



## CAPITALAND RETAIL CHINA TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 23 October 2006 (as amended))

### ANNOUNCEMENT

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#### JOINT ACQUISITION OF 100% INTEREST IN SPECIAL PURPOSE COMPANY WHICH HOLDS ROCK SQUARE, GUANGZHOU, CHINA

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#### 1. INTRODUCTION

##### 1.1 Proposed Transaction

CapitaLand Retail China Trust Management Limited, as manager of CapitaLand Retail China Trust (“**CRCT**”, and the manager of CRCT, the “**Manager**”), is pleased to announce that CRCT (through its wholly owned subsidiary, Gold Rock Investment Pte. Ltd. (“**CRCT SPV**”)) and CapitaLand Limited (“**CL**”) (through its wholly owned subsidiary, Gold Ruby Pte. Ltd. (“**CL SPV**” and, together with CRCT SPV, the “**Purchasers**”)), have on 28 November 2017 entered into a conditional put and call option agreement (the “**Put and Call Option Agreement**”) with two third party vendors (the “**Vendors**”) pursuant to which (i) the Vendors have granted the Purchasers a call option (the “**Call Option**”) over all the issued shares of Gold Yield Pte. Ltd. (the “**Target Company**” and all the issued shares of the Target Company to be acquired, the “**Sale Shares**”) and (ii) the Purchasers have granted the Vendors a put option (the “**Put Option**”) over the Sale Shares. CRCT SPV and CL SPV will acquire 51.0% and 49.0% of the Sale Shares respectively (the “**Agreed Proportion**”). The Target Company holds the entire equity interest of Guangzhou Starshine Properties Co., Ltd, a company incorporated in the People’s Republic of China (“**PRC**”, and the wholly owned subsidiary of the Target Company, the “**PRC Company**”), which in turn holds Rock Square, Guangzhou, China (the “**Property**” and the acquisition of the Sale Shares, the “**Acquisition**”).

Each of the Vendors is not an “interested person” of CRCT for the purposes of the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and not an “interested party” of CRCT for the purposes of Appendix 6 to the Code of Collective Investment Schemes (the “**Property Funds Appendix**”).

In connection with the Acquisition, CRCT SPV and CL SPV (in such capacity, as “**JV Partners**”) have on 28 November 2017 entered into a joint venture agreement (“**JV Agreement**”) to regulate their relationship *inter se* in relation to the management of the Target Company and the PRC Company (the Target Company and the PRC Company shall collectively be referred to as the “**Target Companies**”).

## 1.2 Information on the Property

The Property is located in Guangzhou City, the capital and most populous city of the province of Guangdong in southern China.

Opened in 2013, the Property is the largest mall in Jiangnanxi, an established retail cluster located in Guangzhou's Haizhu District. It has a total gross floor area ("GFA") of 88,279 square metres ("sq m"), comprising 83,591 sq m of gross retail area ("GRA") and 4,688 sq m of carpark area. Easily accessible by public and private transport, the mall is only one kilometre away from Guangzhou Inner Ring Road, the major road serving the city centre.

Surrounded by densely populated residential estates, the Property serves a catchment population of about 800,000 residents from middle- and high-income households within a three kilometre radius. It is directly connected to Shayuan metro station, which serves Line 8 that links Guangzhou's eastern and western areas, and Guangfo Line that connects Guangzhou with Foshan. The planned extension of Line 8 and Guangfo Line in 2019 is expected to further increase the Property's catchment.

Positioned as a modern and trendy retail destination offering a wide range of fashion, F&B, children-oriented and entertainment options, the Property houses well-known international brands such as AEON, UNIQLO, ZARA and Victoria's Secret. Its diverse offerings draw a healthy annual footfall of about 24 million. As at June 2017, the mall was 96.4% committed.

Haizhu District, where the Property is located, is Guangzhou's second most populous urban district that also ranks high in terms of disposable income per capita<sup>1</sup>. Fast evolving into a popular residential area for Guangzhou's new affluent class, Haizhu District is home to the Creative Industry Zone (where leading technology firms such as Tencent are based), the city's landmark Canton Tower and tertiary institution Sun Yat-sen University.

The key property information is summarised below:

Address	No. 106-108 Gongye Avenue North, Haizhu District, Guangzhou City, Guangdong Province
Description	A five-storey shopping mall with three levels above ground and two basement levels
Opening date	July 2013
Site area	43,288 sq m
Gross retail area	83,591 sq m
Net lettable area ("NLA") <sup>(1)</sup>	53,107 sq m
Number of car park spaces	600
Number of leases <sup>(1)</sup>	159
Committed occupancy <sup>(1)</sup>	96.4%

<sup>1</sup> Source: Guangzhou Bureau of Statistics, 2016.

Key tenants	AEON, UNIQLO, ZARA, Pull & Bear, Victoria's Secret, Innisfree
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**Note:**

(1) As at June 2017.

### 1.3 Relationship between the JV Partners

As at the date of this announcement and based on information available to the Manager, CL is deemed to have an interest in 355,226,968 units in CRCT (“Units”)<sup>2</sup>, equivalent to approximately 39.39% of the total number of Units in issue. Consequently, CL is regarded as a “controlling Unitholder” of CRCT under the Listing Manual. In addition, the Manager is an indirect wholly owned subsidiary of CL. CL is therefore regarded as a “controlling shareholder” of the Manager under the Listing Manual.

Accordingly, for the purposes of Chapter 9 of the Listing Manual, the CL SPV (being a subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager) is an “interested person” of CRCT. Therefore, the entry into the JV Agreement with CL SPV will constitute an “interested person transaction” under Chapter 9 of the Listing Manual. The value of the investment by the CRCT SPV into the Target Company, as the joint venture entity (the “JV Entity”) (being the Equity Consideration (as defined herein)), when aggregated with the existing interested person transactions with CL and its associates for the current financial year would exceed 5.0% of the net tangible assets (“NTA”) of CRCT and, accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transactions. However, the entry into the JV Agreement falls within the exception under Rule 916(2) of the Listing Manual and, accordingly, the approval of the unitholders of CRCT (“Unitholders”) for the entry into the JV Agreement is not required.

## 2. PRINCIPAL TERMS AND CONDITIONS OF THE JV AGREEMENT AND THE ACQUISITION

### 2.1 Purchase Consideration and Valuation

The aggregate purchase consideration (the “Purchase Consideration”) in connection with the Acquisition comprises:

- (i) **Equity Consideration** – based on the adjusted aggregated net asset value (“NAV”) of the Target Companies as at the date of completion of the Acquisition (“Completion”, and the date of Completion, the “Completion Date”); and
- (ii) **Loan Settlement Amount** – based on the outstanding principal amount of an existing onshore bank loan owing by the PRC Company at Completion (the “Onshore Loan”). This amount will be injected into the PRC Company through Entrustment Loans (as defined herein) for the settlement of the Onshore Loan.

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<sup>2</sup> CL is deemed to have an interest in the unitholdings of HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitalLand Mall Trust (the “Trustee”), and its indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager.

The estimated Purchase Consideration payable is approximately RMB3,360.7 million<sup>3</sup> (approximately S\$688.9 million<sup>4</sup>).

The Equity Consideration was negotiated on a willing-buyer and willing-seller basis based on the adjusted aggregated NAV of the Target Companies, the assets of which consist of (but are not limited to) the Property with an agreed value of RMB3,340.7 million (approximately S\$684.8 million) (the “**Agreed Property Value**”), taking into account the independent valuation of the Property of RMB3,360.0 million (approximately S\$688.8 million).

CL, the Manager and the Trustee have commissioned an independent property valuer, Savills Valuation & Professional Services (S) Pte Ltd (the “**Independent Valuer**”), to value the Property. The open market value of the Property as at 3 November 2017 is RMB3,360.0 million as stated in the valuation report of the Independent Valuer. The methods used by the Independent Valuer were the discounted cash flow method and the capitalisation method. The Agreed Property Value is at a discount of 0.6% to the valuation.

## **2.2 Estimated Total Acquisition Cost**

The total cost of the Acquisition (the “**Total Acquisition Cost**”) is approximately RMB3,377.7 million (approximately S\$692.4 million), of which RMB1,722.6 million (approximately S\$353.1 million) is payable by CRCT based on the Agreed Proportion, subject to closing adjustments, comprising:

- (i) 51.0% of the Purchase Consideration, being RMB1,713.9 million (approximately S\$351.3 million); and
- (ii) 51.0% of the estimated professional and other acquisition-related expenses, being RMB8.7 (approximately S\$1.8 million),

plus an acquisition fee of approximately S\$3.5 million (the “**Acquisition Fee**”) payable in cash and/or Units to the Manager.

## **2.3 Principal Terms and Conditions of the Put and Call Option Agreement**

The Put and Call Option Agreement contains customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the Vendors’ liabilities and other commercial terms.

### **2.3.1 Call Option and Put Option**

Under the terms of the Put and Call Option Agreement:

- (i) pursuant to the Call Option, the Purchasers have the right to require the Vendors to sell to the Purchasers all (and not some only) of the Sale Shares, on the terms and subject to the conditions in the Put and Call Option Agreement; and

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3 Based on the pro forma adjusted aggregate NAV of the Target Companies as at 30 June 2017, which is subject to post-Completion adjustments. The actual amount of the Purchase Consideration payable to the Vendors will only be determined after the Completion Date.

4 Except where the exchange rate between the Renminbi and the Singapore dollar is expressly stated otherwise, the Renminbi amounts in this announcement have been translated into Singapore dollars based on the exchange rate of S\$1 to RMB4.87829.

- (ii) pursuant to the Put Option, the Vendors have the right to require the Purchasers to purchase from the Vendors all (and not some only) of the Sale Shares, on the terms and subject to the conditions in the Put and Call Option Agreement.

### **2.3.2 Conditions to Exercise**

The exercise of the Call Option by the Purchasers and the exercise of the Put Option by the Vendors shall, in each case, be conditional upon the following conditions (among others) having been fulfilled or waived:

- (i) each of the Vendors' warranties having been true and accurate in all respects and not untrue, inaccurate or misleading in any respect when made;
- (ii) each of the fundamental warranties being true and accurate in all respects and not untrue, inaccurate or misleading in any respect as of the Completion Date;
- (iii) each of the Vendors' warranties (other than the fundamental warranties) being true and accurate in all material respects and not untrue, inaccurate or misleading in any material respect as of the Completion Date;
- (iv) each of the Vendors' covenants and undertakings under the relevant clause of the Put and Call Option Agreement having been complied with in all material respects; and
- (v) no material property damage having occurred.

### **2.3.3 Further Terms of the Put and Call Option Agreement**

The Vendors' liabilities are subject to an aggregate maximum liability, minimum threshold claims and limitation periods under the Put and Call Option Agreement. In connection with the Acquisition, the Purchasers have in place an insurance policy under which the Purchasers (as the insured parties) may, subject to usual limitations and exclusions, recover losses from the insurer, instead of the Vendors, and which is for a period extending beyond the date by which the Vendors are expected to be dissolved<sup>5</sup>. Such policies cover losses arising from breaches of warranties and indemnity.

## **2.4 Principal Terms and Conditions of the JV Agreement**

Under the JV Agreement, the board of directors of the JV Entity shall not consist of more than four directors, initially comprising two persons appointed by the CL SPV and two persons appointed by the CRCT SPV.

The JV Agreement contains a list of reserved matters in relation to key operational and management issues affecting the JV Entity (including but not limited to the matters set out in paragraph 6.5(b) of the Property Funds Appendix), the distribution policy of the JV Entity and customary provisions governing a transfer of the shares of the JV Entity by the JV Partners.

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<sup>5</sup> The Vendors are part of a private equity fund which is approaching the end of its investment lifecycle, and is expected to be dissolved within a relatively short period after Completion.

## 2.5 Entrustment Loans

### (i) Salient Terms

Under the terms of the Put and Call Option Agreement, the Purchasers agree to, upon Completion, procure extension of entrustment loans (“**Entrustment Loans**”) to the PRC Company, in the Agreed Proportion, and on the same terms through an intermediary bank in the PRC (the “**PRC Bank**”).

The Entrustment Loans would be applied towards prepayment of the principal amount of the Onshore Loan and, as such, the aggregate principal amount of the Entrustment Loans is approximately RMB476.8<sup>6</sup> million, which is equivalent to the outstanding principal amount under the Onshore Loan at Completion. The Entrustment Loans will bear interest at the rate of 3.045%<sup>7</sup> per annum (or such other agreed rate) and have a loan tenure of up to 24 months.

The estimated total interest accrued on the Entrustment Loan is RMB29.0 million (approximately S\$5.9 million).

### (ii) Interested Person Transactions

As the PRC Company is a wholly owned subsidiary of the Target Company and the CRCT SPV will hold 51.0% of the issued share capital of the Target Company, the PRC Company would be considered an “entity at risk” of CRCT under Rule 904(2)(c) of the Listing Manual and the Entrustment Loans from the wholly owned subsidiary of CL would constitute an “interested person transaction”. In addition, as CL SPV will hold 49.0% of the issued share capital of the Target Company, the PRC Company would be considered an associate of CL and the Entrustment Loans from the wholly owned subsidiary of CRCT would also constitute an “interested person transaction”.

### (iii) Exception under Rule 916(3)

The principal amount of the Entrustment Loans extended by the wholly owned subsidiary of CRCT and the total interest payable thereon, and the total interest payable on the Entrustment Loans extended by the wholly owned subsidiary of CL, when aggregated with the Equity Consideration and the other existing interested person transactions with CL and its associates for the current financial year would exceed 5.0% of the NTA of CRCT and, accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transactions. However, as the Entrustment Loans are akin to shareholder’s loans extended by the JV Partners to the JV Entity, these will fall within the exception under Rule 916(3) of the Listing Manual, such that even if the aggregate value of all interested person transactions (including those contemplated under the Entrustment Loans) exceeds 5.0% of the latest audited NTA of CRCT, the approval of the Unitholders for the Entrustment Loans is not required.

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6 Based on the pro forma statement of the PRC Company as at 30 June 2017. The actual amount will only be determined after the Completion Date.

7 30% below the 1 year interest rate as published by The People’s Bank of China.

### **3. THE RATIONALE FOR THE ACQUISITION AND ENTRY INTO THE JV AGREEMENT**

The Manager believes that the Acquisition and entry into the JV Agreement will bring the following key benefits to Unitholders:

#### **3.1 In line with CRCT's Investment and Growth Strategy**

The Acquisition is in line with CRCT's principal investment strategy of investing in quality income-producing assets and pursuing yield-accretive acquisitions so as to deliver stable and growing distributions to Unitholders.

Following Completion, CRCT's portfolio size will increase by about 28.3% to approximately RMB15.1 billion<sup>8</sup>.

The Acquisition is also in line with the Manager's growth strategy to expand its existing portfolio of quality shopping malls with long term growth potential.

CRCT currently owns 10 shopping malls located in seven cities, across four regions in China as follows:

- (i) CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Shuangjing and CapitaMall Saihan located in northern China;
- (ii) CapitaMall Qibao and CapitaMall Wuhu located in eastern China;
- (iii) CapitaMall Minzhongleyuan and CapitaMall Erqi located in central China; and
- (iv) CapitaMall Xinnan in Western China.

The inclusion of the Property will thus increase CRCT's exposure to the high-growth city of Guangzhou.

#### **3.2 Exposure to High-Growth in Tier 1 City of Guangzhou<sup>9</sup>**

Guangzhou is the provincial capital of Guangdong Province with a population of about 14 million. In 2016, Guangzhou's gross domestic product ("GDP") grew 8.2% year-on-year to RMB1,961 billion, above the nation's GDP growth of 6.7%. Disposable income per capita reached RMB50,941, an increase of 9.0% over the previous year. Total retail sales of consumer goods exceeded RMB871 billion, reflecting a 9.0% year-on-year growth. As Guangzhou transforms into a major commercial centre, with an evolving retail scene and an increased emphasis on consumerism, further growth is expected.

#### **3.3 Value Creation through Portfolio Reconstitution Strategy**

The Acquisition marks CRCT's strategic entry into another first-tier city after Beijing and Shanghai, effectively diversifying its portfolio and enhancing resilience. With the divestment of CapitaMall Anzhen in September 2017, the move represents a progression of CRCT's portfolio reconstitution strategy whereby capital from the sale of a low growth, master-leased asset is recycled into a younger multi-tenanted mall with a diverse trade mix.

#### **3.4 Immediate DPU Accretion with Further Upside**

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<sup>8</sup> Based on a 100% interest in all of CRCT's properties as at 30 June 2017, excluding CapitaMall Anzhen which has been divested. At a 51% interest in the Property, CRCT's assets under management will increase by about 14.4%.

<sup>9</sup> Source: Guangzhou Bureau of Statistics.

The Acquisition is expected to be distribution per Unit (“DPU”) accretive on a pro forma basis, with further upside from positive rental reversion and occupancy growth is expected. Gearing is expected to be reduced from 35.4% to 33.9% following the equity fund raising. CRCT’s debt headroom is also expected to increase post-Acquisition which would provide financial flexibility for future growth.

### **3.5 Good Investment Window with Potential Upside**

With leases accounting for over half of the mall’s total rent up for renewal between 2018 and 2020, this presents an excellent entry window and opportunity to achieve rental uplift through tenant mix adjustments, unit reconfiguration and improvements to the layout. This will be supported by the mall’s existing strong base of popular international brands, which serves as a springboard for CRCT to attract more quality brands to further enhance the overall tenant mix.

### **3.6 Ability to Leverage on CL’s Experience**

The joint venture arrangement will allow CRCT to leverage on the wealth of experience and expertise of the CL team. CL is one of Asia’s largest real estate companies and its real estate and hospitality portfolio includes homes, offices, shopping malls, serviced residences and integrated developments.

CL has extensive experience and track record in managing shopping malls. The Manager believes that the synergistic benefits to be achieved through the combined experience and expertise will enhance the value of the Property and generate long term growth for Unitholders.

## **4. METHOD OF FINANCING AND FINANCIAL EFFECTS**

### **4.1 Method of Financing**

CRCT intends to finance its share of the Acquisition through a combination of existing cash, debt and equity fund raising.

### **4.2 Pro Forma Financial Effects of entry into the JV Agreement**

The entry into the JV Agreement is not expected to have any material impact on the DPU for the financial year ending 31 December 2017.

### **4.3 Pro Forma Financial Effects of the Acquisition**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the DPU, NAV per Unit and capitalisation presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of CRCT and its subsidiaries (“**CRCT Group**”) for the financial year ended 31 December 2016 (“**FY2016**”), taking into account the agreed property value as well as the following assumptions:

- (i) the repayment of the onshore bank loan via the Entrustment Loans;
- (ii) apart from existing cash and equity fund raising, bank borrowings at an assumed interest rate are used to finance the balance funding requirements; and
- (iii) an exchange rate of S\$1 to RMB4.87829 and S\$1 to US\$0.73484.

#### **4.3.1 Pro Forma DPU**



**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on CRCT's DPU for FY2016, as if the Acquisition was completed on 1 January 2016 and the CRCT Group held the Target Companies and the Property through to 31 December 2016, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition <sup>(2)</sup>
Net income (S\$'000)	106,614	112,998
Distributable income (S\$'000)	86,732	93,563
Issued Units	869,679,633 <sup>(1)</sup>	920,961,684 <sup>(4)</sup>
DPU (cents)	10.05	10.16 <sup>(3)</sup>

**Notes:**

- (1) Number of Units issued as at 31 December 2016.
- (2) Based on the annualised NPI of the Target Companies' latest management accounts for the period year ended 30 September 2017.
- (3) Based on the Target Companies' latest audited financial results for the year ended FY 2016, the pro forma DPU after the Acquisition will be 10.07 cents.
- (4) Based on the assumption that 51,282,051 Units are issued from an equity fund raising exercise.

#### 4.3.2 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on CRCT Group's NAV per Unit as at 31 December 2016, as if the Acquisition was completed on 31 December 2016, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
NAV(S\$'000)	1,431,811	1,511,811
Issued Units	869,679,633 <sup>(1)</sup>	920,961,684 <sup>(2)</sup>
NAV per Unit (S\$) <sup>(3)</sup>	1.65	1.64

**Notes:**

- (1) Number of Units issued as at 31 December 2016.
- (2) Based on the assumption that 51,282,051 Units are issued from an equity fund raising exercise.
- (3) Excluding distributable income for the period from 1 July 2016 to 31 December 2016, NAV per Unit will be S\$1.60 for both before and after the Acquisition.

#### 4.3.3 Pro Forma Capitalisation

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma capitalisation of the CRCT Group as at 31 December 2016, as if the Acquisition was completed on 31 December 2016, is as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
<u>Current</u>		

Unsecured loans and borrowings (S\$'000)	445,303	445,303
Secured loans and borrowings (S\$'000)	5,170	5,170
<b><u>Non-Current</u></b>		
Unsecured loans and borrowings (S\$'000)	475,000	655,438 <sup>(1)</sup>
Secured loans and borrowings (S\$'000)	53,773	53,773
<b>Total loans and borrowings (S\$'000)</b>	979,246	1,159,684
Unitholders' funds (S\$'000)	1,431,811	1,511,811
<b>Total Capitalisation (S\$'000)</b>	2,411,057	2,671,495

**Note:**

(1) It is assumed that the Acquisition is partly financed through long term unsecured borrowings.

## 5. AUDIT COMMITTEE STATEMENT

The Manager wishes to announce that CL does not have an existing equity interest in the JV Entity prior to the participation of CRCT in the JV Entity.

As required by Rule 916(3) of the Listing Manual, the Audit Committee has considered the Entrustment Loans and is of the view that, on the basis that the Entrustment Loans are provided by the JV Partners in the Agreed Proportion and on the same terms, the provision of the Entrustment Loans is not prejudicial to the interests of CRCT and its minority Unitholders and the risks and rewards of the JV Entity are in proportion to the equity of each JV Partner and the terms of the JV Entity are not prejudicial to the interests of CRCT and its minority Unitholders.

In relation to Rule 916(2) of the Listing Manual, the Audit Committee has also considered the JV Entity and is of the view that the risks and rewards of the JV Entity are in proportion to the equity of each JV Partner and the terms of the JV Entity are not prejudicial to the interests of CRCT and its minority Unitholders.

In relation to Rule 917(4) of the Listing Manual, the Audit Committee is of the view that the terms of the JV Entity and the Entrustment Loans are on normal commercial terms, and are not prejudicial to the interests of CRCT and its minority Unitholders.

## 6. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the value of all interested person transactions entered into between (i) CRCT and (ii) CL and its subsidiaries and associates during the course of

the current financial year is approximately S\$379.9 million (which includes the value of the Acquisition).

## **7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS**

As at the date of this announcement, certain directors of the Manager (the “**Directors**”) collectively hold an aggregate direct and indirect interest in 685,365 Units and 3,101,490 shares in CL.

The Manager is a wholly owned subsidiary of CL. Mr Lim Ming Yan is the Deputy Chairman and a Non-Executive Non-Independent Director of the Manager and a Director and the President and Group Chief Executive Officer of CL. Mr Jason Leow Juan Thong is a Non-Executive Non-Independent Director of the Manager and the Chief Executive Officer of CapitaLand Mall Asia Limited, a wholly owned subsidiary of CL. Mr Ng Kok Siong is a Non-Executive Non-Independent Director of the Manager and the Chief Corporate Development Officer of CL.

As at the date of this announcement and based on information available to the Manager, CL is deemed to have an interest in 355,226,968 Units, which is equivalent to approximately 39.39% of the total number of Units.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the Directors or the controlling Unitholders have an interest, direct or indirect, in the Target Company or the Acquisition.

## **8. OTHER INFORMATION**

### **8.1 Directors’ Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

### **8.2 Disclosure under Rule 1006 of the Listing Manual**

Chapter 10 of the Listing Manual classifies transactions by an issuer into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases of comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual:

- (i) the net profits attributable to the assets acquired, compared with the issuer’s net profits; and
- (ii) the aggregate value of the consideration given, compared with CRCT’s capitalisation.

Rule 1006(d) of the Listing Manual does not apply in relation to the Acquisition as no Units will be issued as consideration for the Acquisition.

The relative figures for the Acquisition using the applicable bases of comparison described above are set out in the table below.

Comparison of	Acquisition	CRCT Group	Relative figure (%)
Profits (S\$'000)	4.1 <sup>(1)</sup>	155.7 <sup>(2)</sup>	3%
Consideration against market capitalisation (S\$'000)	351.3 <sup>(3)</sup>	1,502.9 <sup>(4)</sup>	23%

**Notes:**

- (1) The figure is based on the unaudited management accounts for the period ended 30 September 2017 for the Target Companies.
- (2) The figure is based on the unaudited results for the period ended 30 September 2017 for the CRCT group.
- (3) The figure represents the estimated Purchase Consideration based on the pro forma statement as at 30 June 2017 of the adjusted aggregate NAV of the Target Companies, which is subject to post-completion adjustments.
- (4) The figure is based on the weighted average traded price of S\$1.6665 per Unit on the SGX-ST as at 27 November 2017, being the market day immediately preceding the date of the Put and Call Option Agreement.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Manager is of the view that the Acquisition is in the ordinary course of CRCT's business as the Acquisition is within the investment policy of CRCT and does not change the risk profile of CRCT. Accordingly, specific approval of Unitholders for the Acquisition is not required notwithstanding that the relative figure of the consideration payable under the Put and Call Option Agreement against CRCT's market capitalisation exceeds 20.0%.

### 8.3 Documents for Inspection

A copy of the valuation report of the Independent Valuer is available for inspection during normal business hours at the registered office of the Manager<sup>10</sup> at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

CapitaLand Retail China Trust Management Limited

(Registration Number: 200611176D)

As manager of CapitaLand Retail China Trust

Tan Lee Nah

Company Secretary

28 November 2017

<sup>10</sup> Prior appointment with the Manager will be appreciated. Please contact Ms Delphine Sze, Investor Relations (telephone: +65 6713 1648).

**Important Notice:**

The value of Units in CapitaLand Retail China Trust (“**Units**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, CapitaLand Retail China Trust Management Limited, as manager of CapitaLand Retail China Trust (the “**Manager**”), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CapitaLand Retail China Trust is not necessarily indicative of the future performance of CapitaLand Retail China Trust.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s view of future events.