
CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

INTRODUCTION

CapitaLand China Trust (“CLCT”) was constituted as a private trust on 23 October 2006 under a trust deed entered into between CapitaLand China Trust Management Limited (as manager of CLCT) (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (as trustee of CLCT) (the “Trustee”). CLCT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 8 December 2006.

CLCT is a Singapore-based real estate investment trust (“REIT”) established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate and real estate-related assets in mainland China, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).

As at 30 June 2023, CLCT owns and invests in a portfolio of 11 retail malls, 5 business parks and 4 logistics parks located in 12 cities in mainland China.

Retail Malls	Business Parks	Logistics Parks
1. CapitaMall Xizhimen	1. Ascendas Xinsu Portfolio	1. Shanghai Fengxian Logistics Park
2. Rock Square	2. Ascendas Innovation Towers	2. Wuhan Yangluo Logistics Park
3. CapitaMall Wangjing	3. Ascendas Innovation Hub	3. Chengdu Shuangliu Logistics Park
4. CapitaMall Grand Canyon	4. Singapore-Hangzhou Science & Technology Park (Phase I)	4. Kunshan Bacheng Logistics Park
5. CapitaMall Xuefu	5. Singapore-Hangzhou Science & Technology Park (Phase II)	
6. CapitaMall Xinnan		
7. CapitaMall Nuohemule		
8. CapitaMall Yuhuating		
9. CapitaMall Shuangjing		
10. CapitaMall Aidemengdun		
11. CapitaMall Qibao		

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CapitaLand China Trust and its Subsidiaries

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

Condensed Interim Financial Statements
For the six-month period ended 30 June 2023

1(a) Condensed Interim Statements of Financial Position
As at 30 June 2023

	Note	Group		Trust	
		30 Jun 2023 \$'000	31 Dec 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Non-current assets					
Investment properties	3	4,858,241	4,909,377	-	-
Plant and equipment		2,589	2,979	-	-
Subsidiaries		-	-	2,908,593	2,941,302
Financial derivatives		38,562	41,559	38,562	41,559
Other receivables		1,159	1,204	-	-
		<u>4,900,551</u>	<u>4,955,119</u>	<u>2,947,155</u>	<u>2,982,861</u>
Current assets					
Non-trade amounts due from subsidiaries		-	-	1,851	4,390
Financial derivatives		2,725	2,805	2,725	2,805
Trade and other receivables		23,562	37,134	346	173
Cash and cash equivalents		252,691	231,048	4,070	2,157
		<u>278,978</u>	<u>270,987</u>	<u>8,992</u>	<u>9,525</u>
Total assets		<u>5,179,529</u>	<u>5,226,106</u>	<u>2,956,147</u>	<u>2,992,386</u>
Current liabilities					
Trade and other payables		119,789	130,671	41,730	42,655
Security deposits		49,999	49,161	-	-
Interest-bearing borrowings	4	112,047	326,140	99,918	283,765
Lease liabilities		2,621	4,997	-	-
Provision for taxation		10,426	6,472	-	-
		<u>294,882</u>	<u>517,441</u>	<u>141,648</u>	<u>326,420</u>
Non-current liabilities					
Financial derivatives		19	825	19	825
Other payables		6,901	6,969	-	-
Security deposits		52,033	57,020	-	-
Interest-bearing borrowings	4	1,852,831	1,619,800	1,615,835	1,405,048
Lease liabilities		20	138	-	-
Deferred tax liabilities		351,617	340,871	-	-
		<u>2,263,421</u>	<u>2,025,623</u>	<u>1,615,854</u>	<u>1,405,873</u>
Total liabilities		<u>2,558,303</u>	<u>2,543,064</u>	<u>1,757,502</u>	<u>1,732,293</u>
Net assets		<u>2,621,226</u>	<u>2,683,042</u>	<u>1,198,645</u>	<u>1,260,093</u>
Represented by:					
Unitholders' funds		2,242,914	2,306,231	1,099,044	1,160,483
Perpetual securities holders		99,601	99,610	99,601	99,610
Non-controlling interests		278,711	277,201	-	-
		<u>2,621,226</u>	<u>2,683,042</u>	<u>1,198,645</u>	<u>1,260,093</u>
Units in issue ('000)	5	<u>1,688,862</u>	<u>1,673,893</u>	<u>1,688,862</u>	<u>1,673,893</u>
Net asset value per Unit attributable to Unitholders (\$)	6	<u>1.33</u>	<u>1.38</u>	<u>0.65</u>	<u>0.69</u>

The accompanying notes form an integral part of these condensed interim financial statements.

1(b)(i) Condensed Interim Statements of Total Return
Six-month period ended 30 June 2023

	Note	Group	
		Six-month period ended	
		30 Jun 2023	30 Jun 2022
		\$'000	\$'000
Gross rental income		169,464	183,526
Other income		15,078	15,769
Gross revenue		184,542	199,295
Property related tax		(13,638)	(13,559)
Business tax		(952)	(1,097)
Property management fees and reimbursables		(12,112)	(13,159)
Other property operating expenses		(28,609)	(31,948)
Total property operating expenses		(55,311)	(59,763)
Net property income		129,231	139,532
Manager's management fees	7	(10,659)	(11,438)
Trustee's fees		(345)	(368)
Audit fees		(381)	(388)
Valuation fees		(57)	(47)
Other operating income/(expenses)		258	(457)
Foreign exchange gain/(loss) - realised		3,499	(800)
Finance income		1,119	1,244
Finance costs		(34,486)	(27,685)
Net finance costs	8	(33,367)	(26,441)
Net income		88,179	99,593
Change in fair value of investment property	3	(10,696)	-
Change in fair value of financial derivatives		(1,247)	746
Foreign exchange loss - unrealised		(167)	(4)
Total return for the period before taxation		76,069	100,335
Taxation		(33,856)	(30,893)
Total return for the period after taxation		42,213	69,442
Attributable to:			
Unitholders		33,189	59,772
Perpetual securities holders		1,674	1,674
Non-controlling interests		7,350	7,996
Total return for the period after taxation		42,213	69,442
Earnings per Unit (cents)	9		
- Basic		2.08	3.68
- Diluted		2.07	3.67

The accompanying notes form an integral part of these condensed interim financial statements.

1(b)(ii) Condensed Interim Distribution Statements
Six-month period ended 30 June 2023

	Note	Group	
		Six-month period ended	
		30 Jun 2023	30 Jun 2022
		\$'000	\$'000
Amount available for distribution to Unitholders at beginning of the period		57,978	30,771
Total return for the period attributable to Unitholders and perpetual securities holders		34,863	61,446
Less: Total return attributable to perpetual securities holders		(1,674)	(1,674)
Distribution adjustments	A	29,939	12,205
Income for the period available for distribution to Unitholders		63,128	71,977
Capital distribution ⁽¹⁾		-	340
Amount available for distribution to Unitholders		121,106	103,088
Distribution to Unitholders during the period:			
- Distribution of 3.40 cents per Unit for the period from 1 July 2022 to 31 December 2022		(56,912)	-
- Distribution of 1.80 cents per Unit for the period from 21 October 2021 to 31 December 2021		-	(29,871)
		(56,912)	(29,871)
Amount retained	B	-	(3,616)
Amount available for distribution to Unitholders at end of the period		64,194	69,601
Distribution per Unit ("DPU") (cents)		3.74	4.10

(1) This relates to the rental support (which was previously deducted from the amount paid to the vendor) for the vacancy loss and rent free period provided to existing tenants of Chengdu Shangliu Logistics Park which has been partially distributed as capital distribution in the six-month period ended 30 Jun 2022 ("1H 2022").

1(b)(ii) Condensed Interim Distribution Statements (cont'd)
Six-month period ended 30 June 2023

Note A – Distribution adjustments

	Group	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Distribution adjustment items:		
- Straight line rental and leasing commission adjustments ⁽¹⁾	2,612	2,702
- Manager's management fees payable in Units	7,681	8,172
- Change in fair value of investment property ⁽²⁾	10,696	-
- Change in fair value of financial derivatives	1,247	(746)
- Deferred taxation ⁽¹⁾	13,448	8,626
- Transfer to general reserve ⁽¹⁾	(3,958)	(4,595)
- Unrealised foreign exchange loss/(gain) ⁽¹⁾	154	(18)
- Other adjustments ⁽¹⁾	(1,941)	(1,936)
Net effect of distribution adjustments	29,939	12,205

(1) Excludes non-controlling interest's share

(2) This relates to CapitaMall Qibao as the mall had ceased operations at the end of March 2023.

Note B

In 1H 2022, CLCT retained \$3.6 million of its amount available for distribution to Unitholders in view of the operating uncertainty associated with COVID-19 outbreaks and lockdown in China resulted in mandatory closures of affected assets. This represents 5.0% of the amount available for distribution to Unitholders. The amount retained was fully released in the six-month period ended 31 December 2022 ("2H 2022").

The accompanying notes form an integral part of these condensed interim financial statements.

1(b)(iii) Condensed Interim Statements of Movements in Unitholders' Funds
Six-month period ended 30 June 2023

	Group		Trust	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Operations				
Unitholders' funds as at beginning of the period	2,306,231	2,588,199	1,160,483	1,210,256
Change in Unitholders' funds resulting from operations	34,863	61,446	(11,304)	(11,022)
Total return attributable to perpetual securities holders	(1,674)	(1,674)	(1,674)	(1,674)
Transfer to general reserve	(3,958)	(4,595)	-	-
Net increase/(decrease) in net assets resulting from operations	29,231	55,177	(12,978)	(12,696)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(1,024)	32,916	(1,024)	32,916
Movements in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(38,595)	(131,644)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(9,450)	(1,850)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(49,069)	(100,578)	(1,024)	32,916
Movement in general reserve	3,958	4,595	-	-
Unitholders' transactions				
Creation of Units payable/paid to Manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	7,681	8,172	7,681	8,172
- Units issued in respect of the distribution reinvestment plan	1,794	-	1,794	-
	9,475	8,172	9,475	8,172
Distributions to Unitholders	(56,912)	(29,871)	(56,912)	(29,871)
Net decrease in net assets resulting from Unitholders' transactions	(47,437)	(21,699)	(47,437)	(21,699)
Unitholders' funds as at end of the period	2,242,914	2,525,694	1,099,044	1,208,777
Perpetual securities holders' funds				
Balance as at beginning of the period	99,610	99,610	99,610	99,610
Amount reserved for distribution to perpetual securities holders	1,674	1,674	1,674	1,674
Distribution to perpetual securities holders	(1,683)	(1,683)	(1,683)	(1,683)
Balance as at end of the period	99,601	99,601	99,601	99,601

The accompanying notes form an integral part of these condensed interim financial statements.

1(b)(iii) Condensed Interim Statements of Movements in Unitholders' Funds (cont'd)
Six-month period ended 30 June 2023

	Group		Trust	
	Six-month period ended			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Non-controlling interests				
Balance as at beginning of the period	277,201	266,554	-	-
Total return attributable to non-controlling interests	7,350	7,996	-	-
Dividend paid	(3,181)	-	-	-
Translation differences from financial statements of foreign operations	(2,659)	(7,530)	-	-
Balance as at end of the period	278,711	267,020	-	-
Total	2,621,226	2,892,315	1,198,645	1,308,378

The accompanying notes form an integral part of these condensed interim financial statements.

1(c) Portfolio Statement
As at 30 June 2023

Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation		Valuation		Percentage of Unitholders' funds	
				30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023	31 Dec 2022
				RMB'000	RMB'000	\$'000	\$'000	%	%
Group									
<u>Retail Malls</u>									
CapitaMall Xizhimen	No. 1, Xizhimenwai Street, Xicheng District, Beijing	40 - 50	21 - 31	3,642,295	3,638,000	700,231	706,863	31.2	30.7
Rock Square	No. 106-108 Gongye Avenue North, Haizhu District, Guangzhou City, Guangdong Province	40	22	3,436,830	3,410,000	660,731	662,563	29.5	28.7
CapitaMall Wangjing	No. 33, Guangshunbei North Road, Chaoyang District, Beijing	38 - 48	20 - 30	2,885,804	2,884,000	554,796	560,361	24.7	24.3
CapitaMall Grand Canyon	No. 16, South Third Ring West Road, Fengtai District, Beijing	40 - 50	21 - 31	1,908,972	1,901,000	367,000	369,364	16.4	16.0
CapitaMall Xuefu	No. 1, Xuefu Road, Nangang District, Harbin, Heilongjiang Province	40	22	1,791,961	1,789,000	344,504	347,603	15.4	15.0
CapitaMall Xinnan	No. 99, Shenghe First Road, Gaoxin District, Chengdu, Sichuan Province	40	24	1,539,102	1,538,000	295,892	298,833	13.2	13.0
CapitaMall Nuohemule	Block A Jinyu Xintiandi, E'erduosi Street, Yuquan District, Hohhot, Inner Mongolia Autonomous Region	40	26	1,031,900	1,030,000	198,383	200,129	8.8	8.7
CapitaMall Yuhuating	No. 421, Shaoshan Middle Road, Yuhua District, Changsha, Hunan Province	39	21	817,073	800,000	157,082	155,440	7.0	6.7
CapitaMall Shuangjing	No. 31, Guangqu Road, Chaoyang District, Beijing	40	19	616,130	616,000	118,451	119,689	5.3	5.2
CapitaMall Aidemengdun	No. 38, Aidemengdun Road, Daoli District, Harbin, Heilongjiang Province	40	19	424,343	424,000	81,580	82,383	3.6	3.6
CapitaMall Qibao	No. 3655, Qixin Road, Minhang District, Shanghai	19	1 ⁽²⁾	-	29,000	-	5,635	-	0.2
Balance carried forward				18,094,410	18,059,000	3,478,650	3,508,863	155.1	152.1

The accompanying notes form an integral part of these condensed interim financial statements.

1(c) Portfolio Statement (cont'd)
As at 30 June 2023

Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation		Valuation		Percentage of Unitholders' funds	
				30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023	31 Dec 2022
				RMB'000	RMB'000	\$'000	\$'000	%	%
Group									
Balance brought forward				18,094,410	18,059,000	3,478,650	3,508,863	155.1	152.1
<u>Business Parks</u>									
Ascendas Xinsu Portfolio	Suzhou Industrial Park, Suzhou City, Jiangsu Province	50	23 - 34	2,322,397	2,320,000	446,481	450,776	19.9	19.6
Ascendas Innovation Towers	No. 88 Tian Gu Seventh Road, Xi'an Hi-Tech Industries Development Zone, Xi'an, Shaanxi Province	50	41	901,191	902,000	173,254	175,259	7.7	7.6
Ascendas Innovation Hub	No. 38 Gao Xin Sixth Road, Xi'an Hi-Tech Industries Development Zone, Xi'an, Shaanxi Province	50	28	353,175	353,000	67,898	68,588	3.0	3.0
Singapore-Hangzhou Science & Technology Park (Phase I)	No. 2 Kejiyuan Road, Hangzhou Economic & Technological Development Area, Jianggan District, Hangzhou, Zhejiang Province	50	33	848,203	848,000	163,067	164,766	7.3	7.1
Singapore-Hangzhou Science & Technology Park (Phase II)	No. 20 & 57 Kejiyuan Road, Hangzhou Economic & Technological Development Area, Jianggan District, Hangzhou, Zhejiang Province	50	37	1,056,762	1,055,000	203,162	204,987	9.1	8.9
				23,576,138	23,537,000	4,532,512	4,573,239	202.1	198.3

The accompanying notes form an integral part of these condensed interim financial statements.

1(c) Portfolio Statement (cont'd)
As at 30 June 2023

Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation		Valuation		Percentage of Unitholders' funds	
				30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023 ⁽¹⁾	31 Dec 2022	30 Jun 2023	31 Dec 2022
				RMB'000	RMB'000	\$'000	\$'000	%	%
Group									
Balance brought forward				23,576,138	23,537,000	4,532,512	4,573,239	202.1	198.3
Logistics Parks									
Shanghai Fengxian Logistics Park	No. 435 Haishang Road, Fengxian District, Shanghai	50	36	624,375	629,000	120,036	122,215	5.3	5.3
Wuhan Yangluo Logistics Park	10 Qiuli Road, Yangluo Development Zone, Xinzhou District, Wuhan	50	41	379,924	384,000	73,040	74,611	3.3	3.2
Chengdu Shuangliu Logistics Park	No. 86 Tongguan Road, Shuangliu District, Chengdu, Sichuan Province	50	39	356,092	357,000	68,459	69,365	3.0	3.0
Kunshan Bacheng Logistics Park	No. 998 Yuyang Road Yushan Town, Kunshan, Jiangsu Province	50	41	333,908	334,000	64,194	64,896	2.9	2.9
Investment properties, at valuation (Note 3)				25,270,437	25,241,000	4,858,241	4,904,326	216.6	212.7
Other assets and liabilities (net)						(2,237,015)	(2,221,284)	(99.8)	(96.3)
						<u>2,621,226</u>	<u>2,683,042</u>	<u>116.8</u>	<u>116.4</u>
Net assets attributable to perpetual securities holders						(99,601)	(99,610)	(4.4)	(4.3)
Net assets attributable to non-controlling interests						(278,711)	(277,201)	(12.4)	(12.1)
Net assets attributable to Unitholders						<u>2,242,914</u>	<u>2,306,231</u>	<u>100.0</u>	<u>100.0</u>

(1) Valuation of investment properties as at 30 June 2023 (see Note 3).

(2) CapitaMall Qibao is held under a master lease by CapitaRetail Dragon Mall (Shanghai) Co., Ltd, a subsidiary of CapitaRetail China Investments (B) Alpha Pte. Ltd. The master lease was entered with Shanghai Jin Qiu (Group) Co., Ltd ("Jin Qiu"), the legal owner of CapitaMall Qibao and expires on 7 January 2024. CLCT did not exercise the option to renew the master lease which expired on 31 January 2021. The mall had ceased operations at the end of March 2023.

The accompanying notes form an integral part of these condensed interim financial statements.

1(d) Condensed Interim Consolidated Statement of Cash Flows
Six-month period ended 30 June 2023

	Note	Group	
		Six-month period ended	
		30 Jun 2023	30 Jun 2022
		\$'000	\$'000
Operating activities			
Total return for the period after taxation		42,213	69,442
Adjustments for:			
Finance income		(1,119)	(1,244)
Finance costs		34,486	27,685
Depreciation and amortisation		539	625
Taxation		33,856	30,893
Manager's management fees payable in Units	A	7,681	8,172
Plant and equipment written off		8	-
Change in fair value of investment property		10,696	-
Change in fair value of financial derivatives		1,247	(746)
Impairment losses on trade receivables, net		29	5
Operating income before working capital changes		129,636	134,832
Changes in working capital:			
Trade and other receivables		13,587	(18,913)
Trade and other payables		(9,810)	(22,095)
Cash generated from operating activities		133,413	93,824
Income tax paid		(16,397)	(16,211)
Net cash from operating activities		117,016	77,613
Investing activities			
Interest received		1,119	1,244
Capital expenditure on investment properties		(21,589)	(20,167)
Net cash outflow on acquisition of subsidiaries	B	-	(3,822)
Purchase of plant and equipment		(269)	(158)
Net cash used in investing activities		(20,739)	(22,903)
Financing activities			
Distribution to Unitholders		(55,118)	(29,871)
Distribution to non-controlling interests		(3,181)	-
Distribution to perpetual securities holders		(1,683)	(1,683)
Payment of equity issue expenses		-	(166)
Payment of financing expenses		(200)	(775)
Payment of lease liabilities		(1,266)	(1,356)
Proceeds from draw down of interest-bearing borrowings		452,100	101,600
Repayment of interest-bearing borrowings		(431,230)	(79,196)
Settlement of derivative contracts		1,686	(661)
Interest paid		(32,994)	(25,605)
Net cash used in financing activities		(71,886)	(37,713)
Net increase in cash and cash equivalents		24,391	16,997
Cash and cash equivalents at 1 January		231,048	288,860
Effect of foreign exchange rate changes on cash balances		(2,748)	(8,366)
Cash and cash equivalents at 30 June		252,691	297,491

The accompanying notes form an integral part of these condensed interim financial statements.

1(d) Condensed Interim Consolidated Statement of Cash Flows (cont'd)
Six-month period ended 30 June 2023

Notes:

(A) Significant non-cash and other transactions

\$7.7 million of the Manager's management fees (performance and partial base fees) in 2023 will be paid through the issuance of new Units subsequent to the period end.

\$8.2 million of the Manager's management fees (performance and partial base fees) in 2022 was paid through the issuance of 7,000,866 new Units in May 2023.

(B) Net cash outflow on the acquisition of subsidiaries

In 1H 2022, the group paid \$3.8 million out of the \$9.1 million consideration payable as at 31 December 2021 for the acquisition of the four logistic parks. The remaining consideration payable was fully paid in 2H 2022.

1(e) Notes to the Condensed Interim Financial Statements

These notes form an integral part of the Condensed Interim Financial Statements.

These Condensed Interim Financial Statements as at and for the six-month period ended 30 June 2023 relate to CLCT and its subsidiaries (the "Group").

1. General

CapitaLand China Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 23 October 2006 (as amended by a first supplemental deed dated 8 November 2006, a second supplemental deed dated 15 April 2010, a third supplemental deed dated 5 April 2012, a fourth supplemental deed dated 14 February 2014, a fifth supplemental deed dated 6 May 2015, a sixth supplemental deed dated 29 April 2016, a seventh supplemental deed dated 5 June 2018, an eighth supplemental deed dated 17 April 2019, a ninth supplemental deed dated 2 April 2020, a first amending and restating deed dated 20 October 2020, and a tenth supplemental deed dated 26 January 2021) (collectively the "Trust Deed") between CapitaLand China Trust Management Limited, (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (the "Group") in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 8 December 2006 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 8 December 2006.

The principal activities of the Trust are those relating to investment in a diversified portfolio of income-producing properties located primarily in the mainland China, Hong Kong and Macau and used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

Pursuant to Clause 14.3 of the Trust Deed, the Trustee's fee shall not exceed 0.03% per annum of the value of all the assets of the Group ("Deposited Property"), subject to a minimum of \$15,000 per month, excluding out-of-pocket expenses and Goods and Service Tax.

(b) Manager's management fees

The Manager is entitled under Clauses 14.1.3, 14.1.4 and 14.1.6 of the Trust Deed to the following management fees:

- a base fee of 0.25% per annum of the value of the Deposited Property;
- a performance fee of 4.0% per annum of the net property income in the relevant financial year (calculated before accounting for the performance fee in that financial year); and
- an authorised investment management fee of 0.5% per annum of the value of authorised investments which are not real estate. Where such authorised investment is an interest in a property fund (either a real estate investment trust or private property fund) wholly managed by a wholly-owned subsidiary of CapitaLand Limited, no authorised investment management fee shall be payable in relation to such authorised investment.

The Manager may, in accordance with Clause 14.1.8(i) of the Trust Deed elect to receive the management fees in cash or Units or a combination of cash and/or Units (as it may in its sole discretion determine). Pursuant to Clauses 14.1.3 and 14.1.4 of the Trust Deed, the base fee and performance fee are computed and payable on a quarterly and annual basis respectively.

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

(c) Property management fees

Under the property management agreements in respect of each property, the Property Managers will provide lease management services, property tax services and marketing co-ordination services in relation to that property. The Property Managers are entitled to the following fees:

Retail:

- 2.0% per annum of the gross revenue; and
- 2.5% per annum of the net property income.

Business Parks¹ / Logistics Parks:

- 1.5% - 3.0% per annum of the gross revenue; and
- (a) a commission equivalent to one (1) time of the monthly gross rent (including service charges and advertisement and promotional fees if any), for each new lease of a term of three (3) years or less;
- (b) a commission equivalent to two (2) times of the monthly gross rent (including property management fee and marketing fee if any), for each new lease of a term of more than (3) years and equal to or less than five (5) years (together with (a) above, the "Marketing Commission Fee");
- (c) a commission equivalent to 50% of the relevant Marketing Commission Fee, for each renewal of lease; and
- (d) for leases of a term of less than one (1) year or longer than five (5) years, the respective Property Managers and the respective Target Companies may review and adjust the Marketing Commission Fee on a case by case basis.
- if any lease is referred by a third-party agent and if so requested by the respective Property Managers, the respective Target Companies shall pay to the third-party agent such amount of commission as notified by the respective Property Managers and concurrently pay to the respective Property Managers 20% of the amount payable to the third-party agent as marketing support and administrative charges.

¹ Except for the Business parks in Hangzhou, where the property management fees is computed as 8.4% per annum of the gross rental income, in lieu of leasing commission and any services to be provided by the property manager.

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

(d) Acquisition fee

For any authorised investment acquired from time to time by the Trustee on behalf of the Trust, the acquisition fee payable to the Manager under Clause 14.2 of the Trust Deed shall be:

- up to 1.5% of the purchase price in the case of any authorised investment (as defined in the Trust Deed) acquired by the Trust for less than \$200 million; and
- 1.0% of the purchase price in the case of any authorised investment acquired by the Trust for \$200 million or more.

The acquisition fee payable in respect of any authorised investment acquired from time to time by the Trustee on behalf of the Trust from CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III, CapitaLand Mall China Development Fund III, or CapitaLand Mall Asia Limited shall be 1.0% of the purchase price paid by the Trust.

No acquisition fee was payable for the acquisition of the initial property portfolio of the Trust.

The acquisition fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the prevailing market price provided that in respect of any acquisition of real estate assets from interested parties, such a fee should, if required by the applicable laws, rules and/or regulations, be in the form of Units issued by the Trust at prevailing market price(s) and subject to such transfer restrictions as may be imposed.

Any payment to third party agents or brokers in connection with the acquisition of any authorised investments for the Trust shall be paid by the Manager to such persons out of the Deposited Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the acquisition fee received or to be received by the Manager.

(e) Divestment fee

Under Clause 14.2 of the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the sale price of any authorised investment disposed directly or indirectly by the Trust, prorated if applicable to the proportion of the Trust's interest.

The divestment fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the prevailing market price provided that in respect of any divestment of real estate assets to interested parties, such a fee should, if required by the applicable laws, rules and/or regulations, be in the form of Units issued by the Trust at prevailing market price(s) and subject to such transfer restrictions as may be imposed.

Any payment to third party agents or brokers in connection with the divestment of any authorised investments for the Trust shall be paid by the Manager to such persons out of the Deposited Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the divestment fee received or to be received by the Manager.

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

2. Summary of significant accounting policies

(a) Basis of preparation

The Condensed Interim Financial Statements has been prepared in accordance with the *Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"* ("RAP 7") issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Financial Reporting Standards in Singapore ("FRS").

The Condensed Interim Financial Statements does not include all of the information required for full annual financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at 31 December 2022.

These Condensed Interim Financial Statements are presented in Singapore Dollars, which is the Trust's functional currency. All financial statements presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

The preparation of the Condensed Interim Financial Statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Condensed Interim Financial Statements are described in Note 3 – Valuation of investment properties.

The accounting policies applied by the Group in this Condensed Interim Financial Statements are the same as those applied by the Group in the financial statements as at and for the year ended 31 December 2022.

(b) New standards and amendments

The Group applied the recognition and measurement principles of a number of amendments to standards for the financial period beginning 1 January 2023.

The application of these amendments to standards does not have a material effect on the financial statements.

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

3. Investment properties

	Group	
	30 Jun 2023 \$'000	31 Dec 2022 \$'000
At 1 January	4,909,377	5,249,617
Expenditure capitalised	10,981	29,079
Reclassification from plant and equipment	-	53
Changes in fair value	(10,696)	67,845
Translation differences	(51,421)	(437,217)
Ending Balance	4,858,241	4,909,377

Security

At 30 June 2023, investment properties of the Group with carrying amounts of \$1,508.7 million (31 December 2022: \$1,519.4 million) are pledged as security on bank loans (see Note 4).

Measurement of fair value

As at 30 June 2023, the Manager conducted an internal assessment of the valuation of the investment properties, including considering any significant changes in operating performance of the properties, and in consultation with our panel of external property valuers, assessed whether movement in market data, such as discount rates, capitalisation rates, have any significant impact to the valuation of the investment properties. Based on the assessment, the Manager is of the view that the fair value of the portfolio of investment properties has not materially changed from 31 December 2022 valuation which was performed by the independent external valuers CBRE (Shanghai) Management Limited, Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd. and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

The valuation reports obtained from the independent valuers for certain of our properties as at 31 December 2022 draw attention to heightened market volatility over the short-to-medium term due to global inflationary pressures. There will be less certainty as to how long the valuation may sustain and property prices may fluctuate over a short period of time, therefore a higher degree of caution should be attached to the valuations when making investment decisions.

The above valuation methods involve certain estimates. The Manager reviewed the key valuation parameters and underlying data including market-corroborated capitalisation rates, discount rates and terminal yield rates adopted and is of the view that they are reflective of available market data as at 30 June 2023.

	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Fair value of investment properties	4,858,241	4,904,326
Add: Carrying amount of lease liabilities	-	5,051
Carrying amount of investment properties	4,858,241	4,909,377

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

4. Aggregate amount of borrowings and debt securities

	Group		Trust	
	30 Jun 2023 \$'000	31 Dec 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Unsecured borrowings				
- Amount repayable within one year ⁽¹⁾	100,000	283,800	100,000	283,800
- Amount repayable after one year	1,620,000	1,410,000	1,620,000	1,410,000
Secured borrowings⁽²⁾				
- Amount repayable within one year	12,129	42,375	-	-
- Amount repayable after one year	236,996	214,752	-	-
	1,969,125	1,950,927	1,720,000	1,693,800
Less: Unamortised transaction costs	(4,247)	(4,987)	(4,247)	(4,987)
	1,964,878	1,945,940	1,715,753	1,688,813
Current	112,047	326,140	99,918	283,765
Non-current	1,852,831	1,619,800	1,615,835	1,405,048
	1,964,878	1,945,940	1,715,753	1,688,813

(1) The Group has successfully secured refinancing for the \$100.0 million revolving credit facility due within one year.

(2) CapitaMall Xuefu, Rock Square, Singapore-Hangzhou Science & Technology Park Phase I and II, Kunshan Bacheng Logistics Park and Wuhan Yangluo Logistics Park were acquired with a legal mortgage and an assignment of the properties' insurance policies in favour of the lenders over the properties as at 30 June 2023 (see Note 3).

5. Units in issue

	Six-month period 30 Jun 2023 Number of Units	Year ended 31 Dec 2022 Number of Units
Balance as at beginning of period/year	1,673,892,897	1,659,527,650
New Units issued:		
- As payment of distribution through distribution reinvestment plan	1,473,597	2,258,266
- As payment of Manager's management fees	13,495,621	12,106,981
Total issued Units as at end of period/year	<u>1,688,862,115</u>	<u>1,673,892,897</u>
New Units to be issued:		
- As payment of Manager's management fees	7,234,148	13,495,621
Total issued and issuable Units as at end of period/year	<u>1,696,096,263</u>	<u>1,687,388,518</u>

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

6. Net asset value (“NAV”) and net tangible asset (“NTA”) per Unit based on issued Units

	Group		Trust	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
NAV/NTA per Unit ⁽¹⁾	1.33	1.38	0.65	0.69
Adjusted NAV/NTA per Unit (excluding distributable income)	1.29	1.34	0.61	0.66

(1) NAV/NTA per Unit is computed based on net assets attributable to Unitholders over the issued Units at the end of the period/year.

7. Manager’s management fees

Manager’s management fees comprise base fee of \$6.1 million (30 June 2022: \$6.4 million) and performance fee of \$4.6 million (30 June 2022: \$5.0 million). The Manager has elected to receive partial Manager’s management fees in the form of Units. The performance component of the Manager’s management fee amounting to \$4.6 million (30 June 2022: \$5.0 million) and base fee amounting to \$3.1 million (30 June 2022: \$3.2 million) will be paid through the issue of 7,234,148 (30 June 2022: 7,000,866) new Units subsequent to the period end.

8. Finance income and finance costs

	Group	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Interest income:		
- financial institutions	1,119	1,244
Finance income	<u>1,119</u>	<u>1,244</u>
Interest expenses:		
- financial institutions	(45,534)	(24,829)
- related parties	-	(332)
	<u>(45,534)</u>	<u>(25,161)</u>
Cash flow hedges - gain/(losses) reclassified from hedging reserve	11,165	(2,266)
Finance lease expenses	(117)	(258)
Finance costs	<u>(34,486)</u>	<u>(27,685)</u>
Net finance costs recognised in statement of total return	<u>(33,367)</u>	<u>(26,441)</u>

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

9. Earnings per Unit

Basic earnings per Unit

The calculation of basic earnings per Unit is based on weighted average number of Units during the period and total return for the period after taxation and non-controlling interest before distribution.

	Group	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Total return for the period after taxation and non-controlling interest before distribution	34,863	61,446
Less: Total return attributable to perpetual securities holders	(1,674)	(1,674)
Total return attributable to Unitholders	33,189	59,772

	Trust	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	Number of Units	
	'000	'000
Issued Units at beginning of period	1,673,893	1,659,528
Effect of creation of new Units:		
- Distribution to Unitholders in respect of distribution reinvestment plan	757	-
- Manager's management fees paid/payable in Units	3,470	7,931
Weighted average number of issued and issuable Units at end of the period	1,678,120	1,667,459

Diluted earnings per Unit

Diluted earnings per Unit is calculated based on total return for the period after taxation and non-controlling interest and weighted average number of Units outstanding during the period, adjusted for the effects of all dilutive potential Units.

	Trust	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	Number of Units	
	'000	'000
Issued Units at beginning of period	1,673,893	1,659,528
Effect of creation of new Units:		
- Distribution to Unitholders in respect of distribution reinvestment plan	757	-
- Manager's management fees paid/payable in Units	10,664	14,893
Weighted average number of issued and issuable Units at end of the period	1,685,314	1,674,421

1(e) Notes to the Condensed Interim Financial Statements (cont'd)

10. Financial ratios

	Group	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
	%	%
Ratio of expenses to average net asset value ⁽¹⁾		
- including performance component of Manager's management fees	0.84	0.85
- excluding performance component of Manager's management fees	0.49	0.52

(1) *The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance costs.*

Aggregate leverage and interest coverage ratios

	Group	
	Six-month period ended	
	30 Jun 2023	30 Jun 2022
Aggregate leverage (%) ⁽¹⁾	40.2	38.6
Interest coverage (times) ⁽²⁾	3.4	4.7
Adjusted Interest coverage (times) ⁽²⁾	3.2	4.4

(1) *In accordance with the Property Funds Appendix, the aggregate leverage is calculated based on the proportionate share of total borrowings over deposited properties.*

(2) *Ratio of EBITDA over consolidated interest expenses (excludes finance lease interest expenses under FRS 116) in accordance with MAS guidelines. Ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense (excluding FRS 116 finance expense). The adjusted interest coverage ratio includes the distribution to perpetual securities holders.*

Other information required by Listing Rule Appendix 7.2

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2. Summary of CLCT Results

The Condensed Interim Financial Statements of CapitalLand China Trust and its subsidiaries (the "Group") as at 30 June 2023, which comprise the Statements of Financial Position of the Group and the Trust and Portfolio Statement of the Group as at 30 June 2023, the Statement of Total Return, Distribution Statement, Statement of Cash Flows of the Group and the Statements of Movements in Unitholders' Funds of the Group and the Trust for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

	1 January to 30 June 2023 (1H 2023)	1 January to 30 June 2022 (1H 2022)	Change
	Actual \$'000	Actual \$'000	%
Gross Revenue ^{1,2}	184,542	199,295	(7.4)
Net Property Income ^{1,2}	129,231	139,532	(7.4)
Amount available for distribution to Unitholders ³	63,128	72,317	(12.7)
Amount retained ⁴	-	(3,616)	(100.0)
Distributable amount to Unitholders	63,128	68,701	(8.1)

Distribution Per Unit ("DPU") (cents)⁵			
For the period	3.74	4.10	(8.8)

	1H 2023	1H 2022	Change
	Actual RMB'000	Actual RMB'000	%
Gross Revenue ^{1,2}	947,781	940,250	0.8
Net Property Income ^{1,2}	663,709	658,291	0.8

Footnotes:

1. Average exchange rate for SGD/RMB.

1H 2023	1H 2022	Change %
5.136	4.718	8.9

2. Lower contribution from CapitaMall Qibao as the mall had ceased operations at the end of March 2023.

3. Includes rental support (which was previously deducted from the amount paid to the vendor) for the vacancy loss and rent free period provided to existing tenants of Chengdu Shuangliu Logistics Park which has been partially distributed as capital distribution in 1H 2022.

4. CLCT retained \$3.6 million of its amount available for distribution to Unitholders in view of the operating uncertainty associated with COVID-19 outbreaks and lockdown in China resulted in mandatory closure of affected assets in 1H 2022. This represents 5.0% of the amount available for distribution to Unitholders. The amount retained was fully released in 2H 2022.

5. The DPU is computed based on total issued units of 1,688.9 million and 1,671.6 million in 1H 2023 and 1H 2022 respectively. If assume same exchange rate as 1H 2022, DPU in 1H 2023 would have been 4.22 cents or 2.9% higher than 1H 2022.

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2. Summary of CLCT Results (cont'd)

DISTRIBUTION & RECORD DATE

Distribution	For 1 January 2023 to 30 June 2023
Distribution type	Tax exempt income and Capital distribution
Distribution rate	3.74 cents per Unit
Record date	4 August 2023
Payment date	25 September 2023

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2(a) Statement of total return for the Group (1H 2023 vs 1H 2022)

	Group		
	1H 2023	1H 2022	Change
	\$'000	\$'000	%
Gross rental income	169,464	183,526	(7.7)
Other income ¹	15,078	15,769	(4.4)
Gross revenue	184,542	199,295	(7.4)
Property related tax	(13,638)	(13,559)	0.6
Business tax	(952)	(1,097)	(13.2)
Property management fees and reimbursables	(12,112)	(13,159)	(8.0)
Other property operating expenses ²	(28,609)	(31,948)	(10.5)
Total property operating expenses	(55,311)	(59,763)	(7.4)
Net property income	129,231	139,532	(7.4)
Manager's management fees	(10,659)	(11,438)	(6.8)
Trustee's fees	(345)	(368)	(6.3)
Audit fees	(381)	(388)	(1.8)
Valuation fees	(57)	(47)	21.3
Other operating income/(expenses) ⁴	258	(457)	N.M.
Foreign exchange gain/(loss) - realised ⁵	3,499	(800)	N.M.
Finance income ⁶	1,119	1,244	(10.0)
Finance costs ⁷	(34,486)	(27,685)	24.6
Net finance costs	(33,367)	(26,441)	26.2
Net income	88,179	99,593	(11.5)
Change in fair value of investment property ⁸	(10,696)	-	N.M.
Change in fair value of financial derivatives	(1,247)	746	N.M.
Foreign exchange loss - unrealised	(167)	(4)	N.M.
Total return for the period before taxation	76,069	100,335	(24.2)
Taxation ⁹	(33,856)	(30,893)	9.6
Total return for the period after taxation	42,213	69,442	(39.2)
Attributable to:			
Unitholders	33,189	59,772	(44.5)
Perpetual securities holders	1,674	1,674	-
Non-controlling interests ¹⁰	7,350	7,996	(8.1)
Total return for the period after taxation	42,213	69,442	(39.2)

N.M. – not meaningful

Footnotes:

1. Other income comprises mainly income earned from atrium space, carpark revenue, trolley carts and advertisement panels.

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2(a) Statement of total return for the Group (1H 2023 vs 1H 2022) (cont'd)

2. Includes items in the table below as part of the other property operating expenses.

	Group		
	1H 2023	1H 2022	Change
	\$'000	\$'000	%
Depreciation and amortisation	(539)	(625)	(13.8)
Impairment losses on trade receivables, net ³	(29)	(5)	N.M.
Plant and equipment written off	(8)	-	N.M.

3. Impairment losses mainly relate to tenants with higher and potential credit risk.

4. Includes land rental relief of \$1.3 million received by CapitaMall Qibao in 1H 2023.

5. In 1H 2023, realised foreign exchange gain arose mainly from the net settlement of foreign currency forwards and repayment of the USD denominated shareholder's loan principal. In 1H 2022, the loss arose mainly from the net settlement of foreign currency forwards.

6. Finance income relates mainly to interest from bank deposits placed with financial institutions.

7. Includes the interest expense on the lease liabilities under FRS 116.

8. CLCT valuation policy is to conduct an external valuation on an annual basis. In 1H 2023, the change in fair value for investment property relates to the decrease in fair value of CapitaMall Qibao as the mall had ceased operations at the end of March 2023.

9. Increase mainly due to higher provision of deferred taxation and adjustments for prior year provision of taxation (1H 2023: \$1.2 million and 1H 2022: \$0.8 million), partially offset by lower withholding tax for repatriation of dividends from China SPVs.

10. This relates to 49% non-controlling interest (NCI) in Ascendas Xinsu Portfolio and 20% NCI in Ascendas Innovation Hub, Singapore-Hangzhou Science & Technology Park Phase I and Phase II.

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2(b) Distribution statement for the Group (1H 2023 vs 1H 2022)

	Group		
	1H 2023	1H 2022	Change
	\$'000	\$'000	%
Total return for the period attributable to Unitholders before distribution	34,863	61,446	(43.3)
Less: Amount reserved for distribution to perpetual securities holders	(1,674)	(1,674)	-
Distribution adjustments (Note A)	29,939	12,205	N.M.
Income available for distribution to Unitholders	63,128	71,977	(12.3)
Capital distribution ¹	-	340	(100.0)
Amount available for distribution to Unitholders	63,128	72,317	(12.7)
Amount retained ²	-	(3,616)	(100.0)
Distributable amount to Unitholders	63,128	68,701	(8.1)

Note A

Distribution adjustments

- Straight line rental and leasing commission adjustments³
- Manager's management fees payable in Units
- Change in fair value of investment property⁴
- Change in fair value of financial derivatives
- Deferred taxation³
- Transfer to general reserve³
- Unrealised foreign exchange loss/(gain)³
- Other adjustments^{3,5}

2,612	2,702	(3.3)
7,681	8,172	(6.0)
10,696	-	N.M.
1,247	(746)	N.M.
13,448	8,626	55.9
(3,958)	(4,595)	(13.9)
154	(18)	N.M.
(1,941)	(1,936)	0.3
29,939	12,205	N.M.

Net effect of distribution adjustments

N.M. – not meaningful

Footnotes:

1. This relates to the rental support (which was previously deducted from the amount paid to the vendor) for the vacancy loss and rent free period provided to existing tenants of Chengdu Shuangliu Logistics Park which has been partially distributed as capital distribution in 1H 2022.
2. In 1H 2022, CLCT retained \$3.6 million of its amount available for distribution to Unitholders in view of the operating uncertainty associated with COVID-19 outbreaks and lockdown in China resulted in mandatory closures of affected assets. This represents 5.0% of the amount available for distribution to Unitholders. The amount retained was fully released in 2H 2022.
3. Excludes NCI.
4. CLCT valuation policy is to conduct an external valuation on an annual basis. In 1H 2023, the change in fair value for investment property relates to the decrease in fair value of CapitaMall Qibao as the mall had ceased operations at the end of March 2023.
5. Includes lease payments for Right-of-Use assets, less interest expense on lease liabilities.

CAPITALAND CHINA TRUST
2023 FIRST HALF UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

2(c) Statement of financial position as at 30 June 2023 vs 31 December 2022

	Group		
	30 Jun 2023	31 Dec 2022	Change
	\$'000	\$'000	%
Non-current assets			
Investment properties ^{1,2,3}	4,858,241	4,909,377	(1.0)
Plant and equipment	2,589	2,979	(13.1)
Financial derivatives ⁴	38,562	41,559	(7.2)
Other receivables	1,159	1,204	(3.7)
	4,900,551	4,955,119	(1.1)
Current assets			
Financial derivatives ⁴	2,725	2,805	(2.9)
Trade and other receivables ⁵	23,562	37,134	(36.5)
Cash and cash equivalents	252,691	231,048	9.4
	278,978	270,987	2.9
Total assets	5,179,529	5,226,106	(0.9)
Current liabilities			
Trade and other payables	119,789	130,671	(8.3)
Security deposits	49,999	49,161	1.7
Interest-bearing borrowings ⁶	112,047	326,140	(65.6)
Lease liabilities ²	2,621	4,997	(47.5)
Provision for taxation	10,426	6,472	61.1
	294,882	517,441	(43.0)
Non-current liabilities			
Financial derivatives ⁴	19	825	(97.7)
Other payables	6,901	6,969	(1.0)
Security deposits	52,033	57,020	(8.7)
Interest-bearing borrowings ⁶	1,852,831	1,619,800	14.4
Lease liabilities ²	20	138	(85.5)
Deferred tax liabilities	351,617	340,871	3.2
	2,263,421	2,025,623	11.7
Total liabilities	2,558,303	2,543,064	0.6
Net assets	2,621,226	2,683,042	(2.3)
Represented by:			
Unitholders' funds	2,242,914	2,306,231	(2.7)
Perpetual securities holders	99,601	99,610	-
Non-controlling interests ⁷	278,711	277,201	0.5
	2,621,226	2,683,042	(2.3)

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Footnotes:

1. *The decrease in investment properties as at 30 June 2023 was mainly due to the stronger SGD against RMB.*
2. *This includes Right-of-Use assets and lease liabilities in accordance with FRS 116 Leases.*
3. *Investment properties are measured at their respective fair values at each reporting date. The carrying amounts of the total portfolio assessed as at 30 June 2023 are not materially different from the external valuation conducted as at 31 December 2022.*
4. *The financial derivative assets and financial derivative liabilities mainly relate to the fair value of the Interest Rate Swaps ("IRS") and the Foreign Currency Forwards ("FXF"). The IRS are designated to hedge the variable rate borrowings and FXF are used to hedge RMB cashflows.*
5. *The decrease in trade and other receivables was mainly due to the improved collection of trade receivables from the total portfolio.*
6. *The increase in interest-bearing borrowings was mainly due to the loans drawn down for working capital purposes.*
7. *This relates to 49% NCI in Ascendas Xinsu Portfolio and 20% NCI in Ascendas Innovation Hub, Singapore-Hangzhou Science & Technology Park Phase I and Phase II.*

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3 Review of the Performance

3(i) Breakdown of Gross Revenue – Actual

	1H 2023	1H 2022	Change	1H 2023	1H 2022	Change
	RMB'000	RMB'000	%	\$'000	\$'000	%
Retail Malls	660,983	644,798	2.5	128,700	136,671	(5.8)
Business Parks	243,503	251,486	(3.2)	47,412	53,305	(11.1)
Logistics Parks	43,295	43,966	(1.5)	8,430	9,319	(9.5)
Total Gross Revenue	947,781	940,250	0.8	184,542	199,295	(7.4)

3(ii) Breakdown of Net Property Income¹ – Actual

	1H 2023	1H 2022	Change	1H 2023	1H 2022	Change
	RMB'000	RMB'000	%	\$'000	\$'000	%
Retail Malls	440,839	429,338	2.7	85,836	91,003	(5.7)
Business Parks	191,451	197,126	(2.9)	37,277	41,783	(10.8)
Logistics Parks	31,419	31,827	(1.3)	6,118	6,746	(9.3)
Total Net Property Income	663,709	658,291	0.8	129,231	139,532	(7.4)

Footnote:

1. Includes the impact of FRS 116, where lease expenses associated with the operating leases have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities.

1H 2023 vs 1H 2022

In RMB terms, gross revenue in 1H 2023 increased by RMB7.5 million, or 0.8% higher than 1H 2022. The increase was mainly from better performance in the retail portfolio. This was partially offset by the on-going repositioning and tenancy adjustment at CapitaMall Xinnan, closure of CapitaMall Qibao at the end of March 2023 as well as lower contributions from Singapore-Hangzhou Science & Technology Park Phase I and II and Chengdu Shuangliu Logistics Park due to the lower occupancy rate in 1H 2023.

In SGD terms, gross revenue in 1H 2023 decreased by \$14.8 million, or 7.4%, due to stronger SGD against RMB by 8.9%.

In RMB terms, property expenses in 1H 2023 increased by RMB2.1 million, or 0.7% compared to 1H 2022, mainly due to higher property related tax, staff related cost and utilities. These were partially offset by savings in operating expenses from CapitaMall Qibao such as marketing and maintenance expenses, following its closure. In SGD terms, property expenses in 1H 2023 decreased by \$4.5 million, or 7.4%, due to stronger SGD against RMB.

Management fees payable to the Manager were \$0.8 million lower than 1H 2022 mainly due to lower deposited properties and lower total portfolio net property income in SGD terms.

Finance costs in 1H 2023 was \$6.8 million higher than 1H 2022. This arose mainly from the increase in interest-bearing borrowings for working capital purposes and higher interest rates in 1H 2023.

Taxation in 1H 2023 increased by \$3.0 million as compared to prior year mainly due to higher provision of deferred tax liabilities.

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4 Status on the use of proceeds raised from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use

Cash of \$1.8 million in aggregate was retained from Distribution Reinvestment Plan on 30 March 2023.

Date	Amount retained	Use of proceeds	Amount used
	\$ million		\$ million
30-Mar-23	1.8	For repayment of Trust's interest-bearing borrowings, general corporate and working capital purposes.	1.8
Total	1.8		1.8

5 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

CLCT has not disclosed any forecast to the market.

6 Commentary on the competitive conditions of the industry in which the Trust and its investees operates and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months

China reported a GDP growth of 5.5% for 1H 2023 while total retail sales of consumer goods increased 8.2% for the period January to June 2023. The Purchasing Managers Index (PMI) was 49.0% for June 2023, 0.2% higher than the previous month¹. China's economic rebound has slowed with the country reporting modest growth momentum in the second quarter of the year. To boost the economy, the State Council pledged in mid-June to introduce more measures in a timely manner to enhance the momentum of economic development, optimise the economic structure, and promote sustained recovery. With a diversified portfolio in retail, business parks and logistics assets, CLCT is well-positioned to benefit from China's economic recovery².

Retail Malls

Beijing Market Update

Beijing's 1H 2023 GDP grew 5.5% year-on-year while retail sales increased 4.5% year-on-year from January to June 2023³. Three new projects with a combined GFA of 339,000 sq m debuted in 2Q 2023, bringing the total stock in the city to 14.2 million sq m. Vacancy rate for 2Q 2023 came in at 10%. Overall consumer sentiments improved as footfall at shopping malls continued to rebound in 2Q 2023, contributing to the recovery in offline consumption. Post-pandemic, brands and retail projects have re-evaluated their sales strategy. Brands with mature online operations are moving offline while brands that have more brick-and-mortar stores are expanding their presence online.

More than 1 million sq m of new retail space, mostly located in suburban areas, is expected to enter the market in 2H 2023. New supply entering the market and existing dormant projects undergoing revitalisation will raise the consumption convenience and quality of life for nearby residents. The enhancement of the retail space and introduction of better project quality is expected to encourage consumption, promoting the upgrading of the overall market consumption structure and assist the growth of Beijing as an International Consumption Center city⁴.

¹ China National Bureau of Statistics

² CNBC, China's factory activity grew more slowly in June, 2 July 2023

³ Beijing Bureau of Statistics

⁴ Cushman & Wakefield, Beijing Retail, 2Q 2023

Shanghai Market Update

Shanghai's 1H 2023 GDP increased 9.7% year-on-year. Retail sales increased 23.5% year-on-year for the period from January to June 2023⁵. In 2Q 2023, two new projects with an aggregate GFA of 110,000 sq m entered the Shanghai's retail property market, bringing the city's total stock to 22.1 million sq m. Overall mid-to high-end shopping centre market vacancy rate fell to 9.6%, the lowest since 2022, demonstrating recovery in the Shanghai retail market. Demand was largely driven by lifestyle, fashion, entertainment, F&B, new energy car showroom and sports sectors. This resulted in the average first floor asking rent in the city's overall prime retail property market increasing to RMB808.0 per sq m per month.

The outlook for Shanghai's retail property market is expected to remain positive over the next two years as overseas and domestic retailers, ranging from fashion to F&B brands, are planning to enter the retail market with its business expansion plans⁶.

Guangzhou Market Update

Guangzhou recorded a GDP growth of 1.8% year-on-year for 1Q 2023, while retail sales for the first five months of 2023 increased 9.2% year-on-year⁷. Guangzhou's retail stock remained at approximately 7.1 million sq m at the end of 1Q 2022 as there were no new projects completed during the quarter. With the gradual recovery of Guangzhou's consumption market, leasing activities increased in 1Q 2023, led by the expansion of F&B and accessories brands in Guangzhou. Despite the improved leasing activities, many small-to-mid-sized retailers were reported to have terminated leases due to financial difficulties. This contributed to landlords experiencing difficulty in raising rents. In 1Q 2023, citywide vacancy rates increased to 15.5%, while citywide rent decreased to RMB644.2 per sq m per month, a decline of 0.8% year-on-year.

To boost the recovery of the city's retail scene, the Guangzhou government released a series of measures to attract quality brands in the city in 1Q 2023. Some of the measures introduced include promoting the development of the first-store economy and offering up to RMB3 million of financial support for large-scale retail projects construction. Despite this, the new supply scheduled for completion in 2023 is expected to weigh down rent and citywide average vacancy⁸.

Chengdu Market Update

Chengdu's 1Q 2023 GDP registered an increase of 5.3% year-on-year. Retail sales for the city increased 9.0% year-on-year for the first five months of 2023⁹. Chengdu's total retail property stock remained at 8.1 million sq m with no new project entering the market in the first quarter of 2023. During the quarter, the Chengdu's first-floor average rent remained stable despite rising citywide average shopping mall vacancy rate. As Chengdu actively promotes itself as a destination for sporting events and supports the development of sports related industries, outdoor sports brands are expected to have significant development space in the future.

In 2023, over 600,000 sq m of new projects are expected to enter the Chengdu retail market. As supply is expected to increase in the next three years, the citywide average shopping mall vacancy is expected to remain relatively high. With Chengdu government's recent efforts to promote urban renewal and community retail, street retail projects developed by government platforms may emerge as the city's focus in the future¹⁰.

Business Parks

Suzhou Market Update

In 1Q 2023, Suzhou's GDP increased 1.9% year-on-year¹¹. In 2Q 2023, SIP's business park has a stock of approximately 4.1 million sq m. The average vacancy rate decreased 0.9 percentage points from end of 2022 to 16.2%. Consequently, average rent increased to RMB54.0 per sq m per month.

For the rest of 2023, 465,000 sq m of supply will enter the SIP market. Suzhou as a city, actively supports the development of scientific and technological innovation. With the recovery of enterprises' confidence in economic development, the rental of BP market in Suzhou is expected to improve¹².

⁵ Shanghai Bureau of Statistics

⁶ Cushman & Wakefield, Shanghai Retail, 2Q 2023

⁷ Guangzhou Bureau of Statistics

⁸ Savills, Guangzhou Retail, 1Q 2023

⁹ Chengdu Bureau of Statistics

¹⁰ Savills, Chengdu Retail, Asian Cities – 1H 2023

¹¹ Suzhou Bureau of Statistics

¹² Colliers, Suzhou Business Park Market Overview 2Q 2022

Xi'an Market Update

Xi'an's GDP rose 7.6% year-on-year for 1Q 2023¹³. One new project delivered 150,000 sq m in the Xi'an High-Tech Industry Development Zone (XHTZ) in 2Q 2023, increasing the total stock in XHTZ to 2.7 million sq m. With a net absorption at around 7,445 sq m, vacancy rate increased to 24.9% while the average rent declined 1.1% to RMB53.1 per sq m per month for the quarter. Demand in XHTZ came mainly from the technology and telecom sector.

For the rest of 2023, 1.1 million of sq m of future supply will come onstream in XHTZ, which is expected to impact rent. The local government is looking to develop this sector to maintain rent and vacancy stability within the business park space¹⁴.

Hangzhou Market Update

Hangzhou's GDP increased 6.9% year-on-year for 1H 2023¹⁵. No new projects were launched in Hangzhou Economic and Technological Development Area (HEDA) submarket in 2Q 2023. Total stock for the submarket maintained at 2.9 million sq m with an average rent of RMB54.9 per sq m per month while vacancy rate came in at 25.3%. Biomedicine and information technology continues to be the leading industries in this submarket during the quarter.

Vacancy rate is expected to continue to increase into 2024, before declining in 2025. Consequently, downward pressure of rents is expected as tenants adopt a wait-and-see approach based on the overall macroenvironment¹⁶.

Logistics Parks

Shanghai Market Update

Overall leasing demand remained resilient with net absorption reaching 87,000 sq m in 1Q 2023. Even though one project was completed in 1Q 2023, rents increased 0.4% quarter-on-quarter to RMB47.4 per sq m per month and vacancy rate decreased to 9.4% quarter-on-quarter. Five new projects of around 582,000 sq m is expected to come on for the rest of the year, which may impact the rent and vacancy rate of certain submarkets within the short-term.

While the pace of rent growth may have slowed due to the muted economic recovery to-date, it is expected that this recovery may be more apparent in 2H 2023, in line with the anticipated improvement of consumer confidence and domestic consumption¹⁷.

¹³ Xi'an Bureau of Statistics

¹⁴ Colliers, Xi'an Business Park Market Overview 2Q 2023

¹⁵ Hangzhou Bureau of Statistics

¹⁶ Colliers, Hangzhou Business Park Market Overview 4Q 2022

¹⁷ JLL, Logistics and Industrial Research Asia Pacific 1Q 2023

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7 Distribution

7(a) Current Financial Period

Any distribution declared for the current financial period? Yes.

Name of distribution : Distribution for 1 January 2023 to 30 June 2023

Distribution type : Tax exempt income and Capital distribution

Distribution rate : 3.74 cents per Unit

Par value of Units : Not meaningful

Tax rate : Tax exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

Capital distribution represents return of capital to Unitholders for Singapore income tax purpose. The amount of capital distribution will reduce the cost of CLCT Units for Singapore income tax purposes. For Unitholders who are liable to Singapore income tax on profits from sale of CLCT Units, the reduced cost base of their CLCT Units will be used to calculate the taxable trading gains when the CLCT Units are disposed off.

Remark : The tax exempt income and capital distribution from 1 January 2023 to 30 June 2023 is expected to be funded from borrowings at the Trust level as well as internal cash flows from operations.

7(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period?

Yes.

Name of distribution : Distribution for 1 January 2022 to 30 June 2022

Distribution type : Tax exempt income and Capital distribution

Distribution rate : 4.10 cents per Unit

Par value of Units : Not meaningful

7(c) Date payable : 25 September 2023

7(d) Record date : 4 August 2023

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8 If no distribution has been declared/recommended, a statement to that effect

Not applicable.

9 If the Group has obtained a general mandate from Unitholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from Unitholders for IPT.

10 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Limited (the “Listing Manual”), as required by Rule 720(1) of the Listing Manual.

11 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 June 2023, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders’ funds for the six months ended on that date), together with their accompanying notes, to be false or misleading, in any material respect.

On behalf of the Board of the Manager

Ms Quah Ley Hoon
Director

Mr Tan Tze Wooi
Chief Executive Officer / Director

This release 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 other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD
CAPITALAND CHINA TRUST MANAGEMENT LIMITED
(Company registration no. 200611176D)
(as Manager of CAPITALAND CHINA TRUST)

Chuo Cher Shing
Company Secretary
27 July 2023