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ChampionREIT

冠君產業信託

Champion Real Estate Investment Trust

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

(Stock Code: 2778)

Managed by

Eagle Asset Management
Eagle Asset Management (CP) Limited

2022 FINAL RESULTS ANNOUNCEMENT

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

FINAL RESULTS

The board of directors (“**Board**”) of Eagle Asset Management (CP) Limited (“**REIT Manager**”) as manager of Champion Real Estate Investment Trust (“**Champion REIT**” or “**Trust**”) is pleased to announce financial results of the Trust for the year ended 31 December 2022 (“**Year**” or “**Period**”).

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022

	2022	2021	Change
For the entire year	HK\$ million	HK\$ million	
Total Rental Income ¹	2,359	2,495	- 5.5%
Net Property Operating Expenses ¹	328	298	+ 10.2%
Net Property Income	2,031	2,197	- 7.6%
Distributable Income	1,298	1,503	- 13.6%
Distribution Amount	1,168	1,353	- 13.6%
Distribution per Unit (HK\$)	0.1956	0.2275	- 14.0%

	2022	2021	Change
As at 31 December	HK\$ million	HK\$ million	
Gross Value of Portfolio	63,555	65,296	- 2.7%
Net Asset Value per Unit (HK\$)	7.91	8.25	- 4.1%
Gearing Ratio	22.5%	22.9%	- 0.4pp
Net Expense Ratio (entire year)	13.9%	11.9%	+ 2.0pp
Payout Ratio (entire year)	90.0%	90.0%	No change

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The global economy in 2022 was marked by rising interest rates and inflation which dampened consumer sentiment and raised borrowing costs. The local market sentiment gradually improved as COVID-19 moderated throughout the year. The government's Consumption Voucher Scheme also helped boost spending. Nevertheless, the severe fifth wave of COVID-19 in the first quarter caused considerable interruptions for our tenants as well as the overall leasing momentum of our properties. Income of the Trust continued to be impacted by the pandemic in the last three years. Distributable income of the Trust recorded a decline of 13.6% to HK\$1,298 million (2021: HK\$1,503 million) and distribution per unit ("**DPU**") dropped 14.0% to HK\$0.1956 (2021: HK\$0.2275).

Amid ongoing challenges, the negative rental reversion trend of our properties continued in 2022. Total rental income of the Trust decreased 5.5% to HK\$2,359 million (2021: HK\$2,495 million). Three Garden Road experienced a higher impact in view of the sluggish Central office market conditions. Net property operating expenses increased 10.2% to HK\$328 million (2021: HK\$298 million) mainly due to higher operating expenses for Langham Beauty at Langham Place Mall launched in late 2021. Net property income of the Trust dropped 7.6% to HK\$2,031 million (2021: HK\$2,197 million). Share of results of a joint venture amounted to a loss of HK\$43 million (2021: profit of HK\$22 million), a contribution from 66 Shoe Lane in London which is considered as a Non-qualified Minority-owned Property under the Code on Real Estate Investment Trusts ("**REIT Code**"). The drop was mainly attributable to revaluation loss.

The fixed rate debt portion increased to 75.0% as at 31 December 2022 (31 December 2021: 64.6%) as a precautionary measure for the drop in fixed rate debt after the redemption of medium-term note ("**MTN**") due in January 2023. The refinancing of all the debts maturing in 2023 will be covered by existing undrawn committed credit facilities and additional bilateral facilities. During the year, we went deeper in our effort to support green development by further increasing sustainability-linked financing arrangements. Similar to the sustainability-linked facilities secured previously, savings in interests will be generated when certain key performance indicators are met. Average HIBOR rose under the rising interest rate environment, resulting in an increase in cash financing cost to HK\$418 million (2021: HK\$401 million).

The appraised value of the Trust's properties dropped 2.7% to HK\$63.6 billion as at 31 December 2022 from HK\$65.3 billion as at 31 December 2021. The decrease was mainly due to lower rental rate assumptions. Net asset value per unit decreased to HK\$7.91 as at 31 December 2022 (31 December 2021: HK\$8.25). Gearing ratio decreased slightly to 22.5% as at 31 December 2022 from 22.9% as at 31 December 2021.

OPERATIONAL REVIEW

Three Garden Road

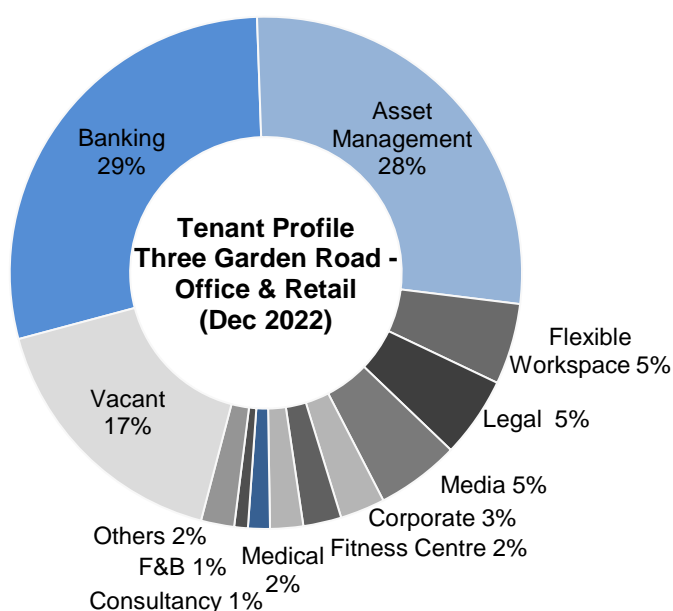
	2022	2021	Change
	HK\$'000	HK\$'000	
Rental Income	1,346,002	1,459,765	- 7.8%
Net Property Operating Expenses	135,042	146,881	- 8.1%
Net Property Income	1,210,960	1,312,884	- 7.8%

Impacted by the local economic downturn and ongoing quarantine requirements and border controls, the Central office market remained subdued. New supply and a substantial existing availability intensified the competitive landscape. Amid the persistent challenging market conditions, landlords were flexible in leasing terms and pricing to retain and attract tenants. Some occupiers also took the advantage of a down market to expand.

Despite that market sentiment has improved following the relaxation of arrangements for inbound travellers in the second half of 2022, leasing momentum remained quiet. Downsizing and relocation of tenants in the financial industry drove down occupancy of Three Garden Road

Office to 82.7% as at 31 December 2022 (31 December 2021: 89.0%). Market rental of the property continued to be under pressure. Average passing rent dropped to HK\$99.7 per sq. ft. (based on lettable area as at 31 December 2022 (31 December 2021: HK\$108.3 per sq. ft.)). Rental income went down 7.8% to HK\$1,346 million (2021: HK\$1,460 million) as a result of lower average occupancy and negative rental reversion.

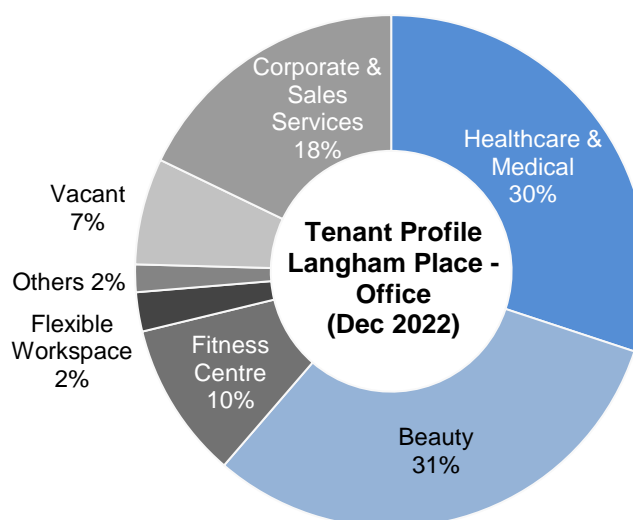
Net property operating expenses decreased 8.1% to HK\$135 million (2021: HK\$147 million) mainly due to lower rental commission on slow leasing activities and lower government rent and rates. These lower expenses offset the higher net building management expenses resulted from higher vacancy. Net property income decreased by 7.8% to HK\$1,211 million (2021: HK\$1,313 million) mainly due to lower rental income.



Langham Place Office Tower

	2022	2021	Change
	HK\$'000	HK\$'000	
Rental Income	363,291	364,781	- 0.4%
Net Property Operating Expenses	37,449	37,551	- 0.3%
Net Property Income	325,842	327,230	- 0.4%

The enactment of the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Ordinance which came into effect in May 2022 had a one-off, temporary effect on the rental collection rate of the property. Tenants under specified categories, such as fitness centres and beauty parlours were permitted to defer their rents and landlords are barred to take legal actions during the protection period. The government's mandatory closure requirement during the fifth wave of the pandemic also impacted the operations of a number of tenants at Langham Place Office. However, as social distancing measures eased, business of these tenants gradually returned to normal. Interest from beauty and medical segment to establish and expand their footprint in the property was rekindled. Lifestyle tenants remained a mainstay among the new occupiers, accounting for 71% as at 31 December 2022.



The uptake by beauty and medical tenants partially made up for the departure of traditional office tenants but was not enough to fill up all the vacated areas. Occupancy of the property lowered to 93.3% as at 31 December 2022 (31 December 2021: 96.3%). Passing rent of the property was HK\$46.0 per sq. ft. (based on gross floor area) as at 31 December 2022 (31 December 2021: HK\$47.1 per sq. ft.). Total rental income of the property was relatively stable at HK\$363 million (2021: HK\$365 million).

Net property income also maintained at stable level of HK\$326 million (2021: HK\$327 million). Net property operating expenses decreased slightly by 0.3% to HK\$37 million (2021: HK\$38 million), mainly due to lower rental commission on slow leasing activities. The reduced spending partly offset the increase in allowance for credit loss and higher other operating expenses.

Langham Place Mall

	2022	2021	Change
	HK\$'000	HK\$'000	
Rental Income	649,646	670,477	- 3.1%
Net Property Operating Expenses	155,854	113,576	+ 37.2%
Net Property Income	493,792	556,901	- 11.3%

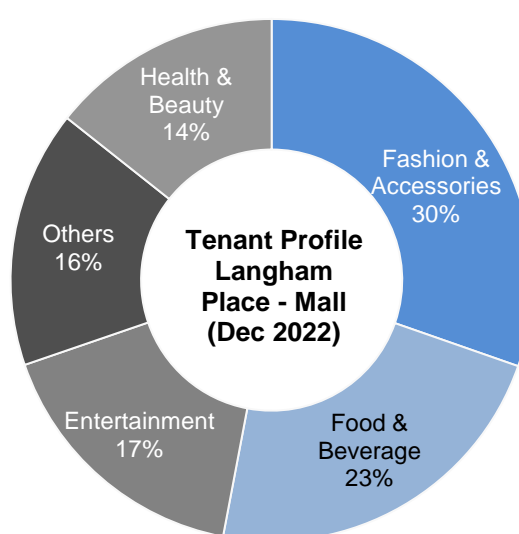
The retail market in Hong Kong continued to rely on domestic consumption in 2022 given that quarantine and inbound travel requirements remained in place for most of the year. The severe fifth wave of the pandemic in the first half significantly affected both sales and footfall of the mall.

The easing of social distancing measures together with the government's Consumption Voucher Scheme spurred a rebound of tenants' business at Langham Place Mall. Full year tenants' sales went up 8%, outperforming the overall Hong Kong retail sales which dropped by 0.9% in 2022. The beauty segment recorded an encouraging growth, contributing to a 210.4% increase in turnover rent portion to HK\$117 million (2021: HK\$38 million).

But it was not sufficient to compensate the decline of base rent portion which slid 16.3% to HK\$481 million (2021: HK\$575 million). Though the percentage of tenants paying turnover rent only lowered to 9% as at 31 December 2022 compared with 12% as at 31 December 2021, negative rental reversion drove down the base rent portion and total rental income decreased 3.1% to HK\$650 million (2021: HK\$670 million). Average passing rent decreased to HK\$157.1 per sq. ft. (based on lettable area) as at 31 December 2022 (31 December 2021: HK\$165.9 per sq. ft.). The mall remained fully occupied as at 31 December 2022.

Despite that challenging market conditions, we strived to inject new concepts into the mall to maintain its attractiveness for consumers. A total of 30 new tenants were introduced in 2022, including some first-in-Hong Kong operators. Good Moment, for example, brought an unprecedented "retailtainment" experience to shoppers. Enabled by AR technology, Disney-licensed Princess and Marvel-themed zones are designated to offer reimagined classic movie scenes. A mirror room is created to give an unforgettable journey in kaleidoscopic patterns, unleashing boundless imagination.

Furthermore, we continued to carry out a range of marketing campaigns to stimulate sales for the mall. Leveraging the government's consumption vouchers, sales-driven initiatives such as Langham Beauty Fest proved to be a success with shoppers. Promotion expenses as a result went up by HK\$2 million. The operating expenses incurred for Langham Beauty also added to net property operating expenses which accounted to HK\$156 million (2021: HK\$114 million). Net property income of the property decreased by 11.3% to HK\$494 million (2021: HK\$557 million).



OUTLOOK

While some part of the world is expected to face recession in 2023, the gradual relaxation of COVID-19 measures for residents and visitors in Hong Kong, as well as the border reopening with mainland China should benefit the local economy. Increase in tourist arrivals should provide a more direct support to the retail market, whereas the pace of recovery for office demand would remain uncertain. The borrowing costs for the Trust is expected to be higher this year given the increase in the local interbank interest rates, even though they are expected to peak later this year. Overall, the economic prospect is still very uncertain.

Following mainland China's reopening in early January, mainland visitor arrivals gradually increased in February. We observed an encouraging improvement in footfall of Langham Place Mall. The local retail market is poised for a more optimistic outlook with an increase in visitors this year. Recovery of tenants' sales should help drive growth in turnover rent for the mall. The short-term leases signed during market downturn would allow us to capture the upside potential and flexibility in tenant mix rebranding. However, the base rent portion should still be under pressure from previous negative rental reversion.

The existing stock and upcoming supply would continue to stall the Hong Kong office market. That said, Langham Place Office is in a favourable position due to a growing demand from beauty and medical segments. The competitive landscape for Central Grade A office remains challenging. Despite the current downturn in Hong Kong office rental, Three Garden Road's attainment of Platinum rating under BEAM Plus for Existing Buildings V.2.0 with the highest score in Hong Kong should bolster its position as office occupiers place more emphasis on sustainability. However, the general outlook for office market remains negative.

The interest rate hike cycle not only increased the borrowing costs of the Trust but also raised the investment return threshold for new opportunities. The fixed rate debt portion after the redemption of MTN due in January 2023 was 54.4%, which is a balanced position to mitigate the volatile market conditions. We will continue to take a prudent approach on liability management and treasury management to identify yield enhancing opportunities. For potential acquisitions, we will continue to take an opportunistic and conservative approach.

Overall, 2023 remains a challenging year for the Trust in view of potential global economy recession despite the fact that mainland China's reopening is expected to reinvigorate the retail and potentially office markets. We expect the downward trend on rental income and DPU to remain. The volatility in interest rates may lead to deeper decline in DPU. We will continue to monitor the market conditions, and capture business opportunities to enhance the performance of the Trust, and collaborate closely with tenants and stakeholders on our sustainability journey.

SUSTAINABILITY

To ride the tide of uncertainty, we harness the collaborative power to grow the Trust's capacity in building our resilience with our stakeholders for a sustainable future.

While making a stable progress in our 2030 Environmental, Social and Governance ("ESG") targets, the establishment of the 2045 Net Zero roadmap further reinforces our decarbonisation commitments and enhances our management of climate risks and opportunities.

We strive to advance sustainability in all aspects through synergetic partnership with our stakeholders. Rather than focusing solely on a "top-down" approach, we place the same

emphasis on “bottom-up” to engage staff across levels with the support of Sustainability Working Group.

We acknowledge the importance to enhance climate resilience given the urgency to tackle with the extreme climate change is evident on the ground. The formalisation of “Managing Climate Risks and Resilience Policy” aids in our proactive management on mitigating and adapting the impacts that might bring on our business and stakeholders. Besides the first existing building in Hong Kong to achieve the WELL Building Platinum Standard, our ongoing decarbonisation advancement and green innovation enables Three Garden Road to attain its “Double Platinum” honour along with the Platinum certification of BEAM Plus Existing Building with Hong Kong’s highest score.

Resembling with our continued mission in prioritising stakeholders’ wellbeing, the continuous “Champion our Wellness” initiatives enhance their all-rounded wellbeing and social inclusion. On top of the resumption of the classical music concert series “Musica del Cuore” for our tenants and visitors retreat, we went beyond boundaries to facilitate culture exchange with an exclusive performance by renowned Japanese pianist Miyako Arishima. We also launched a series of activities circled on the “Love · Play · Farm” project to achieve both green and social sustainable impacts. Following the success of the mural painting, tenant horticulture workshops and pioneered “waste-to-farm-to-table” drinks launch, more activities will be held to further foster stakeholder engagement and social diversity.

Looking forward, forging impactful partnerships will continue to become our strategy to gather synergetic power for a greater impact. Together, we can thrive for betterment.

VALUATION OF PROPERTIES

According to the Property Valuation Reports issued by Cushman & Wakefield Limited on 31 January 2023, the valuation of the properties of Champion REIT, broken down by usage as at 31 December 2022 was:

	Three Garden Road	Langham Place	Sub-total
	HK\$ million	HK\$ million	HK\$ million
Office	37,357	8,814	46,171
Retail	591	15,281	15,872
Car Park	592	350	942
Miscellaneous	402	168	570
Total	38,942	24,613	63,555

As at 31 December 2022, the appraised value of the Trust’s property portfolio was HK\$63.6 billion, down 2.7% from HK\$65.3 billion as at 31 December 2021. The decrease was primarily driven by lower rental assumptions. 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 compared with 2021.

FINANCIAL REVIEW

DISTRIBUTIONS

The total distribution amount of Champion REIT for the year was HK\$1,168 million, representing a decline of 13.6% compared to HK\$1,353 million in 2021. The total distribution amount is based on 90% of Champion REIT's distributable income.

The distribution per unit for the six months ended 31 December 2022 ("**Final Distribution per Unit**") was HK\$0.0895. This is subject to adjustment that may result from the issuance of any new units between 1 January 2023 and the record date. A further announcement informing unitholders of any adjustment to the Final Distribution per Unit will be made in due course.

With an Interim Distribution per Unit of HK\$0.1061 and a Final Distribution per Unit of HK\$0.0895, the Total Distribution per Unit for 2022 amounted to HK\$0.1956 (2021: HK\$0.2275). Based on the closing unit price of HK\$3.08 recorded on 30 December 2022, the Total Distribution per Unit represented a distribution yield of 6.4%.

CLOSURE OF REGISTER OF UNITHOLDERS

The Register of Unitholders will be closed from Friday, 19 May 2023 to Thursday, 25 May 2023 ("**Record Date**"), both days inclusive, during which period no transfer of Units will be effected. The payment of the distribution for the six months ended 31 December 2022 will be made on Tuesday, 30 May 2023 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the distribution for the six months ended 31 December 2022 and be eligible to attend and vote at the 2023 Annual General Meeting to be held on Thursday, 25 May 2023, all properly completed transfer forms accompanied by the relevant Unit certificates must be lodged with Champion REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30pm on Thursday, 18 May 2023.

PROACTIVE LIABILITY MANAGEMENT

Outstanding Debt Facilities ⁽¹⁾

As at 31 December 2022

(HK\$ million)

	Fixed rate debts	Floating rate debts	Utilised facilities
Unsecured bank loans ⁽³⁾	3,900	3,643	7,543
Medium Term Notes ⁽⁴⁾	7,043	-	7,043
Total	10,943	3,643	14,586
%	75.0%	25.0%	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\$3,900 million to manage interest rate exposure

(4) The Trust entered into cross currency swaps contracts of notional amount of US\$639.4 million at an average rate of HK\$7.7829 to US\$1.00 to mitigate exposure to fluctuations in exchange rate and interest rate of US dollars; (ii) Equivalence of HK\$5,343 million (after accounting for cross currency swaps) were US dollars notes

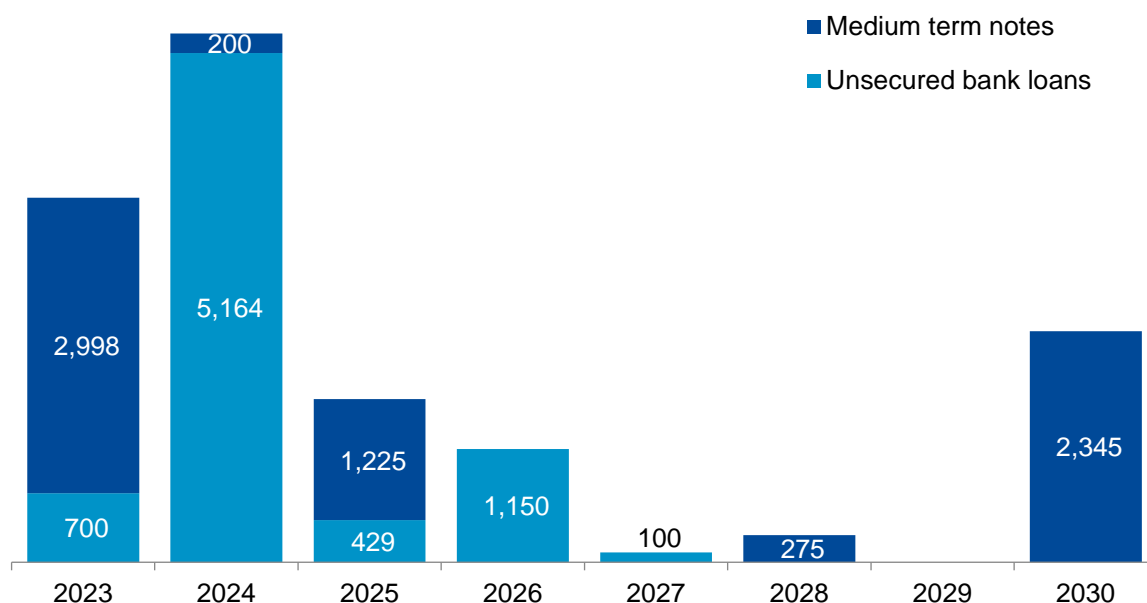
In the 4th quarter of 2022, the Trust entered interest rate swap contracts and cross currency swap contracts of a total notional amount of HK\$1,000 million and US\$163 million respectively to hedge against the rising interest rate environment and mitigate exchange rate risk. The Trust also arranged a total of HK\$2,000 million newly unsecured banking facilities and increased its total standby facilities to HK\$5,857 million as at 31 December 2022 to strengthen its financial resources so as to meet the refinancing needs in 2023. After the redemption of the medium-term notes which took place in January 2023, the fixed rate debt proportion of the Trust decreased from 75.0% as at 31 December 2022 to 54.4%. In January 2023, the Trust further entered cross currency swap contracts of US\$47 million. As of now, the total outstanding of USD300 million medium-term notes due in 2030 was fully hedged at an average coupon rate of 2.938% and exchange rate of 7.8716.

As at 31 December 2022, total outstanding debt of the Trust was HK\$14.6 billion, dropped HK\$0.8 billion from HK\$15.4 billion as at 31 December 2021. The decrease was mainly due to the redemption of the medium-term notes due in March 2022 and the repayment of all outstanding debt denominated in sterling by internal financial resources during the reporting period.

The weighted average effective interest rate (excluding origination fees) for the year, after accounting for interest rate swaps and cross currency swaps, was 2.8% (2021: 2.4%). The weighted average life of the Trust's outstanding debt was 2.5 years as at 31 December 2022 (2021: 3.3 years).

Outstanding debt maturity profile⁽¹⁾

As at 31 December 2022
(HK\$ million)



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

The Trust's investment properties were appraised at a total value of HK\$63.6 billion as at 31 December 2022, representing a 2.7% decrease from HK\$65.3 billion as at 31 December 2021. The Trust's total borrowings as a percentage of its gross asset value (defined as total gross assets less distribution payable pursuant to the Trust Deed) decreased to 22.5% (2021: 22.9%) as at 31 December 2022. The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 27.6% (2021: 27.9%).

LIQUIDITY POSITION

As at 31 December 2022, the Trust has committed and uncommitted debt facilities of HK\$5,857 million and HK\$500 million remained undrawn respectively. Together with cash and deposits of HK\$735 million, the Trust has sufficient liquid assets to satisfy its working capital and operating requirements.

On treasury management, the Trust held bonds and listed equities with aggregate carrying amounts of HK\$184 million and HK\$153 million respectively as at 31 December 2022.

NET ASSETS VALUE PER UNIT

The Net Asset Value per Unit was HK\$7.91 (2021: HK\$8.25) as at 31 December 2022. It represented a 156.8% premium to the closing unit price of HK\$3.08 as at 30 December 2022.

COMMITMENTS

As at 31 December 2022, the Trust has authorised capital expenditure for improvement works of investment properties which was contracted for but not provided in the consolidated financial statements amounted to HK\$46 million.

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

NEW UNITS ISSUED

As at 31 December 2022, the total number of issued Units of Champion REIT was 5,973,675,590. As compared with the position of 31 December 2021, a total of 36,595,992 new Units were issued during the year as follows:-

- On 5 September 2022, 18,619,049 new Units were issued to the REIT Manager at the price of HK\$3.403 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 50% of the Manager's Fee of approximately HK\$63,360,625 for the first half of 2022.
- On 8 March 2022, 17,976,943 new Units were issued to the REIT Manager at the price of HK\$3.582 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 50% of the Manager's Fee of approximately HK\$64,393,412 for the second half of 2021.

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 year ended 31 December 2022.

RELEVANT INVESTMENTS AND INVESTMENTS IN PROPERTY DEVELOPMENT AND RELATED ACTIVITIES

As at 31 December 2022, the portfolio of Relevant Investments represented approximately 0.55% 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 0.92% of the gross asset value of Champion REIT as at 31 December 2022, and therefore is within the Maximum Cap, being 25% of the gross asset value of Champion REIT.

The full investment portfolio of the Relevant Investments¹ of Champion REIT as at 31 January 2023⁴ is set out below:

As at 31 January 2023	Type	Primary Listing	Country of Issuer	Currency	Total Cost (HK\$ '000 ²)	Mark-to-market Value (HK\$ '000 ²)	Weighting of GAV ³	Credit Rating (S&P's/Moody's /Fitch's)
Bonds Investment								
NANFUN 4 ⁷ / ₈ 05/29/24 EMTN	Bond	Singapore Exchange	BVI	USD	56,602	53,078	0.0820%	BBB- / Baa3 / -
HKTGHD 3 ³ / ₄ 03/08/23	Bond	Singapore Exchange	BVI	USD	49,641	49,314	0.0762%	BBB / Baa2 / -
CAPG 6.35 02/08/24	Bond	Singapore Exchange	Cayman Islands	USD	38,747	5,897 ⁵	0.0091%	- / - / -
CIFIHG 5.95 10/20/25	Bond	Hong Kong Exchange	Cayman Islands	USD	46,493	14,842	0.0229%	- / - / -
SHUION 5 ³ / ₄ 11/12/23	Bond	Singapore Exchange	Cayman Islands	USD	33,282	38,403	0.0594%	- / - / -
HKE 2 ⁷ / ₈ 05/03/26	Bond	Hong Kong Exchange	BVI	USD	7,758	7,391	0.0114%	A- / - / -
CKHH 1 ¹ / ₂ 04/15/26	Bond	Singapore Exchange	Cayman Islands	USD	14,530	14,206	0.0220%	A / A2 / A-
SWIPRO 3 ⁵ / ₈ 01/13/26	Bond	Hong Kong Exchange	Hong Kong	USD	23,526	22,723	0.0351%	- / A2 / A
MOLAND 7 12/30/23	Bond	Singapore Exchange	Cayman Islands	USD	1,247	130	0.0002%	- / - / -
MOLAND 9 12/30/23	Bond	Singapore Exchange	Cayman Islands	USD	2,495	267	0.0004%	- / - / -
Sub-total					274,322 ⁶	206,250	0.3187%	
Equity Investment								
EC Healthcare (Stock Code: 2138.HK)	Equity	Hong Kong Exchange	Cayman Islands	HKD	39,577	88,091	0.1362%	N/A
AIA (Stock Code: 1299.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,413	12,840	0.0198%	N/A
CCB (Stock Code: 939.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,468	10,414	0.0161%	N/A
ICBC (Stock Code: 1398.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,831	10,894	0.0168%	N/A
HKEX (Stock Code: 388.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,390	10,924	0.0169%	N/A
HSBC Holdings (Stock Code: 5.HK)	Equity	Hong Kong Exchange	England	HKD	19,928	23,296	0.0360%	N/A
Sub-total					105,607	156,459	0.2418%	
Total					379,929	362,709	0.5605%	

- Notes:
- (1) 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.
 - (2) All figures presented above have been rounded to the nearest thousand.
 - (3) The weighting of gross asset value (“GAV”) is by reference to the latest published accounts as adjusted for any distribution declared and any published valuation.
 - (4) 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.
 - (5) Based on the publicly available latest transaction price (as of 21 June 2022).
 - (6) The accumulated bond interest income received from the corresponding bonds investment with a total cost of HK\$270,579,000 as at 31 January 2023 was approximately HK\$42,669,555.

CORPORATE GOVERNANCE

Champion REIT is committed to attaining global best practices and standards for all activities and transactions conducted in relation to the Trust and any matters arising out of its listing or trading on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The current corporate governance framework adopted by the REIT Manager emphasises accountability to all Unitholders, resolution of conflict of interest issues, transparency in reporting, compliance with relevant regulations and sound operating and investing procedures. The REIT Manager has in place a comprehensive set of compliance procedures and guidelines (“**Compliance Manual**”) which set out the key processes, systems and measures used to implement this corporate governance framework.

Throughout the year ended 31 December 2022, the REIT Manager and Champion REIT have complied with the REIT Code, the Trust Deed of Champion REIT, the relevant provisions and requirements of the Securities and Futures Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) applicable to Champion REIT.

The REIT Manager and Champion REIT have also complied with the provisions of the Compliance Manual and all code provisions, where applicable, as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Year.

Various governance and control policies and procedures were updated during the year. In view of upholding the high standard of corporate governance, Anti-Fraud, Bribery and Corruption Policy; Managing Climate Risks and Resilience Policy; and Reporting and Monitoring Policy on Connected Transactions were established. Furthermore, upon periodic review, some housekeeping and other amendments were made to Anti-Money Laundering and Counter-Financing of Terrorism Procedures; Code of Conduct regarding Securities Transactions by Directors and Relevant Personnel; Connected Party Transactions Procedures on Sample Checking; Procedures for FATCA Reporting; Sanction Screening Procedures; and Whistleblowing Policy.

Key components of the governance framework and the corporate governance report for the year ended 31 December 2022 will be set out in the 2022 Annual Report.

BUY-BACK, SALE OR REDEMPTION OF UNITS

A general mandate for buy-back of Units in the open market was given by Unitholders at the annual general meeting held on 19 May 2022. During the year ended 31 December 2022, neither the REIT Manager nor any of Champion REIT's special purpose vehicles had bought back, sold or redeemed any Units pursuant to this mandate.

PUBLIC FLOAT

As far as the REIT Manager is aware, as at the date of this announcement, the Trust has maintained a sufficient public float with more than 25% of the issued and outstanding Units of Champion REIT being held by the public.

REVIEW OF ANNUAL RESULTS

The audited final results for the year ended 31 December 2022 have been reviewed by the Disclosures Committee and the Audit Committee of the REIT Manager.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting of Champion REIT will be held on Thursday, 25 May 2023 at 4:00pm. Notice of the meeting will be published and despatched to Unitholders in due course.

ISSUANCE OF ANNUAL REPORT

The 2022 Annual Report of Champion REIT will be despatched to Unitholders and published on the websites of the HKEXnews (www.hkexnews.hk) and Champion REIT (www.ChampionReit.com) before the end of March 2023.

SCOPE OF WORK OF MESSRS DELOITTE TOUCHE TOHMATSU

The figures in respect of the Trust's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, distribution statement and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Trust's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Trust's audited consolidated financial statements for the year as approved by the Board of Directors on 24 February 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

BOARD OF DIRECTORS

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

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

Hong Kong, 24 February 2023

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>NOTES</u>	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Rental income	5	2,329,642	2,464,195
Building management fee income		266,372	274,190
Rental related income	6	<u>29,297</u>	<u>30,828</u>
Total revenue		2,625,311	2,769,213
Property operating expenses	7	<u>(594,717)</u>	<u>(572,198)</u>
Net property income		2,030,594	2,197,015
Other income	8	26,410	82,018
Manager's fee	9	(246,414)	(265,999)
Trust and other expenses		(26,823)	(23,892)
Decrease in fair value of investment properties		(1,749,233)	(2,079,354)
Fair value changes on financial assets at fair value through profit or loss		(20,146)	-
Allowance for credit losses on notes receivables and interest receivables		(48,240)	(76,149)
Finance costs	10	(447,522)	(431,336)
Share of results of a joint venture		<u>(42,508)</u>	<u>22,314</u>
Loss before tax and distribution to unitholders	11	(523,882)	(575,383)
Income taxes	12	<u>(225,442)</u>	<u>(255,981)</u>
Loss for the year, before distribution to unitholders		(749,324)	(831,364)
Distribution to unitholders		<u>(1,168,444)</u>	<u>(1,352,982)</u>
Loss for the year, after distribution to unitholders		<u>(1,917,768)</u>	<u>(2,184,346)</u>
Basic loss per unit	13	<u>HK\$(0.13)</u>	<u>HK\$(0.14)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Loss for the year, after distribution to unitholders	<u>(1,917,768)</u>	<u>(2,184,346)</u>
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on equity instruments at fair value through other Comprehensive income	(42,723)	67,393
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	4,784	(341)
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	107,427	47,586
Reclassification of fair value adjustments to profit or loss	(119)	36,956
Deferred tax related to fair value adjustments recognised in other comprehensive income	<u>(14,207)</u>	<u>-</u>
	<u>55,162</u>	<u>151,594</u>
Total comprehensive expense for the year	<u><u>(1,862,606)</u></u>	<u><u>(2,032,752)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<u>NOTES</u>	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Non-current assets			
Investment properties		63,555,000	65,296,000
Notes receivables		99,984	164,483
Interests in a joint venture	14	238,974	312,753
Equity instruments at fair value through other comprehensive income		152,819	136,814
Derivative financial instruments		111,589	15,732
Total non-current assets		<u>64,158,366</u>	<u>65,925,782</u>
Current assets			
Trade and other receivables	15	233,121	285,869
Notes receivables		84,270	9,411
Tax recoverable		2,082	23,217
Derivative financial instruments		16,109	-
Short-term bank deposits		66,380	-
Bank balances and cash		668,551	1,628,725
Total current assets		<u>1,070,513</u>	<u>1,947,222</u>
Total assets		<u>65,228,879</u>	<u>67,873,004</u>
Current liabilities			
Trade and other payables	16	1,422,512	1,505,049
Deposits received		654,575	728,155
Tax liabilities		85,858	16,429
Distribution payable		534,883	642,161
Bank borrowings		1,226,258	1,383,286
Medium term notes		3,017,389	643,000
Total current liabilities		<u>6,941,475</u>	<u>4,918,080</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments		38,122	32,584
Bank borrowings		6,268,590	6,255,820
Medium term notes		4,006,947	7,006,560
Deferred tax liabilities		745,978	697,341
Total non-current liabilities, excluding net assets attributable to unitholders		<u>11,059,637</u>	<u>13,992,305</u>
Total liabilities, excluding net assets attributable to unitholders		<u>18,001,112</u>	<u>18,910,385</u>
Net assets attributable to unitholders		<u>47,227,767</u>	<u>48,962,619</u>
Number of units in issue ('000)	17	<u>5,973,676</u>	<u>5,937,080</u>
Net asset value per unit	18	<u>HK\$7.91</u>	<u>HK\$8.25</u>

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Loss for the year, before distribution to unitholders	(749,324)	(831,364)
Adjustments:		
- Fair value changes on financial assets at fair value through profit or loss	20,146	-
- Allowance for credit losses on notes receivables and interest receivables	48,240	76,149
- Manager's fee paid and payable in units	123,207	132,999
- Decrease in fair value of investment properties	1,749,233	2,079,354
- Share of results of a joint venture	42,508	(22,314)
- Non-cash finance costs	29,831	30,256
- Deferred tax	34,430	38,234
Total distributable income to unitholders (note (i))	<u>1,298,271</u>	<u>1,503,314</u>
Interim distribution, paid to unitholders (note (ii))	633,561	710,821
Final distribution, to be paid to unitholders (note (iii))	534,883	642,161
Total distributions for the year	<u>1,168,444</u>	<u>1,352,982</u>
Payout ratio	<u>90.0%</u>	<u>90.0%</u>
Distributions per unit:		
Interim distribution per unit, paid to unitholders (note (ii))	HK\$0.1061	HK\$0.1197
Final distribution per unit, to be paid to unitholders (note (iii))	HK\$0.0895	HK\$0.1078
	<u>HK\$0.1956</u>	<u>HK\$0.2275</u>

Notes:

(i) Pursuant to the Trust Deed, the total distributable income is loss for the year, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the consolidated income statement for the relevant year. Champion REIT is required to distribute to unitholders not less than 90% of its distributable income of each financial period.

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

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

(iii) The final distribution per unit of HK\$0.0895 for the year ended 31 December 2022 was calculated based on the final distribution to be paid to unitholders of HK\$534,883,000 for the period and 5,973,675,590 units in issue as at 31 December 2022. The final distribution per unit for the year ended 31 December 2022 will be subject to further adjustments upon the issuance of units between 1 January 2023 and 19 May 2023, which is the record date set for such period. The final distribution will be paid to unitholders on 30 May 2023.

The final distribution per unit of HK\$0.1078 for the year ended 31 December 2021 was calculated based on the final distribution paid of HK\$642,161,000 for the period and 5,955,056,541 units in issue as at 19 May 2022, which was the record date for the period. The final distribution was paid to unitholders on 24 May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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 (the "HKSE"). 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 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 in Hong Kong with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit. The address of the registered office of the Manager and the Trustee, is Suite 3008, 30th Floor, Great Eagle Centre, 23 Harbour Road, Hong Kong, and 1 Queen's Road Central, Hong Kong, respectively.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - continued

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

The Manager anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements are prepared in accordance with the relevant provisions of the Trust Deed and include applicable disclosures required by the REIT Code and the Rules Governing the Listing of Securities on the HKSE.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK\$5,870,962,000 (2021: HK\$2,970,858,000). The Manager is of the opinion that, taking into account the internal financial resources and presently available banking facilities of the Group, the Group has sufficient working capital for its present requirement within one year from the end of the reporting period. Hence, the consolidated financial statements have been prepared on a going concern basis.

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), management of the Manager, are identified for the purpose of resource allocation and performance assessment and 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 year under review.

For the year ended 31 December 2022

	<u>Three Garden Road</u> HK\$'000	<u>Langham Place Office Tower</u> HK\$'000	<u>Langham Place Mall</u> HK\$'000	<u>Consolidated</u> HK\$'000
Revenue	<u>1,490,028</u>	<u>412,976</u>	<u>722,307</u>	<u>2,625,311</u>
Segment results				
- Net property income	<u>1,210,960</u>	<u>325,842</u>	<u>493,792</u>	<u>2,030,594</u>
Other income				26,410
Manager's fee				(246,414)
Trust and other expenses				(26,823)
Decrease in fair value of investment properties				(1,749,233)
Fair value changes on financial assets at fair value through profit or loss				(20,146)
Allowance for credit losses on notes receivables and interest receivables				(48,240)
Finance costs				(447,522)
Share of results of a joint venture				(42,508)
Loss before tax and distribution to unitholders				(523,882)
Income taxes				(225,442)
Loss for the year, before distribution to unitholders				(749,324)
Distribution to unitholders				(1,168,444)
Loss for the year, after distribution to unitholders				(1,917,768)

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

Decrease in fair value of investment properties	<u>(929,005)</u>	<u>(133,000)</u>	<u>(687,228)</u>	<u>(1,749,233)</u>
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4. **SEGMENT INFORMATION** - continued

Segment revenue and results - continued

For the year ended 31 December 2021

	Three Garden Road HK\$'000	Langham Place Office Tower HK\$'000	Langham Place Mall HK\$'000	Consolidated HK\$'000
Revenue	<u>1,607,792</u>	<u>414,073</u>	<u>747,348</u>	<u>2,769,213</u>
Segment results				
- Net property income	<u>1,312,884</u>	<u>327,230</u>	<u>556,901</u>	<u>2,197,015</u>
Other income				82,018
Manager's fee				(265,999)
Trust and other expenses				(23,892)
Decrease in fair value of investment properties				(2,079,354)
Allowance for credit losses on notes receivables and Interest receivables				(76,149)
Finance costs				(431,336)
Share of results of a joint venture				22,314
Loss before tax and distribution to unitholders				(575,383)
Income taxes				(255,981)
Loss for the year, before distribution to unitholders				(831,364)
Distribution to unitholders				(1,352,982)
Loss for the year, after distribution to unitholders				(2,184,346)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:				
Decrease in fair value of investment properties	<u>(1,264,000)</u>	<u>(108,000)</u>	<u>(707,354)</u>	<u>(2,079,354)</u>

4. SEGMENT INFORMATION - continued

Other segment information

	Three Garden Road	Langham Place Office Tower	Langham Place Mall	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>For the year ended 31 December 2022</u>				
Additions to non-current assets	<u>3,005</u>	<u>-</u>	<u>5,228</u>	<u>8,233</u>
<u>For the year ended 31 December 2021</u>				
Additions to non-current assets	<u>-</u>	<u>-</u>	<u>57,354</u>	<u>57,354</u>

Segment assets and liabilities

For the purpose of performance assessment, fair values of investment properties are reviewed by the CODM. As at 31 December 2022, the fair value of Three Garden Road, Langham Place Office Tower and Langham Place Mall was HK\$38,942,000,000 (2021: HK\$39,868,000,000), HK\$8,814,000,000 (2021: HK\$8,947,000,000) and HK\$15,799,000,000 (2021: HK\$16,481,000,000), respectively.

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

Geographical information

The Group's activities are all carried out in Hong Kong.

The Group's revenue from external customers and information about its non-current assets (excluding interest in a joint venture) are all located in Hong Kong.

Information about major tenants

For the year ended 31 December 2022, there was one tenant (2021: one) whose revenue contributed over 10% of the total revenue of the Group.

5. RENTAL INCOME

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Property rental income	2,286,044	2,416,887
Car park income	43,598	47,308
	<u>2,329,642</u>	<u>2,464,195</u>

6. RENTAL RELATED INCOME

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Interest income from tenants	2,371	919
Promotional levy income	12,806	12,614
Sundry income	14,120	17,295
	<u>29,297</u>	<u>30,828</u>

7. PROPERTY OPERATING EXPENSES

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Allowance for credit loss on trade receivables	5,593	2,987
Building management expenses	341,062	323,642
Car park operating expenses	11,428	11,317
Government rent and rates	92,387	93,842
Legal cost and stamp duty	2,613	1,989
Other operating expenses	12,253	4,523
Promotion expenses	20,796	17,900
Property and lease management service fee	71,886	75,173
Property miscellaneous expenses	4,324	3,898
Rental commission	23,171	29,252
Repairs and maintenance	9,204	7,675
	<u>594,717</u>	<u>572,198</u>

8. OTHER INCOME

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Bank interest income	10,746	1,521
Bond interest income	11,701	78,526
Dividend income	3,963	1,971
	<u>26,410</u>	<u>82,018</u>

9. 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 each of the six months ended 30 June 2022 and 31 December 2022, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2022 and 31 December 2022 as remuneration.

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Manager's fee:		
In the form of units	123,207	132,999
In the form of cash	123,207	133,000
	<u>246,414</u>	<u>265,999</u>

Based on the election results on 30 November 2012, the Manager continued to receive 50% of the Manager's fee for each of the six months ended 30 June and 31 December 2022 arising from the properties currently owned by Champion REIT in the form of units calculated based on the issue price per unit as determined in accordance with the Trust Deed, and the balance of 50% in the form of cash.

10. FINANCE COSTS

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Finance costs represent:		
Interest expense on bank borrowings	189,810	168,555
Interest expense on medium term notes	249,955	256,387
Other borrowing costs	7,757	6,394
	<u>447,522</u>	<u>431,336</u>

11. LOSS BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Loss before tax and distribution to unitholders has been arrived at after charging (crediting):		
Auditors' remuneration	2,700	2,641
Trustee's remuneration	8,459	10,131
Principal valuer's fee	268	230
Other professional fees and charges	4,611	8,882
Roadshow and public relations expenses	1,365	1,036
Bank charges	7,366	1,009
Exchange difference	9,447	(770)
Share of tax of a joint venture (included in the share of results of a joint venture)	12,395	3,015
	<u>12,395</u>	<u>3,015</u>

12. INCOME TAXES

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Hong Kong Profits Tax:		
Current tax		
- Current year	191,882	218,274
- Overprovision in prior years	(870)	(527)
	<u>191,012</u>	<u>217,747</u>
Deferred tax		
- Current year	34,430	38,234
	<u>34,430</u>	<u>38,234</u>
	<u>225,442</u>	<u>255,981</u>

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

13. BASIC LOSS PER UNIT

The calculation of the basic loss per unit before distribution to unitholders is based on the loss for the year before distribution to unitholders of HK\$749,324,000 (2021: HK\$831,364,000) with the weighted average number of units of 5,962,669,579 (2021: 5,928,356,240) in issue during the year, taking into account the units issuable as Manager's fee for its service for each of the year ended 31 December 2022 and 2021.

There were no dilutive potential units in issue during the years ended 31 December 2022 and 2021, therefore the diluted loss per unit has not been presented.

14. INTERESTS IN A JOINT VENTURE

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

The summarised financial information below represents amounts shown in Athene Investment's financial statements prepared in accordance with International Financial Reporting Standards.

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Net property income	84,655	72,772
Investment properties	<u>1,972,960</u>	<u>2,568,710</u>

15. TRADE AND OTHER RECEIVABLES

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Trade receivables	60,463	59,734
Less: Allowance for credit loss	<u>(6,487)</u>	<u>(2,987)</u>
	<u>53,976</u>	<u>56,747</u>
Deferred rent receivables	<u>93,453</u>	<u>142,369</u>
Deposits, prepayments and other receivables	89,526	88,532
Less: Allowance for credit loss	<u>(3,834)</u>	<u>(1,779)</u>
	<u>85,692</u>	<u>86,753</u>
	<u>233,121</u>	<u>285,869</u>

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.

15. TRADE AND OTHER RECEIVABLES - continued

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:

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
0 - 3 months	20,818	17,754
3 - 6 months	8,598	2,308
Over 6 months	24,560	36,685
	<u>53,976</u>	<u>56,747</u>

16. TRADE AND OTHER PAYABLES

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Trade payables	151,720	187,771
Rental received in advance	27,726	49,014
Other payables and accruals	279,591	304,789
Accrued stamp duty	963,475	963,475
	<u>1,422,512</u>	<u>1,505,049</u>

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

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
0 - 3 months	<u>151,720</u>	<u>187,771</u>

17. ISSUED UNITS

	<u>Number of units</u>	HK\$'000
Balance at 1 January 2021	5,906,142,701	24,709,151
Payment of Manager's fee through issuance of new units during the year (note (i))	<u>30,936,897</u>	<u>137,773</u>
Balance at 31 December 2021	5,937,079,598	24,846,924
Payment of Manager's fee through issuance of new units during the year (note (i))	<u>36,595,992</u>	<u>127,754</u>
Balance at 31 December 2022	<u>5,973,675,590</u>	<u>24,974,678</u>

17. ISSUED UNITS – continued

Note:

(i) Details of units issued during the year as payment of Manager's fee are as follows:

<u>Issue date</u>	<u>Payment of the Manager's fees for the period</u>	<u>Issue price per unit determined based on the Trust Deed</u> HK\$	<u>Number of units issued</u>	<u>Aggregate issue price</u> HK\$'000
In 2022				
8 March 2022	1.7.2021 to 31.12.2021	3.582	17,976,943	64,393
5 September 2022	1.1.2022 to 30.6.2022	3.403	18,619,049	63,361
			<u>36,595,992</u>	<u>127,754</u>
In 2021				
5 March 2021	1.7.2020 to 31.12.2020	4.518	15,309,022	69,166
25 August 2021	1.1.2021 to 30.6.2021	4.390	15,627,875	68,607
			<u>30,936,897</u>	<u>137,773</u>

18. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 31 December 2022 of HK\$47,227,767,000 (2021: HK\$48,962,619,000) by the number of units in issue of 5,973,675,590 as at 31 December 2022 (2021: 5,937,079,598).

19. NET CURRENT LIABILITIES

At 31 December 2022, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$5,870,962,000 (2021: HK\$2,970,858,000).

20. TOTAL ASSETS LESS CURRENT LIABILITIES

At 31 December 2022, the Group's total assets less current liabilities amounted to HK\$58,287,404,000 (2021: HK\$62,954,924,000).

21. CAPITAL COMMITMENT

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the consolidated financial statements	<u>46,274</u>	<u>45,083</u>