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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

## **2023 INTERIM RESULTS ANNOUNCEMENT**

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

## INTERIM RESULTS

The board of directors (“Board”) of Eagle Asset Management (CP) Limited (“REIT Manager”) as manager of Champion Real Estate Investment Trust (“Champion REIT” or “Trust”) is pleased to announce financial results of the Trust for the six months ended 30 June 2023 (“Period”).

## FINANCIAL HIGHLIGHTS

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

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

<sup>1</sup> 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 full reopening with mainland China and a new round of the government's Consumption Voucher Scheme helped revive the Hong Kong retail market in the first half of 2023. While a return of tourists boosted the footfall and tenants' sales, the number of arrivals was still below pre-pandemic levels. Due to geopolitical tensions and softening global economy, the Hong Kong office market remained challenging in the first half. The high interest rate environment in 2023 has increased markedly the interest debt charges. Results of the Trust continued to be impacted by the leases committed during the pandemic. Distributable income declined by 12.3% to HK\$617 million (2022: HK\$704 million) and distribution per unit ("DPU") dropped by 12.6% to HK\$0.0927 (2022: HK\$0.1061).

The rebound in retail sales contributed to the growth in rental income of Langham Place Mall, but it was not sufficient to compensate for the soft leasing momentum of the office market. The negative rental reversion of the office portfolio kept on having a lingering effect on the income side. Total rental income of the Trust dropped by 2.4% to HK\$1,168 million (2022: HK\$1,196 million). Net property operating expenses went up to HK\$173 million (2022: HK\$152 million) mainly due to higher net building management expenses, higher other operating expenses as well as higher promotion expenses. As a result, the net operating expenses ratio of the Trust rose to 14.8% (2022: 12.7%). Net property income decreased by 4.7% to HK\$995 million (2022: HK\$1,044 million). Share of results of a joint venture recorded a loss of HK\$6 million (2022: profit of HK\$38 million) primarily due to the revaluation loss of the minority-owned property 66 Shoe Lane in London. Share of net property income of the property amounted to HK\$12 million (2022: HK\$12 million).

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

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

## OPERATIONAL REVIEW

### Three Garden Road

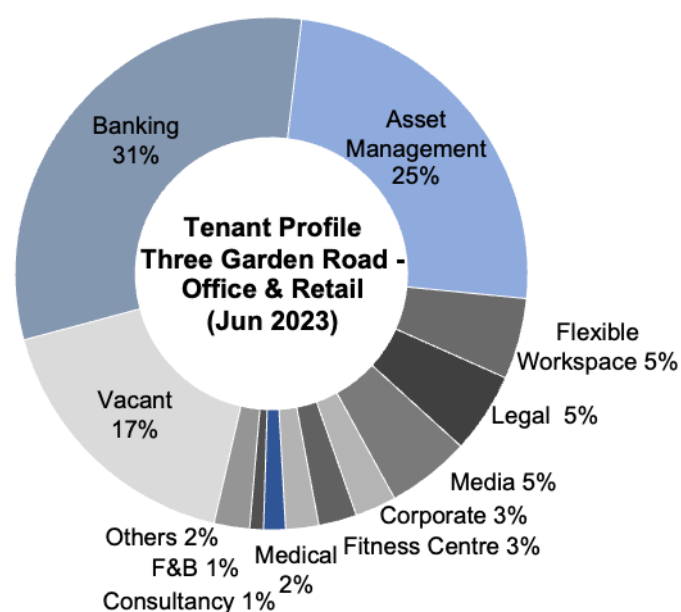
	6 Months Ended 30 Jun 2023	6 Months Ended 30 Jun 2022	Change
	HK\$'000	HK\$'000	
Rental Income	627,161	689,148	- 9.0%
Net Property Operating Expenses	71,687	68,816	+ 4.2%
Net Property Income	555,474	620,332	- 10.5%

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

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

Ongoing asset enhancement is essential to maintain the competitive edge of the property, given the abundant supply and rising expectations for better amenities and sustainable features of office occupiers. To this end, we completed the lift modernisation project at Three Garden Road to improve efficiency during the reporting period.

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



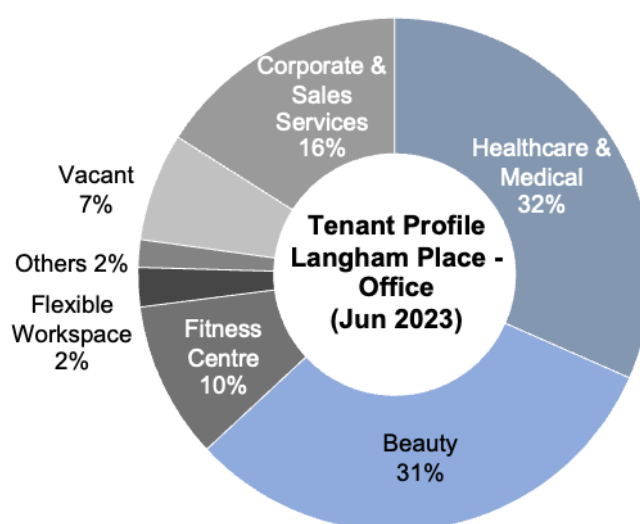
## Langham Place Office Tower

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

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

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

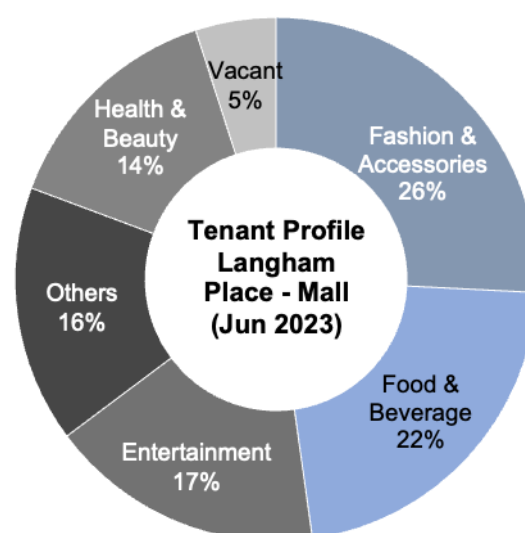
Net property operating expenses went up to HK\$21 million (2022: HK\$17 million) mainly due to higher rental commission resulting from a higher number of expiring leases, as well as increase in other operating expenses. Net property income decreased 7.0% to HK\$153 million (2022: HK\$164 million).



## Langham Place Mall

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

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



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

To capture the return of tourists and ride on the release of the consumption voucher scheme in April, a series of promotional activities were activated to boost sales and footfall. For instance, a joint promotion with a bank was developed to stimulate sales and also exclusive shopping vouchers were offered to tourists. Langham Beauty also opened a Xiaohongshu account, targeting mainland tourists. New tenants ranging from the food and beverage, lifestyle to fashion categories were introduced to the mall to provide variety for patrons.

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

## **OUTLOOK**

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

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

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

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

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

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

## **SUSTAINABILITY**

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



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

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

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

## VALUATION OF PROPERTIES

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

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

As at 30 June 2023, the appraised value of the Trust’s property portfolio was HK\$63.1 billion, 0.7% lower than HK\$63.6 billion as at 31 December 2022. The decrease was mainly due to lower rental assumptions for all the properties. The capitalisation rates used to value Three Garden Road, Langham Place Office and Langham Place Mall remained unchanged at 3.7%, 4.1% and 4.0% respectively.



## FINANCIAL REVIEW

### DISTRIBUTIONS

The distribution amount of Champion REIT for the six months ended 30 June 2023 was HK\$555 million (2022: HK\$634 million), calculated as 90% of Champion REIT's total available distributable income of HK\$617 million (2022: HK\$704 million).

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

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

### CLOSURE OF REGISTER OF UNITHOLDERS

The Register of Unitholders will be closed from Tuesday, 19 September 2023 to Friday, 22 September 2023 ("Record Date"), both days inclusive, during which period no transfer of Units will be effected. The payment of the distribution for the six months ended 30 June 2023 will be made on Friday, 6 October 2023 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the distribution for the six months ended 30 June 2023, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged with Champion REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30pm on Monday, 18 September 2023.

### PROACTIVE LIABILITY MANAGEMENT

#### Outstanding Debt Facilities <sup>(1)</sup>

As at 30 June 2023  
(HK\$ million)

	Fixed rate debt	Floating rate debt	Utilised facilities
Unsecured bank loans <sup>(3)</sup>	3,900	6,642	10,542
Medium Term Notes <sup>(4)</sup>	4,045	-	4,045
<b>Total</b>	<b>7,945</b>	<b>6,642</b>	<b>14,587</b>
%	54.5%	45.5%	100.0%

(1) All amounts are stated at face value

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

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

- (4) (i) The Group entered into cross currency swaps contracts of notional amount of US\$300 million at an average rate of HK\$7.8176 to US\$1.00 to mitigate exposure to fluctuations in exchange rate and interest rate of US dollars;
- (ii) Equivalence of HK\$2,345 million (after accounting for cross currency swaps) were US dollars notes

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

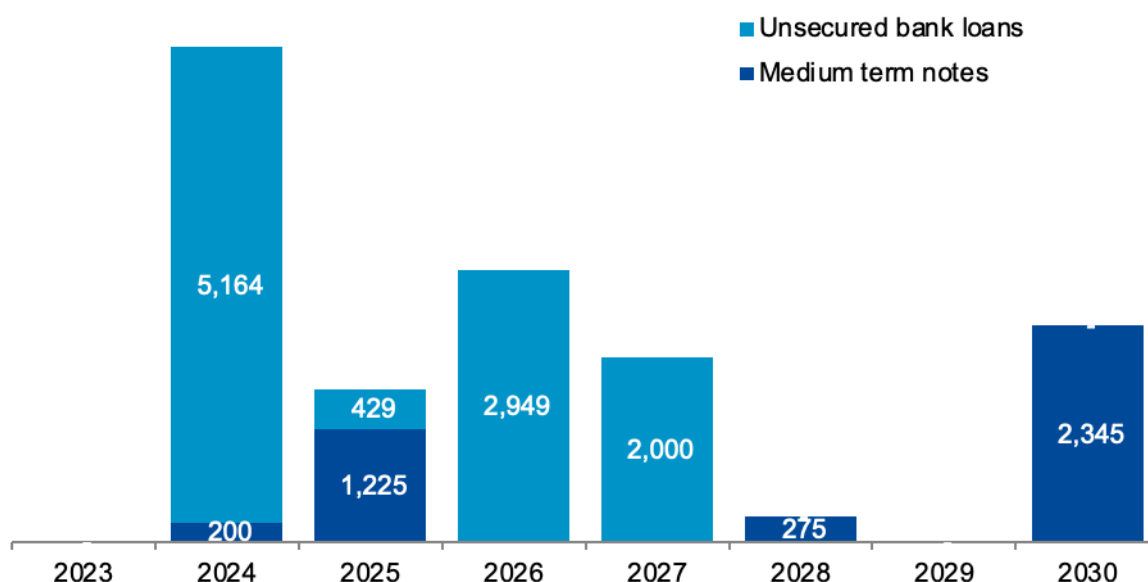
As of 30 June 2023, the Trust's fixed-rate debt proportion stood at 54.5%. Upon the expiration of the interest rate swaps with a notional amount of HK\$2,900 million in June 2024, the proportion of fixed-rate debt of the Trust is anticipated to decline. Given the current high interest rate environment,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

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

#### Outstanding debt maturity profile<sup>(1)</sup>

As at 30 June 2023

(HK\$ million)



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

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

## **LIQUIDITY POSITION**

The Manager is now negotiating with banks to refinance existing unsecured term loans of the Trust which are due within one year. As at 30 June 2023, the Trust had cash and deposits of HK\$894 million and committed debt facilities of HK\$2,858 million undrawn, the Trust has sufficient liquid assets to satisfy its working capital and operating requirements.

## **NET ASSET VALUE PER UNIT**

The Net Asset Value per Unit as at 30 June 2023 was HK\$7.81 (31 December 2022: HK\$7.91). It represented a 175.0% premium to the closing unit price of HK\$2.84 as at 30 June 2023.

## **COMMITMENTS**

As at 30 June 2023, the Trust had authorised capital expenditure for improvement works of investment properties which was contracted for but not provided in the condensed consolidated financial statements amounting to HK\$69 million.

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

## **NEW UNITS ISSUED**

On 13 March 2023, 17,006,654 new Units were issued to the REIT Manager at the price of HK\$3.519 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 50% of the Manager's Fee of approximately HK\$60 million for the second half of 2022.

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

## **REAL ESTATE SALE AND PURCHASE**

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

## RELEVANT INVESTMENTS

The full investment portfolio of the Relevant Investments<sup>1</sup> of Champion REIT as at 31 July 2023 is set out below:

As at 31 July 2023	Type	Primary Listing	Country of Issuer	Currency	Total Cost <sup>2</sup> (HK\$ '000)	Mark-to-market Value <sup>2</sup> (HK\$ '000)	Weighting of GAV <sup>3</sup> (%)	Credit Rating (S&P's/Moody's/ Fitch's)
NANFUN 4 ½ 05/29/24 EMTN	Bond	Singapore Exchange	British Virgin Islands	USD	56,602	52,786	0.0816%	BBB- / Baa3 / -
CAPG 6.35 02/08/24	Bond	Singapore Exchange	Cayman Islands	USD	38,747	2,200	0.0034%	- / - / -
CIFIHG 5.95 10/20/25	Bond	Hong Kong Exchange	Cayman Islands	USD	46,493	4,035	0.0062%	- / - / -
SHUION 5 ¼ 11/12/23	Bond	Singapore Exchange	Cayman Islands	USD	33,282	35,481	0.0548%	- / - / -
HKE 2 ¾ 05/03/26	Bond	Hong Kong Exchange	British Virgin Islands	USD	7,758	7,304	0.0113%	A- / - / -
CKHH 1 ½ 04/15/26	Bond	Singapore Exchange	Cayman Islands	USD	14,530	14,063	0.0217%	A / A2 / A-
SWIPRO 3 ¾ 01/13/26	Bond	Hong Kong Exchange	Hong Kong	USD	23,526	22,391	0.0346%	- / A2 / A
MOLAND 7 12/30/23	Bond	Singapore Exchange	Cayman Islands	USD	1,247	87	0.0001%	- / - / -
MOLAND 9 12/30/27	Bond	Singapore Exchange	Cayman Islands	USD	2,495	178	0.0003%	- / - / -
EC Healthcare (Stock Code: 2138.HK)	Equity	Hong Kong Exchange	Cayman Islands	HKD	25,250	27,832	0.0430%	N/A
AIA (Stock Code: 1299.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,413	11,223	0.0173%	N/A
CCB (Stock Code: 939.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,468	9,287	0.0144%	N/A
ICBC (Stock Code: 1398.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,831	9,880	0.0153%	N/A
HKEX (Stock Code: 388.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,390	10,100	0.0156%	N/A
HSBC Holdings (Stock Code: 5.HK)	Equity	Hong Kong Exchange	England	HKD	19,928	26,210	0.0405%	N/A
<b>Total</b>					<b>315,961</b>	<b>233,055</b>	<b>0.3601%<sup>4</sup></b>	

- Notes: (1) The financial instruments permissible from time-to-time under the REIT Code for Champion REIT to invest in, including (without limitation): (i) securities listed on the Stock Exchange or other internationally recognised stock exchanges; (ii) unlisted debt securities; (iii) government and other public securities; and (iv) local or overseas property funds (as defined in 7.2B of the REIT Code).
- (2) All figures presented above have been rounded to the nearest thousand.
- (3) The weighting of 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.

## **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 placing a strong emphasis on accountability to all Unitholders, revolving conflicts of interests, transparent reporting, compliance with relevant regulations and maintaining sound operating and investing procedures. To ensure effective implementation of this framework, the REIT Manager has established a comprehensive set of compliance procedures and guidelines (“Compliance Manual”) that outline the key processes, systems and measures.

During the Period, 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 Securities and Futures Ordinance and the applicable provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) applicable to Champion REIT.

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

## **BUY-BACK, SALE OR REDEMPTION OF UNITS**

A general mandate for buy-back of Units in the open market was given by Unitholders at the annual general meeting held on 25 May 2023. During the Period, neither the REIT Manager nor any of Champion REIT’s special purpose vehicles had bought back, sold or redeemed any Units pursuant to this mandate.

## **PUBLIC FLOAT**

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

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the Period were prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and have been reviewed by the Disclosures Committee and the Audit Committee of the REIT Manager, and by the Trust’s external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## **ISSUANCE OF INTERIM REPORT**

The Interim Report of Champion REIT for the Period will be despatched to Unitholders and published on the websites of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and Champion REIT ([www.ChampionReit.com](http://www.ChampionReit.com)) in the mid of September 2023.

## 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; one Executive Director, namely Ms Hau Shun, Christina (*Chief Executive Officer*) and four Independent Non-executive Directors, namely Professor Chan Ka Keung, Ceajer, 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, 18 August 2023

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

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



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2023

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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**1. GENERAL**

Champion Real Estate Investment Trust ("Champion REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units are listed on The Stock Exchange of Hong Kong Limited. Champion REIT is governed by the deed of trust dated 26 April 2006, the First Amending and Restating Deed dated 21 April 2021 and the Supplemental Deed as amended from time to time (the "Trust Deed"), entered into between Eagle Asset Management (CP) Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission of Hong Kong.

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

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

**2. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants and the relevant disclosure requirements set out in Appendix C of the REIT Code.

At 30 June 2023, the Group's net current liabilities amounted to HK\$9,585,518,000. Management reviews the Group's financial position and is now negotiating with banks to refinance existing unsecured term loans which are due within one year. The Manager is of the opinion that, taking into account of the fair value of investment properties available to pledge for new financing if needed, presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed and presented in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

#### ***Application of amendments to HKFRSs***

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

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

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

#### 4. SEGMENT INFORMATION

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

##### Segment revenue and results

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

##### For the six months ended 30 June 2023

	<b>Three Garden Road HK\$'000 (unaudited)</b>	<b>Langham Place Office Tower HK\$'000 (unaudited)</b>	<b>Langham Place Mall HK\$'000 (unaudited)</b>	<b>Consolidated HK\$'000 (unaudited)</b>
<b>Segment revenue</b>	<b><u>696,107</u></b>	<b><u>199,081</u></b>	<b><u>404,316</u></b>	<b><u>1,299,504</u></b>
<b>Segment results - Net property income</b>	<b><u>555,474</u></b>	<b><u>152,765</u></b>	<b><u>286,818</u></b>	<b><u>995,057</u></b>
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)
<b>Profit before tax and distribution to unitholders</b>				<b><u>168,578</u></b>
Income taxes				(101,912)
<b>Profit for the period, before distribution to unitholders</b>				<b><u>66,666</u></b>
Distribution to unitholders				(555,423)
<b>Loss for the period, after distribution to unitholders</b>				<b><u>(488,757)</u></b>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>				
(Decrease) increase in fair value of investment properties	<b><u>(391,200)</u></b>	<b><u>(48,000)</u></b>	<b><u>10,500</u></b>	<b><u>(428,700)</u></b>

#### 4. SEGMENT INFORMATION - continued

##### Segment revenue and results - continued

##### For the six months ended 30 June 2022

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

##### Other segment information

##### Segment assets and liabilities

For the purpose of performance assessment, the fair values of investment properties are reviewed by the CODM. As at 30 June 2023, the fair values of Three Garden Road, Langham Place Office Tower and Langham Place Mall were HK\$38,550,800,000 (31 December 2022: HK\$38,942,000,000), HK\$8,766,000,000 (31 December 2022: HK\$8,814,000,000) and HK\$15,809,500,000 (31 December 2022: HK\$15,799,000,000), respectively.

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

##### Information about major tenants

There was a tenant whose revenue contributed over 10% of the total revenue of the Group for the six months ended 30 June 2023 (30 June 2022: one).

## 5. RENTAL INCOME

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

## 6. PROPERTY OPERATING EXPENSES

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

## 7. OTHER INCOME

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



## 8. MANAGER'S FEE

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Manager's fee:</b>		
In the form of units	60,397	63,360
In the form of cash	60,397	63,361
	<u>120,794</u>	<u>126,721</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 2023 and 2022 arising from the properties currently owned by Champion REIT in the form of units calculated based on the issue price per unit as determined in accordance with the Trust Deed, and the balance of 50% in the form of cash.

## 9. FINANCE COSTS

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

## 10. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

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

## 11. INCOME TAXES

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Hong Kong Profits Tax:</b>		
Current tax		
- Current year	60,940	87,061
Deferred tax		
- Current year	<u>40,972</u>	<u>38,640</u>
	<b><u>101,912</u></b>	<b><u>125,701</u></b>

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

## 12. TOTAL DISTRIBUTABLE INCOME

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

### 13. DISTRIBUTION STATEMENT

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

Notes:

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

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

### 14. BASIC PROFIT PER UNIT

The basic profit per unit during the six months ended 30 June 2023 is calculated by dividing the profit for the period before distribution to unitholders of HK\$66,666,000 (2022: HK\$56,047,000) by the weighted average number of units of 5,994,550,439 (2022: 5,957,578,866) in issue during the period, taking into account the units issuable as manager's fee for its service for each of the six months ended 30 June 2023 and 2022.

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

## 15. INTERESTS IN A JOINT VENTURE

The Group's interest in a joint venture amounting to HK\$252,281,000 as at 30 June 2023 (31 December 2022: HK\$238,974,000) are accounted for using the equity method in the condensed consolidated financial statements.

Material information regarding the joint venture are as follows:

	Six months ended 30 June <u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
The Group's share of net property income	<u>11,559</u>	<u>11,623</u>
	At 30 June <u>2023</u> HK\$'000 (unaudited)	At 31 December <u>2022</u> HK\$'000 (audited)
The Group's share of investment properties carried at fair value	<u>536,730</u>	<u>532,699</u>

## 16. TRADE AND OTHER RECEIVABLES

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

## 16. 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:

	At 30 June <u>2023</u> HK\$'000 (unaudited)	At 31 December <u>2022</u> HK\$'000 (audited)
0 - 3 months	13,601	20,818
3 - 6 months	1,210	8,598
Over 6 months	22,215	24,560
	<u><b>37,026</b></u>	<u><b>53,976</b></u>

## 17. TRADE AND OTHER PAYABLES

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

Note: As at 30 June 2023, manager's fee payable of HK\$120,794,000 (31 December 2022: HK\$119,693,000) is included in other payables and accruals.

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

	At 30 June <u>2023</u> HK\$'000 (unaudited)	At 31 December <u>2022</u> HK\$'000 (audited)
0 - 3 months	<u>126,905</u>	<u>151,720</u>

**18. NUMBER OF UNITS IN ISSUE**

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

On 13 March 2023, 17,006,654 units at HK\$3.519 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2022 to 31 December 2022.

**19. NET ASSET VALUE PER UNIT**

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 30 June 2023 of HK\$46,773,188,000 (31 December 2022: HK\$47,227,767,000) by the number of units in issue of 5,990,682,244 units as at 30 June 2023 (31 December 2022: 5,973,675,590 units).

**20. NET CURRENT LIABILITIES**

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

**21. TOTAL ASSETS LESS CURRENT LIABILITIES**

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

**22. CAPITAL COMMITMENT**

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