31 December 2023: 22.8%). The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 28.6% (31 December 2023: 28.0%).

Outstanding debt maturity profile

As at 30 June 2024
(HK\$ million)



Liquidity Position

As at 30 June 2024, the Trust had cash and deposits of HK\$889 million and committed debt facilities of HK\$4.0 billion 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 2024 was HK\$7.42 (31 December 2023: HK\$7.72). It represented a 372.6% premium to the closing unit price of HK\$1.57 as at 28 June 2024.

Commitments

As at 30 June 2024, 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\$25 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 publication of the 2023 Annual Report of Champion REIT and up to the date of this Interim Report, are updated as follow:

Dr LO Ka Shui

Chairman and Non-executive Director

aged 77, 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 Manager 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 the Hong Kong Special Administrative Region; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee of the Hong Kong Special Administrative Region.

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 50, 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, Ms Hau is responsible for identifying and evaluating potential acquisitions or investments opportunities. She is also responsible for overseeing 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 listed companies, responsible for overseeing the asset management of 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 Hong Kong Chapter Board Member of Asia Pacific Real Assets Association (APREA).

Biographical Details of Directors

Ms WONG Mei Ling, Marina

Non-executive Director

aged 57, 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, and is 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 both of 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 both of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. She holds a Master Degree in Laws, a Master Degree in Business Administration and a Bachelor Degree in Accountancy.

Professor Chan Ka Keung, Ceajer

Independent Non-executive Director

aged 67, was appointed as Independent Non-executive Director of the REIT Manager in April 2023. He is also a Member of Audit Committee of the REIT Manager. 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 Special Administration Region from July 2007 to June 2017. Prior to that, he was 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. Professor Chan is an Independent Non-executive Director of China Overseas Land & Investment Limited, Guotai Junan International Holdings Limited, Langham Hospitality Investments and Langham Hospitality Investments Limited, and NWS Holdings Limited (all listed in Hong Kong). 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. During the past three years, Professor Chan was an Independent Non-executive Director of USPACE Technology Group Limited (formerly known as Hong Kong Aerospace Technology Group Limited) (listed in Hong Kong).

Professor Chan received his Bachelor's Degree in Economics from Wesleyan University in the United States and 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 serves as the Chairman of Wing Tai Properties Limited (listed in Hong Kong). Mr Cheng plays an active role in public service. He was a Member of the Board of Overseers at Columbia Business School; a Member of the President's Council on International Activities of Yale University; Chairman of the Hong Kong General Chamber of Commerce; and 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 72, has been Director of the REIT Manager since 2011. He is currently an Independent Non-executive Director, a Member of Audit Committee and Advisor of the Finance and Strategic Planning Committee of the REIT Manager. Mr Ip is an international banking executive with over 30 years of experience in the United States, Asia and Hong Kong. He was formerly Managing Director of Citigroup and Managing Director of Investments in Merrill Lynch (Asia Pacific). Mr Ip is currently Independent Non-executive Director of 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).

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; an Honorary Fellow, a Chairman of the HKUST Foundation, 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 and Advisory Board Member for the Faculty of Business Administration at The University of Macau; and an Honorary Fellow of Vocational Training Council; and a Member of The Science and Technology Council of the Macau SAR.

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 79, 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 an Honorary Member of the Court of The Hong Kong University of Science and Technology, a Court Member of Hong Kong Metropolitan University, 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 Special Administrative Region representing the real estate and construction functional constituency during the period from 2000 to 2021. Mr Shek is currently Honorary Chairman and Independent Non-executive Director of Chuang's China Investments Limited; Vice Chairman and Independent Non-executive Director of ITC Properties Group Limited; Independent Non-executive Director of Alliance International Education Leasing Holdings Limited; China Resources Building Materials Technology Holdings Limited; Chuang's Consortium International Limited; Cosmopolitan International Holdings 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 (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), and Chairman and Independent Non-executive Director of Goldin Financial Holdings Limited (delisted on 31 October 2023). During the past three years, Mr Shek was Independent Non-executive Director of Country Garden Holdings Company Limited (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.

Champion REIT is a real estate investment trust formed to own and invest in income-producing office and retail properties. The Trust’s focus on Grade A commercial properties in prime locations. It currently owns two Hong Kong landmark properties and has joint venture stake in Central London. The Board of Directors (the “Board”) of the REIT Manager plays a leading role in ensuring the corporate culture of Champion REIT is in alignment with its values and strategies, which enable the Champion REIT to provide investors with stable and sustainable distributions, achieving long-term capital growth.

The Board also 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. The Board takes the lead in promoting the desired corporate culture, and the corporate culture and values are integrated throughout the policies and practices of the Group, which are communicated with the management and employees.

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, 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.

Corporate Governance

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.

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.

The Board of the REIT Manager has the authority to establish Board committees with specific terms of reference to review specific issues or items. 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 2024.

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 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 Finance and Strategic Planning 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 Finance and Strategic Planning 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.

Corporate Governance

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 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

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 established during the six months ended 30 June 2024 and up to the date of this report, namely:

- Anti-Fraud, Bribery and Corruption Policy
- Anti-Money Laundering Procedures
- Board Diversity Policy
- Climate Risks and Resilience Policy
- Code of Conduct
- Code of Conduct regarding Securities Transactions by Directors and Relevant Personnel
- Connected Party Transactions Sample Checking Procedure
- Compliance Manual
- Distribution Policy
- Director Independence Policy
- Nomination Policy
- Operations Manual
- Procedures for Common Reporting Standard
- Procedures for FATCA Reporting
- Reporting Policy on Connected Party Transaction
- Risk Management Policy
- Sanction Screening Procedures
- Staff Dealing Policy
- Unitholder Communication Policy
- Whistleblowing Policy

Conflict of Interest and Business Competition with Great Eagle Holdings Limited

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

Business Competition

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

Estate Management Services

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

Leasing and Marketing

With respect to leasing and marketing functions, the REIT Manager does not anticipate any significant likelihood of conflicts of interest arising between Great Eagle and Champion REIT because the Property Manager provides property management services (including leasing and marketing functions) exclusively for Three Garden Road and Langham Place, 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 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 Conflict of Interest

The REIT Manager has instituted various procedures to deal with potential conflict of interest issues, including but not limited to:

- 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.

Corporate Governance

- 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.
- 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.
- 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.
- The REIT Manager has adopted the Compliance Manual and Operations Manual which set out detailed compliance procedures in connection with its operations.
- 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.
- 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 2024, the REIT Manager and Champion REIT had complied with the REIT Code, the Trust Deed of Champion REIT, the relevant provisions and requirements of the SFO, the applicable provisions of the Listing Rules.

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 C1 to the Listing Rules throughout the six months ended 30 June 2024.

To monitor and supervise any dealings of Units, 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 (the “Model Code”) in Appendix C3 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 2024.

Review of Interim Results

The unaudited interim results of Champion REIT for the six months ended 30 June 2024 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.

Other Information Updates

New Units Issued

On 7 March 2024, 35,739,837 new Units were issued to the REIT Manager at the price of HK\$ 1.616 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\$58 million payable by Champion REIT for the second half of 2023.

Save for the above, no new Units were issued during the six months ended 30 June 2024. As at 30 June 2024, the total number of issued Units of Champion REIT was 6,049,474,368.

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 2024.

Relevant Investments

The full investment portfolio of the Relevant Investments¹ of Champion REIT as at 31 July 2024 is set out below⁴:

As at 31 July 2024	Type	Primary Listing	Country of Issuer	Currency	Total Cost ² (HK\$'000)	Mark-to-market Value ² (HK\$'000)	Weighting of GAV ³	Credit Rating (S&P's/ Moody's/ Fitch's)
CIFIHG 5.95 10/20/25	Bond	Hong Kong Exchange	Cayman Islands	USD	46,493	5,158	0.0081%	- / - / -
HKE 2 7/8 05/03/26	Bond	Hong Kong Exchange	British Virgin Islands	USD	7,758	7,558	0.0118%	A- / - / -
CKHH 1 1/2 04/15/26	Bond	Singapore Exchange	Cayman Islands	USD	14,530	14,791	0.0231%	A / A2 / A-
SWIPRO 3 5/8 01/13/26	Bond	Hong Kong Exchange	Hong Kong	USD	23,526	22,971	0.0359%	- / A2 / A
MOLAND 9 12/28/24	Bond	Singapore Exchange	Cayman Islands	USD	1,247	16	0.0000%	- / - / -
MOLAND 11 12/30/27	Bond	Singapore Exchange	Cayman Islands	USD	2,495	32	0.0001%	- / - / -
CAPG 5.5 09/30/31	Bond	Singapore Exchange	Cayman Islands	USD	8,113	69	0.0001%	- / - / -
CAPG 0 09/30/28	Bond	Singapore Exchange	Cayman Islands	USD	2,320	19	0.0000%	- / - / -
CAPG 0 PERP	Bond	Singapore Exchange	Cayman Islands	USD	25,963	175	0.0003%	- / - / -
ADHERH 7.5 09/30/29	Bond	Singapore Exchange	British Virgin Islands	USD	10,547	550	0.0009%	- / - / -
ADHERH 9 09/30/30	Bond	Singapore Exchange	British Virgin Islands	USD	8,113	195	0.0003%	- / - / -
ADHERH 9.8 09/30/31	Bond	Singapore Exchange	British Virgin Islands	USD	10,547	253	0.0004%	- / - / -
China Aoyuan Group Limited (Stock Code: 3883.HK)	Stock	Hong Kong Exchange	Cayman Islands	HKD	3,087	70	0.0001%	N/A
Total					164,742⁵	51,857	0.0811%	

Notes:

- As defined in 7.2B of the REIT Code, Relevant Investments are the financial instruments permissible from time-to-time 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.
- All figures presented above have been rounded to the nearest thousand.
- The weighting of gross asset value ("GAV") is by reference to the audited financial statements for the year ended 31 December 2023 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.
- The accumulated bond interest income received from the corresponding bonds investment with a total cost of HK\$161,655,000 as at 31 July 2024 was approximately HK\$11,122,000.

Corporate Governance

Relevant investments and investments in property development and related activities

As at 30 June 2024, the portfolio of Relevant Investments represented approximately 0.08% of the gross asset value of Champion REIT. The combined value of (i) all Relevant Investments; (ii) all Non-qualified Minority-owned Properties; (iii) other ancillary investments; and (iv) all of the Property Development Costs (as defined in 7.2C of the REIT Code) represented approximately 0.55% of the GAV of Champion REIT as at 30 June 2024, and therefore is within the maximum cap, being 25% of the GAV 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 20 May 2024. During the six months ended 30 June 2024, 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 resolutions of renewal of the CCT Annual Caps and the entering into of the Framework Agreements (as defined in the notice of the EGM). The renewal of CCT Annual Caps complies with the requirements of the REIT Code and Chapter 14A of the Listing Rules. 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

Great Eagle Holdings Limited (“Great Eagle”) is a connected person of Champion REIT by virtue of being the holding company of the REIT Manager and 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 connected persons of Great Eagle, include directors, senior executives, officers of Great Eagle and controlling entities, holding companies, subsidiaries or associated companies of Great Eagle, are defined as the “Great Eagle Connected Persons”.

Connected Party Transactions Report

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 2024 (the "Period").

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	4,603,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Leasing transaction and car parking fee ⁴	3,479,000
Magic Energy Limited	Subsidiary of Great Eagle	Leasing transaction ⁵	4,280,000
Tonkichi (HK) Limited	Associate of Great Eagle	Leasing transaction ⁶	1,418,000
Total			14,524,000

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	85,000
Eagle Asset Management (CP) Ltd	Subsidiary of Great Eagle	Building management fee income ²	44,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Building management fee income ³	688,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Building management fee income ⁴	496,000
Magic Energy Limited	Subsidiary of Great Eagle	Building management fee income ⁵	706,000
Tonkichi (HK) Limited	Associate of Great Eagle	Building management fee income ⁶	246,000
Total			2,264,000

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	6,446,000
Cordis, Hong Kong	Subsidiary of Great Eagle	Sundry expenses	103,000
Cordis, Hong Kong	Subsidiary of Great Eagle	Promotion expenses	4,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Lease management service fee	33,320,000
Eagle Property Management (CP) Ltd	Subsidiary of Great Eagle	Marketing service fee	7,503,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Repairs and maintenance services	1,228,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Promotion expenses	59,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Improvement works	1,542,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Estate management fee expenses ⁸	58,909,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Building management fee expenses ⁹	85,888,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Reimbursement of carpark expenses ¹⁰	5,506,000
Keysen Property Management Services Limited	Subsidiary of Great Eagle	Sundry expenses	470
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	28,552,000
Selex Engineering Services Limited	Subsidiary of Great Eagle	Repairs and maintenance services	2,576,000
Total			231,637,000

Connected Party Transactions Report

Notes:

1. A security deposit, by way of cash of approximately HK\$578,000 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\$2,432,000 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\$1,741,000 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\$1,810,000 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\$387,000 and reimbursement of out-of-pocket expenses amounting to HK\$6,059,000.
8. Out of this HK\$58,909,000, approximately HK\$57,081,000 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\$1,828,000 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 respective financial 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 the period from 1 January 2023 to 31 December 2025.
13. The Property Management Agreement has been renewed for the period from 1 January 2023 to 31 December 2025.

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\$115,959,000 being 12% of the net property income of Champion REIT (including the share of net property income arising from the 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 to receive 50% of the REIT 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 REIT Manager's fee for the financial year 2024, the most recent valid election by the REIT Manager on 30 November 2012 shall be applied to the financial year 2024 according to Clause 11.1.2 of the Trust Deed. For the Period, the REIT Manager's fee, payable in the form of Units, is in the amount of approximately HK\$57,979,000 and the REIT Manager's fee, payable in the form of cash, is in the amount of approximately HK\$57,980,000.

Connected Party Transactions with the Trustee and/or the Trustee Connected Persons Group

The connected persons of the Trustee, including directors, senior executives, officers of the Trustee and controlling entities, holding companies, subsidiaries or associated companies of the Trustee, are defined as the "Trustee Connected Persons".

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).

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.

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	8,097,000
HSBC Group	Trustee Connected Person	Loan interest/expense	41,770,000
HSBC Group	Trustee Connected Person	Commitment fee and agency fee	2,880,000
HSBC Group	Trustee Connected Person	Bank charges	172,000

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 (subsequently increased to HK\$1,300 million) and revolving loan facilities and acts as the facility agent. As at 30 June 2024, 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 2024, a total of HK\$1,000 million was drawn and outstanding.

Connected Party Transactions Report

Connected Party Transactions – Others

During the Period, the trustee fee of approximately HK\$4,044,000 had been incurred for services rendered by HSBC Institutional Trust Services (Asia) Limited in its capacity as the trustee of Champion REIT.

Hong Kong, 19 August 2024

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 2024, 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	4,221,538,742 ¹		
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	9,011,000	4,234,141,749 ²	69.99%
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	400,000	400,000 ⁶	0.01%

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	612,451,774	10.12%

Disclosure of Interests

Substantial Unitholders

Name	Total Number of Units/ Underlying Units Held ⁸	Percentage of Issued Units ⁹
Great Eagle Holdings Limited ("Great Eagle")	4,218,280,132 ³	69.73%
HSBC International Trustee Limited	4,149,877,795 ⁴	68.60%
HKSCC Nominees Limited	2,323,798,010 ⁷	38.41%
Top Domain International Limited	1,420,416,628	23.48%
Keen Flow Investments Limited	1,071,375,933	17.71%
Bright Form Investments Limited	680,232,558	11.24%

Notes:

- Among these 4,221,538,742 Units:
 - 50,000 Units, 940,000 Units, 589,000 Units and 1,679,610 Units were respectively held by ACHL Limited, EBK Limited, KBLL Limited and NCN Limited, all of which are wholly-owned by Dr Lo Ka Shui who is also a director of these companies; and
 - 4,218,280,132 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 unitholding of Dr Lo Ka Shui and his associates increased by 54,790,837 Units/underlying Units in aggregate as compared with the position as at 31 December 2023.
- The 4,218,280,132 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 2024 and 31 December 2023 respectively:

Name	Number of Units/ Underlying Units Held As at 30 June 2024	Number of Units/ Underlying Units Held As at 31 December 2023
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	612,451,774	576,711,937
Fine Noble Limited	200,007,503	200,007,503
The Great Eagle Company, Limited	169,354,993	150,303,993
Great Eagle Nichemusic Limited	61,345,743	61,345,743
Ecobest Ventures Limited	3,095,000	3,095,000

4. The disclosure was based on the latest Disclosure of Interest Form (with the date of relevant event as at 14 September 2023) received from HSBC International Trustee Limited ("HITL").

As at 30 June 2024, HITL was deemed to be interested in the same parcel of Units and underlying Units held by Great Eagle in its capacity as a trustee of a discretionary trust which held 34.06% interests in Great Eagle. Dr Lo Ka Shui (a director of the REIT Manager) is among the discretionary beneficiaries of the discretionary trust. As at 30 June 2024, 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.

5. These Units were held by a trust which Mr Cheng Wai Chee, Christopher is a beneficiary. The unitholding of Mr Cheng Wai Chee, Christopher remained unchanged as compared with the position as at 31 December 2023.
6. The unitholding of Ms Wong Mei Ling, Marina increased by 200,000 Units as compared with the position as at 31 December 2023.
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 decreased by 1,609,291 Units when compared with the position as at 31 December 2023.
8. Unless otherwise stated, the interests in Units disclosed above represent long positions in Units and/or underlying Units.
9. This percentage is compiled based on the total number of issued Units of Champion REIT of 6,049,474,368 as at 30 June 2024.

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 2024 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 2024, 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	1,174,108 ¹	0.02%

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 3,000 Units when compared with the position as at 31 December 2023.
2. This percentage is based on the total number of issued Units of Champion REIT of 6,049,474,368 as at 30 June 2024.

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 2024.

Disclosure of Interests

Holdings of Directors and Chief Executive of the REIT Manager in Great Eagle Holdings Limited and Langham Hospitality Investments and Langham Hospitality Investments Limited

Great Eagle is the holding company of Champion REIT and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham"). As at 30 June 2024, Great Eagle owned 4,218,280,132 Units and/or underlying Units (69.73%) in Champion REIT and 2,386,111,524 share stapled units (70.71%) 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 2024 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	61,512,835	3,392,000	
	Interests of Controlled Corporations	Corporate Interests	95,958,364		
	Founder of a Discretionary Trust	Trust Interests	65,866,676		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393		481,394,268
Ip Yuk Keung, Albert	Beneficial Owner	Personal Interests	60,000	–	60,000
Wong Mei Ling, Marina	Beneficial Owner	Personal Interests	27,844	349,000	376,844
Hau Shun, Christina	Beneficial Owner	Personal Interests	–	201,000	201,000

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	2,389,201,524 ²	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Other Interests	90,010,250	2,510,795,774
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 2,389,201,524 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) 2,386,111,524 share stapled units of Langham held by Great Eagle as at 30 June 2024 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 37 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2024 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 notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Eagle Asset Management (CP) Limited (the “Manager” of Champion REIT) is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

19 August 2024

Condensed Consolidated Income Statement

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Rental income	5	1,098,766	1,151,904
Building management fee income		137,642	131,847
Rental related income		15,883	15,753
Total revenue		1,252,291	1,299,504
Property operating expenses	6	(297,990)	(304,447)
Net property income		954,301	995,057
Other income	7	27,926	22,897
Manager's fee	8	(115,959)	(120,794)
Trust and other expenses		(8,647)	(11,771)
Decrease in fair value of investment properties		(1,556,770)	(428,700)
Finance costs	9	(326,491)	(282,155)
Share of results of a joint venture		15,287	(5,956)
(Loss) profit before tax and distribution to unitholders	10	(1,010,353)	168,578
Income taxes	11	(90,384)	(101,912)
(Loss) profit for the period, before distribution to unitholders		(1,100,737)	66,666
Distribution to unitholders	13	(492,257)	(555,423)
Loss for the period, after distribution to unitholders		(1,592,994)	(488,757)
Basic (loss) earnings per unit	14	HK\$(0.18)	HK\$0.01

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period, after distribution to unitholders	(1,592,994)	(488,757)
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)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(1,573)	11,284
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	28,170	(4,017)
Reclassification of fair value adjustments to profit or loss	(48,613)	(15,508)
Deferred tax related to fair value adjustments recognised in other comprehensive income	5,105	514
	(16,911)	(25,669)
Total comprehensive expense for the period	(1,609,905)	(514,426)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	Notes		
Non-current assets			
Investment properties	15	61,405,800	62,949,800
Notes receivables	16	46,255	46,114
Interests in a joint venture	17	268,565	189,028
Total non-current assets		61,720,620	63,184,942
Current assets			
Trade and other receivables	18	206,803	192,430
Notes receivables	16	–	53,774
Tax recoverable		3,111	8,531
Derivative financial instruments	19	–	45,895
Short-term bank deposits	20	77,741	82,196
Bank balances and cash	20	810,830	898,386
Total current assets		1,098,485	1,281,212
Total assets		62,819,105	64,466,154
Current liabilities			
Trade and other payables	21	1,428,340	1,415,492
Deposits received		661,794	651,242
Tax liabilities		200,483	133,743
Distribution payable		489,555	454,408
Bank borrowings	22	427,083	4,958,536
Medium term notes	23	974,482	199,985
Total current liabilities		4,181,737	7,813,406
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments	19	83,911	107,931
Bank borrowings	22	9,847,691	5,537,000
Medium term notes	23	3,041,217	3,813,632
Deferred tax liabilities	24	801,500	778,987
Total non-current liabilities, excluding net assets attributable to unitholders		13,774,319	10,237,550
Total liabilities, excluding net assets attributable to unitholders		17,956,056	18,050,956
Net assets attributable to unitholders		44,863,049	46,415,198
Number of units in issue ('000)	25	6,049,474	6,013,735
Net asset value per unit	26	HK\$7.42	HK\$7.72

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2024

	Issued units HK\$'000 (note 25)	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 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
Net assets attributable to unitholders at 1 January 2024 (audited)	25,094,921	(64,923)	–	15,869	5,757,943	15,611,388	46,415,198
Loss for the period, after distribution to unitholders	–	–	–	–	–	(1,592,994)	(1,592,994)
Cash flow hedges, net of related income tax	–	(15,338)	–	–	–	–	(15,338)
Exchange differences arising on translation of foreign operations	–	–	–	(1,573)	–	–	(1,573)
Total comprehensive expense for the period	–	(15,338)	–	(1,573)	–	(1,592,994)	(1,609,905)
Issue of units	57,756	–	–	–	–	–	57,756
Net assets attributable to unitholders as at 30 June 2024 (unaudited)	25,152,677	(80,261)	–	14,296	5,757,943	14,018,394	44,863,049

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 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
(Loss) profit before tax and distribution to unitholders	(1,010,353)	168,578
Adjustments for:		
Allowance for credit losses on trade receivables	–	966
Decrease in fair value of investment properties	1,556,770	428,700
Manager's fee payable in units	57,979	60,397
Share of results of joint venture	(15,287)	5,956
Other income	(27,926)	(22,897)
Finance costs	326,491	282,155
Exchange difference	287	3,611
Operating cash flow before movements in working capital	887,961	927,466
(Increase) decrease in trade and other receivables	(14,567)	10,234
Increase (decrease) in trade and other payables	25,108	(3,221)
Increase (decrease) in deposits received	10,552	(3,486)
Cash generated from operations	909,054	930,993
Interest paid	(321,328)	(319,911)
Hong Kong Profits Tax paid	(7,522)	(26,485)
Hong Kong Profits Tax refunded	16,916	–
Net cash from operating activities	597,120	584,597
Investing activities		
Interest received	27,989	21,382
Dividend received	–	1,985
Additions to investment properties	(12,770)	–
Advance to a joint venture	(65,390)	(7,432)
Redemption of notes receivables	53,686	49,423
Net proceeds from disposal of equity instrument at fair value through other comprehensive income	–	43,514
Placement of short-term deposit with original maturity over three months	(77,741)	(100,266)
Release of short-term deposit with original maturity over three months	82,196	66,380
Net cash from investing activities	7,970	74,986
Financing activities		
Distribution paid	(457,340)	(534,968)
Redemption of medium term notes	–	(2,998,274)
Repayment of bank loan	(6,563,635)	(719,550)
New bank loans raised	6,360,000	3,718,002
Bank origination fee paid	(31,671)	–
Net cash used in financing activities	(692,646)	(534,790)
Net (decrease) increase in cash and cash equivalents	(87,556)	124,793
Cash and cash equivalents at beginning of the period	898,386	668,551
Cash and cash equivalents at end of the period, represented by bank balances and cash	810,830	793,344

Notes to Condensed Consolidated Financial Statements

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 Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant disclosure requirements set out in Appendix C of the REIT Code.

At 30 June 2024, the Group’s net current liabilities amounted to HK\$3,083,252,000. The Manager is of the opinion that, taking into account of 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed and presented in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards ("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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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 2024

	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	644,264	190,716	417,311	1,252,291
Segment results – Net property income	506,727	145,250	302,324	954,301
Other income				27,926
Manager's fee				(115,959)
Trust and other expenses				(8,647)
Decrease in fair value of investment properties				(1,556,770)
Finance costs				(326,491)
Share of results of a joint venture				15,287
Loss before tax and distribution to unitholders				(1,010,353)
Income taxes				(90,384)
Loss for the period, before distribution to unitholders				(1,100,737)
Distribution to unitholders				(492,257)
Loss for the period, after distribution to unitholders				(1,592,994)
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	(1,565,923)	(3,000)	12,153	(1,556,770)

4. Segment Information (Continued)

Segment revenue and results (Continued)

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)

Notes to Condensed Consolidated Financial Statements

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 2024

	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	73,543	24,304	39,795	137,642
Rental related income	6,957	348	24,902	32,207
Revenue from contracts with customers	80,500	24,652	64,697	169,849
Rental income and rental related income	563,764	166,064	352,614	1,082,442
Segment revenue	644,264	190,716	417,311	1,252,291

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

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 2024 includes variable lease payments that do not depend on an index or a rate of HK\$107,444,000 (2023: HK\$114,150,000), 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 2024, the fair values of Three Garden Road, Langham Place Office Tower and Langham Place Mall were HK\$36,546,800,000 (31 December 2023: HK\$38,104,800,000), HK\$8,716,000,000 (31 December 2023: HK\$8,719,000,000) and HK\$16,143,000,000 (31 December 2023: HK\$16,126,000,000), respectively.

Save as abovementioned, no other assets and liabilities are included in the measure of the Group's segment reporting.

Information about major tenants

For the six months ended 30 June 2024, revenue from one tenant (30 June 2023: one) contributed over 10% of the total revenue of the Group.

5. Rental Income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Property rental income	1,073,939	1,126,699
Car park income	24,827	25,205
	1,098,766	1,151,904

6. Property Operating Expenses

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Allowance for credit losses on trade receivables	–	966
Building management expenses	172,575	167,215
Car park operating expenses	5,672	5,508
Government rent and rates	45,891	46,544
Legal cost and stamp duty	921	3,021
Other operating expenses	15,096	12,379
Promotion expenses	11,315	13,756
Property and lease management service fee	33,320	34,820
Property miscellaneous expenses	2,119	1,896
Rental commission	10,312	17,569
Repairs and maintenance	769	773
	297,990	304,447

Notes to Condensed Consolidated Financial Statements

7. Other Income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	25,837	14,746
Bond interest income	1,954	6,166
Dividend income	–	1,985
Sundry income	135	–
	27,926	22,897

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 2024 and 2023, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2024 and 2023 as remuneration.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Manager's fee:		
In the form of units	57,979	60,397
In the form of cash	57,980	60,397
	115,959	120,794

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 2024 and 2023 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs represent:		
Interest expense on bank borrowings	256,870	209,359
Interest expense on medium term notes	65,119	69,764
Other borrowing costs	4,502	3,032
	326,491	282,155

10. (Loss) Profit Before Tax and Distribution to Unitholders

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit before tax and distribution to unitholders has been arrived at after charging:		
Auditor's remuneration	1,169	1,350
Trustee's fee	4,044	4,110
Principal valuer's fee	90	110
Other professional fee and charges	1,895	2,602
Roadshow and public relations expenses	1,308	585
Bank charges	9,248	6,214
Exchange difference	287	3,611
Share of tax of a joint venture (included in the share of results of a joint venture)	5,001	938

11. Income Taxes

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax		
– Current period	62,766	60,940
Deferred tax		
– Current period (note 24)	27,618	40,972
	90,384	101,912

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

Notes to Condensed Consolidated Financial Statements

12. Total Distributable Income

Total distributable income is the (loss) 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period, before distribution to unitholders	(1,100,737)	66,666
Adjustments:		
Manager's fees payable in units	57,979	60,397
Decrease in fair value of investment properties	1,556,770	428,700
Share of results of a joint venture	(15,287)	5,956
Non-cash finance costs	17,607	14,446
Deferred tax	27,618	40,972
Total distributable income	543,950	617,137

13. Distribution Statement

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Total distributable income (note 12)	543,950	617,137
Total distribution amount	489,555	555,423
Percentage of distribution over distributable income (note (i))	90%	90%
Distribution per unit to unitholders (note (ii))	HK\$0.0809	HK\$0.0927

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.
- (ii) The interim distribution per unit of HK\$0.0809 for the six months ended 30 June 2024 is calculated based on the interim distribution amount of HK\$489,555,000 for the period and 6,049,474,368 units in issue as of 30 June 2024. The interim distribution amount to be paid to unitholders on 8 October 2024 would be based on the interim distribution per unit of HK\$0.0809 and the total number of issued units as of 24 September 2024, which is the record date set for such period.

The interim distribution per unit of HK\$0.0927 for the six months ended 30 June 2023 was calculated based on the interim distribution amount 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 of HK\$557,473,000 paid to unitholders on 6 October 2023 was based on the interim distribution per unit of HK\$0.0927 and the total number of issued units of 6,013,734,531 as of 22 September 2023, which was the record date set for such period.

13. Distribution Statement (Continued)

Notes: (Continued)

- (iii) During the six months ended 30 June 2024, an amount of HK\$2,702,000 in respect of the final distribution of 2023 has been recognised in the condensed consolidated income statement. The amount was calculated based on the final distribution per unit for the six months ended 31 December 2023 of HK\$0.0756 and 35,739,837 new units issued during the period from 1 January 2024 to 20 May 2024 (the record date set for the final distribution of 2023).

14. Basic (Loss) Earnings Per Unit

The calculation of the basic (loss) earnings per unit before distribution to unitholders is based on the loss for the period before distribution to unitholders of HK\$1,100,737,000 (2023: profit for the period before distribution to unitholders of HK\$66,666,000) with the weighted average number of units of 6,054,906,998 (2023: 5,994,550,439) in issue during the period, taking into account the units issuable as Manager's fee for its service for each of the period ended 30 June 2024 and 2023.

There were no diluted potential units in issue during the six months ended 30 June 2024 and 2023, therefore the diluted (loss) earnings per unit has not been presented.

15. Investment Properties

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
FAIR VALUE		
At the beginning of the period/year	62,949,800	63,555,000
Additions during the period/year	12,770	36,177
Decrease in fair value	(1,556,770)	(641,377)
At the end of the period/year	61,405,800	62,949,800

The fair value of the Group's investment properties at 30 June 2024 and 31 December 2023 has been arrived at on the basis of valuation carried out by Knight Frank Petty Limited and Cushman & Wakefield Limited respectively, both are independent qualified professional valuers 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.

Notes to Condensed Consolidated Financial Statements

15. Investment Properties (Continued)

The capitalisation rates for the retail and office accommodation range from 4.0% to 4.35% (31 December 2023: 4.0% to 4.35%) and 3.7% to 4.1% (31 December 2023: 3.7% to 4.1%), 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 2024 and 31 December 2023 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 classified and accounted for as investment properties measured using the fair value model.

16. Notes Receivables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Notes receivables	166,411	220,095
Less: Allowance for credit losses	(120,156)	(120,207)
	46,255	99,888
Analysed for reporting purpose:		
Shown under non-current assets	46,255	46,114
Shown under current assets	–	53,774
	46,255	99,888

As at 30 June 2024, the Group held unsecured bonds with aggregate carrying amounts of HK\$46,255,000 (31 December 2023: HK\$99,888,000), which are denominated in United States dollar ("US\$") with nominal values ranging from US\$1,000,000 to US\$3,000,000 (31 December 2023: US\$1,000,000 to US\$6,860,000). The unsecured bonds bear interest at fixed interest rates ranging from 1.500% to 3.625% per annum (31 December 2023: 1.500% to 4.875% per annum) and have maturity dates in 2026 (31 December 2023: ranging from May 2024 to May 2026).

Included in the carrying amount of notes receivables as at 30 June 2024 is accumulated allowance for credit losses of HK\$120,156,000 (31 December 2023: HK\$120,207,000).

17. Interests in a Joint Venture

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Cost of investments in a joint venture (note)	346,392	282,818
Share of post-acquisition results and other comprehensive income	(77,827)	(93,790)
	268,565	189,028

Note: Included an amount due from a joint venture of HK\$346,392,000 (31 December 2023: HK\$282,818,000) which is in substance form part of the Group's net investment in the joint venture. The amount is unsecured and non-interest bearing.

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
			30 June 2024	31 December 2023	
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 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
The Group's share of net property income	12,025	11,559

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
The Group's share of investment properties carried at fair value	487,267	490,969

Notes to Condensed Consolidated Financial Statements

18. Trade and Other Receivables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade receivables	42,310	37,544
Less: Allowance for credit losses	(6,162)	(6,162)
	36,148	31,382
Deferred lease receivables	71,010	76,139
Deposits, prepayments and other receivables	103,479	88,744
Less: Allowance for credit losses	(3,834)	(3,835)
	99,645	84,909
	206,803	192,430

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:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 3 months	23,580	17,379
3 – 6 months	1,036	2,161
Over 6 months	11,532	11,842
	36,148	31,382

At the reporting date, the Group has not provided any allowance for trade receivables of HK\$36,148,000 (31 December 2023: HK\$31,382,000) 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 31 December 2023, a debtor with a carrying amount of HK\$7,342,000 included in the Group's trade receivable balance were under deferring lease payment arrangements.

19. Derivative Financial Instruments

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Derivative as assets		
Designated as cash flow hedge		
– interest rate swaps (note i)	–	45,895
	–	45,895
Analysed for reporting purpose:		
Shown under current assets	–	45,895
	–	45,895
Derivative as liabilities		
Designated as cash flow hedge		
– interest rate swaps (note i)	8,227	23,183
– cross currency swaps (note ii)	75,684	84,748
	83,911	107,931
Analysed for reporting purpose:		
Shown under non-current liabilities	83,911	107,931

Notes:

- (i) Interest rate swap

As at 30 June 2024, 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 Hong Kong Interbank Offered Rate ("HIBOR") plus 0.88% per annum (31 December 2023: 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.

	30 June 2024 (unaudited)	31 December 2023 (audited)
Carrying amount (HK\$'000)	(8,227)	22,712
Notional amount (HK\$'000)	1,000,000	3,900,000
Maturity date	29 June 2026	28 June 2024 to 29 June 2026
Change in fair value of hedging instruments during the period/year (HK\$'000)	19,671	21,503
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(19,671)	(21,503)
Weighted average swap rate per annum (before interest margin)	4.39%	2.07%

Notes to Condensed Consolidated Financial Statements

19. Derivative Financial Instruments (Continued)

Notes: (Continued)

(ii) Cross currency swap

As at 30 June 2024, 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.

	30 June 2024 (unaudited)	31 December 2023 (audited)
Carrying amount (HK\$'000)	(75,684)	(84,748)
Notional amount (US\$'000)	300,000	300,000
Maturity date	15 June 2030	15 June 2030
Change in fair value of hedging instruments during the period/year (HK\$'000)	8,499	(85,534)
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(8,499)	85,534
Weighted average exchange rate (US\$: HK\$)	7.8176	7.8176

(iii) Hedging reserve

	Interest rate swap HK\$'000	Cross currency swaps HK\$'000	Total hedging reserves HK\$'000
At as 1 January 2023 (audited)	71,429	(18,172)	53,257
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	21,503	(85,534)	(64,031)
Reclassification of fair value adjustment to profit or loss	(85,453)	20,844	(64,609)
Deferred tax related to fair value adjustments recognised in other comprehensive income	10,460	–	10,460
As at 31 December 2023 (audited)	17,939	(82,862)	(64,923)
Fair value adjustments on interest rate swaps and cross currency swaps designated as cash flow hedge	19,671	8,499	28,170
Reclassification of fair value adjustment to profit or loss	(49,603)	990	(48,613)
Deferred tax related to fair value adjustments recognised in other comprehensive income	5,105	–	5,105
As at 30 June 2024 (unaudited)	(6,888)	(73,373)	(80,261)

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. Short-term Bank Deposits and Bank Balances and Cash

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Short-term bank deposits with original maturity more than three months	77,741	82,196
Bank balances and cash	330,882	79,779
Short-term bank deposits with original maturity less than three months	479,948	818,607
Bank balances and cash	810,830	898,386
	888,571	980,582

Cash at banks carry interest at prevailing market rates. Short-term deposits carry interest at the following market rates per annum:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Short-term bank deposits with original maturity of less than three months	4.4% to 5.6%	5.3% to 6.0%
Short-term bank deposits with original maturity of more than three months	5.5% to 5.6%	5.4% to 5.8%

21. Trade and Other Payables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade payables	183,510	136,695
Rental received in advance	41,798	48,431
Other payables and accruals (note i)	239,557	266,891
Accrued stamp duty (note ii)	963,475	963,475
	1,428,340	1,415,492

Notes:

- (i) As at 30 June 2024, manager's fee payable of HK\$115,959,000 (31 December 2023: HK\$115,511,000) 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 2023: 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.

Notes to Condensed Consolidated Financial Statements

21. Trade and Other Payables (Continued)

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 3 months	183,510	136,695

22. Bank Borrowings

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Unsecured term loan	7,904,000	8,542,635
Unsecured revolving loan	2,435,000	2,000,000
	10,339,000	10,542,635
Less: unamortised front-end fees	(64,226)	(47,099)
	10,274,774	10,495,536
The maturity of bank borrowings is as follows:		
Shown under current liabilities:		
Within 1 year	427,083	4,958,536
Shown under non-current liabilities:		
After 1 year but within 2 years	989,843	425,926
After 2 years but within 5 years	8,857,848	5,111,074
	9,847,691	5,537,000
	10,274,774	10,495,536

As at 30 June 2024, total committed loan facilities amounted to HK\$14,345,000,000 (31 December 2023: HK\$14,400,000,000), out of which HK\$10,339,000,000 (31 December 2023: HK\$10,542,635,000) 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 0.83% to 0.94% per annum (31 December 2023: 0.85% to 0.95% per annum). The Group also entered into interest rate swaps, details of which are set out in note 19.

Champion REIT has provided guarantees for all the liabilities.

23. Medium Term Notes

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Medium term notes	4,042,550	4,043,540
Origination fees	(26,851)	(29,923)
	4,015,699	4,013,617
The maturity of medium term notes is as follows:		
Shown under current liabilities:		
Within 1 year	974,482	199,985
Shown under non-current liabilities:		
After 1 year but within 2 years	447,836	1,221,110
After 2 years but within 5 years	274,855	274,838
After 5 years	2,318,526	2,317,684
	3,041,217	3,813,632
	4,015,699	4,013,617

Champion REIT has provided guarantees for all the issued medium term notes. The major terms of the issued medium term notes are set out below:

As at 30 June 2024 and 31 December 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%

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

Notes to Condensed Consolidated Financial Statements

24. 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 2023 (audited)	737,662	14,207	(5,891)	745,978
Charge to consolidated income statement during the year	39,345	–	4,124	43,469
Credit to consolidated statement of comprehensive income during the year	–	(10,460)	–	(10,460)
As at 31 December 2023 (audited)	777,007	3,747	(1,767)	778,987
Charge to condensed consolidated income statement during the period	25,851	–	1,767	27,618
Credit to condensed consolidated statement of comprehensive income during the period	–	(5,105)	–	(5,105)
As at 30 June 2024 (unaudited)	802,858	(1,358)	–	801,500

25. Number of Units in Issue

	Number of units	Amount HK\$'000
As at 1 January 2023 (audited)	5,973,675,590	24,974,678
Units issued for settlement of Manager's fee	40,058,941	120,243
As at 31 December 2023 (audited)	6,013,734,531	25,094,921
Units issued for settlement of Manager's fee	35,739,837	57,756
As at 30 June 2024 (unaudited)	6,049,474,368	25,152,677

On 7 March 2024, 35,739,837 units at HK\$1.616 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2023 to 31 December 2023.

26. 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 2024 of HK\$44,863,049,000 (31 December 2023: HK\$46,415,198,000) by the number of units in issue of 6,049,474,368 units as at 30 June 2024 (31 December 2023: 6,013,734,531 units).

27. Net Current Liabilities

At 30 June 2024, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$3,083,252,000 (31 December 2023: HK\$6,532,194,000).

28. Total Assets Less Current Liabilities

At 30 June 2024, the Group's total assets less current liabilities amounted to HK\$58,637,368,000 (31 December 2023: HK\$56,652,748,000).

29. Capital Commitment

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the condensed consolidated financial statements	24,839	11,330

30. Major Non-cash Transaction

During the six months ended 30 June 2024, 35,739,837 units (six months ended 30 June 2023: 17,006,654 units) were issued as payment for the Manager's fee for the period from 1 July 2023 to 31 December 2023 (six months ended 30 June 2023: 1 July 2022 to 31 December 2022), amounting to HK\$57,756,000 (six months ended 30 June 2023: HK\$59,847,000).

Notes to Condensed Consolidated Financial Statements

31. Connected and Related Party Transactions

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

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Rental income			
Artisan International Limited	(a) & (b)	399	399
Eagle Asset Management (CP) Limited	(a) & (b)	332	332
Eagle Property Management (CP) Limited	(a) & (b)	4,603	3,495
Keysen Property Management Services Limited	(a) & (b)	3,479	3,428
Magic Energy Limited	(a) & (b)	4,280	4,280
Tonkichi (HK) Limited	(a) & (b)	1,383	922
Interest income			
HSBC Group ^{1,3}	(c)	8,097	6,807
Building management fee income			
Artisan International Limited	(a) & (b)	85	81
Eagle Asset Management (CP) Limited	(a) & (b)	44	41
Eagle Property Management (CP) Limited	(a) & (b)	688	489
Keysen Property Management Services Limited	(a) & (b)	496	474
Magic Energy Limited	(a) & (b)	706	685
Tonkichi (HK) Limited	(a) & (b)	246	156
Rental related income			
Artisan International Limited	(a) & (b)	14	14
Keysen Property Management Services Limited	(a) & (b)	–	45
Longworth Management Limited	(a) & (b)	–	9
Tonkichi (HK) Limited	(a) & (b)	35	24
Building management expenses and car park operating expenses			
Keysen Property Management Services Limited	(a) & (d)	144,797	145,786
Longworth Management Limited	(a) & (d)	28,552	26,713
Other operating expenses and reimbursement			
Best Come Limited	(a) & (d)	6,446	6,088
Property and lease management service fee			
Eagle Property Management (CP) Limited	(a) & (e)	33,320	34,821

31. Connected and Related Party Transactions (Continued)

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Rental commission			
Eagle Property Management (CP) Limited	(a) & (f)	7,503	15,021
Promotion expenses			
Cordis, Hong Kong	(a) & (g)	4	–
Keysen Engineering Company, Limited	(a) & (g)	59	4
Property miscellaneous expenses			
Cordis, Hong Kong	(a) & (g)	103	75
Keysen Property Management Services Limited	(a) & (g)	1	2
Repairs and maintenance fee			
Keysen Engineering Company, Limited	(a) & (g)	109	485
Selex Engineering Services Limited	(a) & (g)	86	–
Toptech Company Limited	(a) & (g)	–	122
Repairs and maintenance and improvement works contracted to			
Keysen Engineering Company, Limited	(a) & (g)	2,770	1,883
Selex Engineering Services Limited	(a) & (g)	2,576	2,815
Trustee's fee and other expenses			
HSBC Institutional Trust Services (Asia) Limited ³	(c)	4,044	4,110
HSBC Group ^{1,3}	(c)	172	217
Manager's fee			
Eagle Asset Management (CP) Limited	(a) & (h)	115,959	120,794
Finance costs			
HSBC Group ^{1,3}	(c) & (i)	44,650	71,765

Notes to Condensed Consolidated Financial Statements

31. Connected and Related Party Transactions (Continued)

Balances with connected and related parties are as follows:

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	Notes		
Amount due from (included in trade and other receivables)			
Keysen Engineering Company Limited	(a) & (j)	266	266
Keysen Property Management Services Limited	(a) & (j)	28,071	28,071
Longworth Management Limited	(a) & (j)	15,311	15,311
Selex Engineering Services Limited	(a) & (j)	141	–
Toptech Co. Limited	(a) & (j)	1,246	1,246
Amount due to (included in trade and other payables)			
Best Come Limited	(a) & (j)	10,800	4,206
Eagle Asset Management (CP) Limited	(a) & (j)	115,595	115,511
Eagle Property Management (CP) Limited	(a) & (j)	15,043	14,101
Selex Engineering Services Limited	(a) & (j)	4,104	2,519
Keysen Property Management Services Limited	(a) & (j)	20,474	5,658
Longworth Management Limited	(a) & (j)	9,517	–
Keysen Engineering Company Limited	(a) & (j)	3,190	2,365
Toptech Co., Limited	(a) & (j)	28	1,274
Cordis, Hong Kong	(a) & (j)	1	–
Deposits placed with the Group for the lease of the Group's properties			
Artisan International Limited	(a)	578	578
Eagle Asset Management (CP) Limited	(a)	119	119
Eagle Property Management (CP) Limited	(a) & (k)	998	998
Keysen Property Management Services Limited	(a)	1,741	1,725
Magic Energy Limited	(a)	1,342	1,342
Tonkichi (HK) Limited	(a)	1,810	1,810

Notes:

- (a) These companies are the subsidiaries or associates directly or indirectly held by Great Eagle, a significant unitholder of Champion REIT.
- (b) Rental income, building management fee income and rental related income are based on the prevailing market rates.
- (c) These companies are the Trustee or associates² of the Trustee.
- (d) Building management expenses, carpark operating expenses and other operating expenses are based on the relevant agreements which are conducted at normal commercial terms.

31. Connected and Related Party Transactions (Continued)

Notes: (Continued)

- (e) Under the property management agreement dated 26 April 2006 between the REIT Manager and Eagle Property Management (CP) Limited (the "Property Manager"), the Property Manager will receive from each of the property holding subsidiaries a fee of 3% per annum of gross property revenue for the provision of property and lease management services. Gross property revenue means the amount equivalent to the gross revenue less charge-out collections.
 - (f) For the marketing services, the property holding subsidiaries will pay the Property Manager the following commissions:
 - one month's base rent for securing a tenancy of three years or more;
 - one-half month's base rent for securing a tenancy of less than three years;
 - one-half month's base rent for securing a renewal of tenancy irrespective of duration of the renewal term; and
 - 10% of the total licence fee for securing a licence for duration of less than 12 months.
 - (g) Repairs and maintenance and improvement works contracted to connected parties, promotion expenses and property miscellaneous expenses are conducted based on normal commercial terms. Repairs and maintenance fee are charged to income statement after setting off with forbearance fee (if any) received from tenants.
 - (h) 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 (including the share of net property income arising from the property held by a joint venture) for each of the six months period ended 30 June 2024 and 30 June 2023.
 - (i) Interest expense is calculated at prevailing market rates on outstanding loans amount.
 - (j) The amounts due from and due to connected and related parties are unsecured, interest-free and have no fixed repayment terms
 - (k) A bank guarantee of HK\$1,434,000 (31 December 2023: 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.

32. 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 are 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

32. 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		Fair value hierarchy	Valuation technique and key inputs
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)		
Cross currency swaps classified as derivative financial instruments	(75,684)	(84,748)	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 rates (if applicable), discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps classified as derivative financial instruments	(8,227)	45,895/ (23,183)	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 (if applicable), discounted at a rate that reflects the credit risk of various counterparties.

The fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis 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 2024

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

	2024 (unaudited)	2023 (unaudited)	2022 (unaudited)	2021 (unaudited)	2020 (unaudited)
As at 30 June:					
Net asset value (HK\$'000)	44,863,049	46,773,188	48,518,176	49,245,371	55,570,540
Net asset value per unit (HK\$)	7.42	7.81	8.15	8.32	9.44
The highest traded price during the period (HK\$)	2.41	3.66	4.08	4.88	5.11
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	1.48	2.63	3.29	4.36	3.51
The highest discount of the traded price to net asset value	80.1%	66.3%	59.6%	47.6%	62.8%
For the six months ended 30 June:					
Distribution yield per unit ²	5.2%	3.3%	3.0%	2.7%	3.0%
Annualised distribution yield per unit	10.3%	6.5%	6.1%	5.8%	6.4%
Net (loss) profit yield per unit ³	-11.6%	0.4%	0.3%	-4.3%	-35.8%
Annualised net (loss) profit yield per unit	-23.2%	0.8%	0.5%	-8.6%	-71.6%

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\$0.0829 (which calculation was set out in the Distribution Statement) for the six months ended 30 June 2024 over the traded price of HK\$1.57 as at 28 June 2024.
3. Net (loss) profit yield per unit is calculated based on (loss)/profit for the period before distribution to unitholders per unit for the six months ended 30 June 2024 over the traded price of HK\$1.57 as at 28 June 2024.

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