

CAPITALAND RETAIL CHINA TRUST

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

MINUTES OF THE ANNUAL GENERAL MEETING
HELD ON MONDAY, 11 APRIL 2016 AT 2.00 P.M.
AT THE STAR GALLERY, LEVEL 3, THE STAR PERFORMING ARTS CENTRE,
1 VISTA EXCHANGE GREEN, SINGAPORE 138617

- Present: Unitholders/Proxies
As per attendance lists
- In attendance: Directors of CapitalLand Retail China Trust Management Limited, as
manager of CapitalLand Retail China Trust (the “Manager”)
Mr Liew Cheng San Victor, Chairman
Mr Lim Ming Yan, Deputy Chairman
Mr Fong Heng Boo
Professor Tan Kong Yam
Mr Ng Kok Siong
Mr Tony Tan Tee Hieong, Chief Executive Officer
- HSBC Institutional Trust Services (Singapore) Limited, trustee of
CapitalLand Retail China Trust
Mr Antony Wade Lewis, Chief Executive Officer
- Company Secretary of the Manager
Ms Lee Ju Lin, Audrey
- Management of the Manager
Ms Joanne Tan, Head, Finance
Ms Leng Tong Yan, Manager, Investor Relations
- Absent with Apologies: Director of the Manager
Mr Christopher Gee Kok Aun

1. Introduction

- 1.1 On behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CapitalLand Retail China Trust (“**CRCT**”, and the trustee of CRCT, the “**Trustee**”), and the Board of Directors of CapitalLand Retail China Trust Management Limited, the manager of CRCT (“**CRCTML**” or the “**Manager**”), Ms Leng Tong Yan, the Master of Ceremonies (the “**Emcee**”), welcomed the unitholders of CRCT (the “**Unitholders**”) to the annual general meeting of CRCT (“**AGM**” or the “**Meeting**”).
- 1.2 Mr Tony Tan, the Chief Executive Officer of the Manager, gave a presentation on CRCT’s results for the financial year ended 31 December 2015.
- 1.3 The Emcee then introduced the panellists. Following the introduction, the proceedings of the Meeting were handed over to Mr Liew Cheng San Victor, the Chairman of the Board of Directors of the Manager (the “**Board**”), who had been nominated by the Trustee to preside as Chairman of the Meeting (“**Chairman**”) in accordance with the trust deed constituting CRCT dated 23 October 2006 (as amended) (the “**Trust Deed**”).

- 1.4 The Chairman noted that a quorum was present and declared the Meeting open at 2.25 p.m. The Notice of Meeting dated 11 March 2016 contained in a booklet sent to Unitholders together with the CD-ROM containing CRCT's 2015 Annual Report of the same date was, with the consent of the Meeting, taken as read.
- 1.5 In line with corporate governance best practices and Rule 730A(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Chairman directed that the vote on each Resolution as set out in the Notice of Meeting be conducted by way of electronic poll.
- 1.6 The Chairman informed the Meeting that DrewCorp Services Pte Ltd had been appointed as the scrutineers to conduct the electronic poll.
- 1.7 Mr Raymond Lam of DrewCorp Services Pte Ltd proceeded with an explanation of the procedures for voting by electronic poll, and carried out a test poll.

2. Resolution 1:

Adoption of Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of CRCT for the financial year ended 31 December 2015 and the Auditors' Report thereon

- 2.1 Resolution 1 to receive and adopt the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of CRCT for the financial year ended 31 December 2015 and the Auditors' Report was read and duly proposed by Mr Ong Gaik Choo, and seconded by Mr Liang Ming'an @ Nea Ah Kow.
- 2.2 The Chairman invited questions and comments from the floor.
- 2.3 Observing that CRCT had performed well in terms of tenant sales in 2015, Mr Ah Hot Gerard Andre first asked the Board for its view on the current consumer/retail spending trends in China. Mr Ah Hot also asked the Board if it had observed any changes in the pattern of consumption in China, and if there had been any slowdown in the growth of tenant sales in 2015, especially in Beijing where most of CRCT's shopping malls are located.
- 2.4 CEO replied that currently, the Chinese market is generally cautious but not to the extent of being pessimistic. CEO noted that there were many driving forces behind China's rapid growth, one of which was the government, which had been working to change the dynamics of the Chinese market. CEO also noted the gradual shift towards the service sector in China over the past few years, and this had been a positive driving force in the Chinese market. CEO observed that while stock market volatility did have a certain impact on spending, consumers were generally not cutting back on spending at this point in time. However, he added that it was still premature to tell if consumers would be committing more spending on leisure.
- 2.5 Mr Ah Hot then asked whether the Board was still seeing an increase in retail spending across the shopping malls in China. CEO replied that there had been an overall increase in retail spending, albeit at a slower rate compared to the last five years. He added that the increase in spending applied to both discretionary spending and necessity spending. Mr Ah Hot asked if the Board observed any slowdown in the rate of growth in spending, to which CEO answered in the affirmative.

- 2.6 In response to Mr Ah Hot's next query on the pattern of retail spending in Beijing compared to the rest of the cities in China, CEO replied that the pattern of retail spending in Beijing was similar to other cities in China. However, he noted that the dynamics in the Beijing market were slightly different, given that it is the capital of China. In this regard, Beijing had a slight advantage over the other cities in China. CEO also observed that while there would be increased competition in the retail market in Beijing in the near future, CRCT will strive to stay ahead of the competition.
- 2.7 Mr Ah Hot queried on CapitaMall Minzhongleyuan ("**Minzhongleyuan**") and the impact of the surrounding road closures on its operations. He asked about the distance of the new subway station, which was targeted to be completed by the end of 2016, from Minzhongleyuan. CEO shared that Minzhongleyuan would be located between two subway stations. The main interchange for Line 2 and Line 6 would be about 800 metres from Minzhongleyuan, while the other subway station would be about 200 metres to 300 metres from Minzhongleyuan.
- 2.8 Mr Ah Hot observed that the occupancy rate in Minzhongleyuan had been quite low at around 70% and asked if CRCT had any committed leases from prospective tenants for 2016. CEO replied that CRCT had been speaking to several prospective tenants. However, some of them were taking a wait-and-see approach as they required some certainty on when the roads would reopen. CEO added that since the Chinese Government had already set a timeline for Line 6 to commence operations by the end of 2016, the roads should accordingly reopen this year. CEO also added that as the opening date for Line 6 draws closer, there would be more clarity on the committed leases for Minzhongleyuan.
- 2.9 Mr Ah Hot's last question was in relation to CapitaMall Wuhu ("**Wuhu**")'s occupancy rate of 65% and what Unitholders could expect from Wuhu, given that CRCT was in the midst of repositioning Wuhu. CEO replied that as the competition in Wuhu city was quite intense, CRCT had formulated some plans to reposition Wuhu, which were targeted to be completed before the end of 2016. However, CEO assured Unitholders that discussions with retailers were already on-going and CRCT would strive to differentiate Wuhu from the rest of the malls in its vicinity. In response to Mr Ah Hot's query on when the occupancy rate of Wuhu was expected to improve, CEO replied that it would take about 1 to 2 years before Unitholders could see an improvement in Wuhu's occupancy rate.
- 2.10 Mr Steven Ooi Wei Soon congratulated the Board on CRCT's 2015 results in light of the current tough economic environment. Mr Steven Ooi asked if the Board could give some insights on the macro economic situation and systemic risks in China. In reply, Mr Lim Ming Yan mentioned that there was still growth in retail consumption with respect to shopping malls in China. In 2014, the growth in retail consumption was approximately 12% to 13% and in 2015, approximately 10.9%. Compared to other economies, Mr Lim Ming Yan was of the view that the 2015 growth rate in China was respectable. Mr Lim Ming Yan also emphasised that Unitholders may not be able to expect high double-digit annual growth rates moving forward given that CRCT was already operating at a very high base in terms of performance, and the current growth rate would likely reflect the trend for the near future. Mr Lim Ming Yan also observed that the Chinese economy is currently undergoing a lot of changes, with a shift from reliance on investment, export and manufacturing towards consumption and services.
- 2.11 Mr Steven Ooi then observed that some of the issues that China had been facing are similar to that faced by Singapore, such as an ageing population. Mr Steven Ooi observed that Singapore's response to such an issue was to rely on technology to compensate for a declining supply of younger workers entering the workforce. He commented that if CRCT could seize the opportunities to leverage on technology and automation before its competitors, it would be able to enjoy an enduring advantage.

- 2.12 Mr Steven Ooi's last question related to an interview given by the Chief Executive Officer of CapitaLand Mall Trust ("**CMT**") on the redevelopment of Funan Digitalife Mall. Mr Steven Ooi observed that Funan Digitalife Mall was evolving with the times and wondered if the Board could similarly share its vision for CRCT malls in the future. CEO responded that the Manager adopted a mall-specific approach in managing CRCT, viewing each mall in its portfolio as a "micro-market" to meet the needs of the local community. Accordingly, CRCT made the effort to engage with the local communities in the vicinity of each mall, with the focus to ensure that CRCT understood the people comprising the local communities, given the people-centric nature of the retail business. CEO also noted that CRCT would indeed harness technology for the benefit of CRCT's malls. He cited the example of the CapitaStar programme which was put in place in the CRCT malls in China, in part, to help CRCT reach out and understand each mall's shoppers. This in turn allowed CRCT to cater and customise its malls' offerings according to the needs of its shoppers. CEO concluded that while technology could help CRCT to a certain extent, a lot of effort still had to be invested into better understanding the needs of its customers. Mr Steven Ooi thanked the Board for sharing its vision and ended off with a comment for the Manager to consider taking the lead in creating demand among potential shoppers at CRCT malls in the future.
- 2.13 Mr Vincent Tan referred the Meeting to page 13 of the Annual Report ("**AR**") where CRCT's three-pronged business strategy was set out. In relation to CapitaMall Wangjing ("**Wangjing**"), which had been undergoing tenancy adjustments to its tower block, Mr Vincent Tan wanted to know if there had been any changes to the rent structure of the new leases (for example, changes in the base rent or changes to the percentage of tenants' gross sale turnover ("**GTO**")) granted in the process of the tenancy adjustments for Wangjing.
- 2.14 CEO replied that the structure of the new leases generally remained similar to that of the previous leases. However, as a major food and beverage ("**F&B**") tenant of Wangjing had been experiencing declining sales, CRCT decided to replace the F&B tenant and sub-divide the space previously occupied by the F&B tenant to give consumers a wider variety. CEO mentioned that CRCT had adjusted the fixed rent in the process and negotiated new rental terms with the new tenants such that CRCT would receive a fixed base rent from these new tenants and a share of the GTO if the tenants' sales exceeded certain thresholds. CEO emphasised that CRCT's strategy remained the same in that it would first peg the rental terms to a fixed base rent to provide downside protection to CRCT. CRCT may, on a case by case basis, participate in some of the risks through several ways including, charging a fixed base rent and a percentage of the tenant's GTO.
- 2.15 Mr Vincent Tan next referred to the growth in the yield on cost for CRCT's seed properties such as CapitaMall Qibao and CapitaMall Xizhimen, and queried the Board on its strategy for rental growth for such malls. Given that CRCT's seed properties mostly started out with a higher proportion of rental space leased out to anchor tenants such as supermarkets, Mr Vincent Tan asked whether CRCT would be carving out more space for specialty and new-to-market tenants to enhance the rental growth of these malls. CEO replied that CRCT had negotiated with some of its bigger tenants which were not operating at their full capacity to reduce their rental space in order to optimise rental space. He added that the reduction in rental spaces of such tenants had been done such that it would not affect the tenants' ability to trade, with some of these tenants even managing to grow their revenue. This approach enabled CRCT to free up rental space to generate higher rental income, and also allowed CRCT to participate in tenants' GTO growth where the tenants managed to improve their GTO based on the reduced rental spaces.

- 2.16 Mr Vincent Tan next referred the Meeting to pages 66 and 67 of the AR, specifically in relation to Wuhu and Minzhongleyuan, which had negative net property income (“NPI”) for 2015. In relation to Wuhu, given that the mall was similarly going through a period of tenancy adjustments, Mr Vincent Tan asked whether Unitholders could expect the same approach taken for Wangjing to be applied and an increase in rental growth following the tenancy adjustments. CEO responded that CRCT would strive to ensure that the tenancy adjustments made to Wuhu would be successful. He however highlighted that this would not be without its difficulties given that the competition from the opening of new malls in the vicinity had increased threefold over the last 5 years. CEO also said that CRCT would need more time to re-position Wuhu given the tough market that Wuhu operated in, but would continue to do its best to improve the NPI of the mall.
- 2.17 Mr Vincent Tan further queried about the trade sector analysis as at 31 December 2015 for Wuhu, which reflected that the committed net lettable area (“NLA”) occupied by the supermarket comprised 75.3% of the mall’s total NLA while the committed NLA of the F&B trade category comprised 13.3% of the total NLA. CEO clarified that the percentage for the supermarket was unusually high because CRCT had terminated most of the specialty store tenants while the supermarket in Wuhu remained operational. However, on a normalised basis, the supermarket would represent approximately 45% of the total NLA. Referring the Meeting to page 74 of the AR which set out Wuhu’s lease expiry profile for 2016, Mr Vincent Tan queried whether CRCT was in danger of having a negative NPI in respect of Wuhu for the next few years. CEO said that it would take approximately 1 to 2 years before Unitholders could see an improvement in Wuhu’s performance.
- 2.18 In relation to Minzhongleyuan, Mr Vincent Tan referred to CRCT’s AGM held on 17 April 2015 where the Board mentioned that the construction of the new subway Line 6 would take between 2 to 3 years, and queried if Unitholders would be seeing any progress soon. CEO responded that as the date for the re-opening of the roads and operation of Line 6 drew closer, CRCT would be better able to persuade retailers to sign leases for retail space at Minzhongleyuan. He also mentioned that there were some loyal tenants which had stuck by CRCT during the difficult trading period, and in this regard, CRCT wanted to ensure that these tenants would be able to participate in the full potential of Minzhongleyuan once conditions improved. Accordingly, CRCT would require approximately 2 to 3 years to stabilise the mall as this would allow tenants sufficient time to build up and stabilise their businesses. Thereafter, CRCT could then expect more growth in rental income. CEO mentioned that in the meantime, Unitholders should expect any increase in rental income for Minzhongleyuan over the next few years to be quite gradual.
- 2.19 Mr Vincent Tan next referred the Meeting to the lease expiry profile of Minzhongleyuan on page 73 of the AR. Noting that the leases expiring in 2016 and 2017 represented relatively high income-generating leases, Mr Vincent Tan sought to understand how some of the tenants in Minzhongleyuan such as Studio City, Starbucks, Innisfree and Adidas Originals continued to operate during the period when access was blocked and how the Manager managed to convince these tenants to continue with their operations. CEO replied that most of these tenants who had chosen to remain open during the period of the road closures saw the potential in Minzhongleyuan. He cited the case of Studio City, who had managed to maintain reasonable traffic, given that it was the only IMAX screen operator in the vicinity. CEO also added that CRCT is currently involved in negotiations with Studio City for more rental space, conditional on Studio City putting in a certain amount of capital expenditure to refresh and improve its space and facilities. CEO also shared that the problems relating to road works did not solely affect Minzhongleyuan, but also impacted other malls in the Zhongshan Avenue area. Nevertheless, the Manager was of the view that the Zhongshan Avenue area would be revitalised once the road works were completed, and the roads reopened.

- 2.20 Mr Vincent Tan queried how CRCT would adjust its strategies to keep up with changes in trends like consumption behavior and the devaluation of the Renminbi and continue to ensure growth. CEO replied that while such changes in the Chinese market would be factored into CRCT's decisions, there were no shortcuts to staying relevant and CRCT would have to continue to engage with its customers to better understand the markets it operated in. Although the consumption behaviour of consumers was changing, CRCT would still be able to participate in the relevant market if it understood its consumers well. CEO also mentioned that he would be more concerned about the oversupply of retail space than the rise of e-commerce in the next 1 to 3 years.
- 2.21 Mr Tan Choon Han referred the Meeting to page 86 of the AR which set out all of CRCT's properties as being leasehold properties with tenures of less than 50 years. Noting that the distribution of CMT was approximately 5%, Mr Tan Choon Han queried whether this was a cause for concern and whether Unitholders should expect a higher yield for CRCT given the shorter tenure of CRCT's leasehold assets. Mr Lim Ming Yan responded that as each market had its own dynamics, for example, the capitalisation rates in Shanghai and Beijing are approximately 4% to 5%, the question would be whether a particular capitalisation rate was a fair rate. Mr Lim Ming Yan explained that in some markets, while the capitalisation rate was low, the growth in terms of income might be fairly high. On the other hand, there were other markets where the capitalisation rates were comparatively higher but there might be little or no growth. Mr Lim Ming Yan added that as CRCT's portfolio comprised assets from a number of key cities across China, its portfolio value was fairly reflected in the valuation of the assets.
- 2.22 Mr Tan Choon Han next asked the Board if CRCT would be willing to dispose Wuhu and acquire another property given the difficulties in trying to improve the operations of Wuhu. CEO replied that the Board would not rule out such a possibility, however the Manager would still want to improve the operations of Wuhu first.
- 2.23 Mr Yeo Wei Huang observed that there were now many countries moving towards negative interest rates and asked the Board if CRCT would be able to benefit from this in terms of its funding structure. CEO responded that as a big component of CRCT's funding structure was denominated in SGD, CRCT had been able to maintain its credit spread in the past year, albeit at a higher swap offer rate. He observed that due to the higher swap rate, the cost of offshore funding was generally higher. On the other hand, CEO mentioned that CRCT had benefited from a decline in interest rates in China in the past year. However, CEO shared that whether China's interest rate would enter into the negative zone was largely market-driven. Still, CRCT would generally benefit from a declining interest rate trend.
- 2.24 Mr Yeo Wei Huang next asked whether CRCT's Renminbi ("**RMB**") loan with an interest rate of approximately 4.75% was considered a high rate. CEO responded that the interest rate had in fact come down from a rate of 5.5% when CRCT first obtained the loan to 4.75%, which was currently the market rate in China. Mr Lim Ming Yan added that as the interest rates in China are fixed by the People's Bank of China ("**PBOC**"), the banks would have to operate within the bands set by the PBOC. Mr Lim Ming Yan also observed that CRCT was currently enjoying quite an attractive interest rate on its loans, compared to the market rate.

- 2.25 Mr Yeo Wei Huang's last question related to a potential rise in interest rates in the future and its impact on the Singapore REITs. He asked the Board about its strategy to navigate a situation in the near future where the market may experience rising interest rates. CEO responded that given that interest rates were driven by market forces, CRCT had policies in place to pre-empt any fluctuations in interest rates, one of which was to ensure that its debts were substantially hedged on a fixed rate basis. He cited the example where approximately 74% of CRCT's debts (including RMB denominated debt) were locked in at fixed rates in 2015. If the RMB-denominated loans were taken out of the equation, given that there was no mechanism in China for interest rates on a fixed rate basis, CRCT would be more than 80% hedged presently. As such, from an interest rate perspective, CEO stated that CRCT had taken a very prudent stance, and that CRCT's other strategy against fluctuations in interest rates was to ensure a comfortable level of liquidity at any given point in time. Accordingly, CRCT would ensure that each time it refinanced its loans, the refinanced loans would have terms of at least 4 to 5 years.
- 2.26 Mr Tan Yew Aik observed that CRCT had enjoyed two years of strong growth in distribution per Unit ("**DPU**"). Given the risks, uncertainty and issues of oversupply as mentioned earlier, Mr Tan Yew Aik queried the Board on its views in relation to DPU growth going forward. CEO replied that while the Board would not be able to give a forecast regarding CRCT's DPU growth, CEO reassured Unitholders that CRCT would continue to strive to grow its DPU and deliver results.
- 2.27 Mr Lee Chin Teck enquired about the upcoming shopping malls in the various cities in China and the chances of competition against CRCT's malls. CEO responded that the upcoming supply of new malls in Beijing for 2016 was estimated to be approximately 2 million square metres. He shared that CapitaMall Grand Canyon ("**Grand Canyon**") was likely to be affected by the supply of new malls in Beijing, especially in the south and north of Beijing. CEO noted that every new credible retail space added into the market might potentially change the travel and consumption patterns of consumers. He cited an example of a CRCT mall located in the vicinity of an office space which was likely to attract consumers from the day-time office crowd during lunch or after office hours. However, if a new mall were to open in the vicinity of the consumers' homes in future, consumers might then choose to patronise the mall closer to their homes instead of the CRCT mall located near their office. CEO explained that the example highlighted the need for CRCT to be sensitive to any changes in the travel and consumption patterns of its consumers brought about by the supply of new malls. He reiterated the need for CRCT to cater to consumers' needs and wants in order to stay relevant.
- 2.28 Mr Henry Ho Hai Pang referred the Meeting to the 5-year financial highlights of CRCT set out on page 5 of the AR. Noting that CRCT had generally been positive in all aspects financially, except for its market capitalisation and earnings per Unit ("**EPU**"), which both dropped in value from 2014, he asked how the drop in value in market capitalisation and EPU affected Unitholders. CEO replied that given the market's insecurity with China, there was a drop in the Unit price. The EPU, which comprised NPI and gain in valuation of properties, was substantially lower in 2015 due to a lower valuation gain compared to 2014. Ms Joanne Tan added that CRCT had taken a very conservative approach to valuation such that the 2015 valuation gain was lower than that in 2014, resulting in a lower EPU. Given that valuation gain was a non-cash item, Ms Joanne Tan shared that the drop in valuation gain would not affect the DPU received by Unitholders. CEO added that a drop in valuation gain would instead affect the net asset value of CRCT.

- 2.29 Mr Henry Ho Hai Pang observed that some REITs had disclosed the remuneration paid to their CEO, directors and key management personnel for 2015 in their annual reports, and asked the Board if CRCT was prepared to make similar disclosures. The Chairman replied that CRCT was currently in the midst of reviewing the remuneration policy for FY2016 and beyond, with a view to adopt a new remuneration policy which was in line with the new directions and guidelines of the Monetary Authority of Singapore. The Chairman added that any disclosure of the remuneration figures for FY2015 would not be meaningful or useful, from an information perspective to Unitholders, but CRCT would make the relevant disclosures for FY2016 and beyond.
- 2.30 In response to Mr Henry Ho Hai Pang's last question on the resilience of CRCT's DPU in light of the various risks that CRCT was exposed to, CEO responded that the resilience of CRCT's DPU depended on how well CRCT was able to execute its strategies and policies and assured Unitholders that CRCT would continue to do its best.
- 2.31 Mr Yee Chee How Alvin asked the Board about the type of properties CRCT would look to potentially acquire in the long term in order to enhance its DPU growth. The Chairman and CEO responded that apart from being yield accretive, CRCT would explore potential acquisition opportunities both internally through the pipeline of properties from the sponsor and externally from the market. He added that CRCT would continue to look out for acquisition opportunities. CEO added CRCT currently enjoyed a good balance sheet, with a gearing ratio of only 27.7%, and the focus should be on acquiring the right property. CEO assured Unitholders that when an appropriate acquisition opportunity arises, CRCT would make the requisite announcements.
- 2.32 Mr Yee Chee How Alvin then queried on the pipeline of properties from CapitaLand Limited. Mr Lim Ming Yan responded that given the current capitalisation rates of approximately 4% to 5% in cities such as Shanghai and Beijing, it would probably not be DPU-accretive if CRCT were to acquire assets in these cities. Furthermore, while there may be opportunities presently in the market, acquisitions may not be DPU-accretive immediately. As such, CRCT would have to carefully consider any potential acquisitions and ensure that it would be able to add value to the target property before committing to an acquisition.
- 2.33 Mr Yee Chee How Alvin's next asked the Board about the spot rental rates of the properties, compared to the previous year. CEO replied that while the rental rates of CRCT's properties were presently at market rates, CRCT's focus would be on whether its tenants could do well, as it would potentially lead to growth in CRCT's rental income.
- 2.34 Mr Kan Yew Wah referred the Meeting to the list of interest-bearing borrowings on page 114 of the AR and enquired on CRCT's strategy in deciding whether to repay its maturing loans or to refinance them. CEO replied that CRCT would typically consider whether CRCT would be repatriating cash from China, and the restrictions on the amount of cash CRCT could repatriate from China. CRCT typically employed two methods to repatriate cash from China, the first being to pay out dividends from China to off-shore entities held by CRCT, subject to a withholding tax on such dividends, and the second method was for CRCT companies in China to repay its cross-border shareholder loans. CEO said that there would usually be cash in the form of after-tax profit that could be repatriated from China, but there would also be some residual cash retained in China which could be applied in couple of ways, including using it to fund CRCT's capital expenditure in China or to explore potential third party acquisitions with a transaction structure similar to that in the acquisition of Grand Canyon. During the acquisition of Grand Canyon, CRCT acquired Grand Canyon through the purchase of shares in the Chinese company that owned it, and also acquired the onshore loan of the Chinese company. CEO explained that the onshore liquidity allowed CRCT to participate in such potential acquisitions in a more tax-efficient way as CRCT could utilise the onshore cash for the repayment of the onshore bank loans without removing the tax shields.

- 2.35 As there were no further questions on Resolution 1, the Chairman proceeded to put Resolution 1 to vote. The result of the poll on Resolution 1 was as follows:

Resolution 1 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
523,112,636	99.81	983,170	0.19

Based on the results of the poll, the Chairman declared Resolution 1 carried as an Ordinary Resolution.

**3. Resolution 2:
Re-appointment of KPMG LLP as Auditors of CRCT**

- 3.1 Resolution 2 to re-appoint KPMG LLP as Auditors of CRCT to hold office until the conclusion of the next AGM of CRCT, and to authorise the Manager to fix their remuneration, was read and duly proposed by Mr Quan Chee Chong Ronald and seconded by Mr Andrew Tan Theng Chye.
- 3.2 The Chairman invited questions and comments from the floor.
- 3.3 As there were no questions on Resolution 2, the Chairman proceeded to put Resolution 2 to vote. The result of the poll on Resolution 2 was as follows:

Resolution 2 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
522,788,003	99.79	1,091,949	0.21

Based on the results of the poll, the Chairman declared Resolution 2 carried as an Ordinary Resolution.

**4. Resolution 3:
Authority for the Manager to issue Units in CRCT (“Units”) and to make or grant Convertible Instruments**

- 4.1 Resolution 3 to authorise the Manager to issue Units and to make or grant convertible instruments convertible into Units, and to issue Units in pursuance of such instruments, was read and duly proposed by Mr Ho Mun Sang, and seconded by Mr Sim Chor Chye.
- 4.2 The Chairman invited questions and comments from the floor.
- 4.3 As there were no questions on Resolution 3, the Chairman proceeded to put Resolution 3 to vote. The result of the poll on Resolution 3 was as follows:

Resolution 3 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
512,865,989	97.91	10,939,948	2.09

Based on the results of the poll, the Chairman declared Resolution 3 carried as an Ordinary Resolution.

5. Resolution 4:**Approval of the Renewal of the Unit Buy-Back Mandate**

- 5.1 Resolution 4 to approve the renewal of the Unit buy-back mandate authorising the Manager to repurchase issued Units for and on behalf of CRCT was read and duly proposed by Mr Tay Tee @ Tay Liang Chor @ Chieng Liang Choo, and seconded by Mr Lee Kheng Siong.
- 5.2 The Chairman invited questions and comments from the floor.
- 5.3 As there were no questions on Resolution 4, the Chairman proceeded to put Resolution 4 to vote. The result of the poll on Resolution 4 was as follows

Resolution 4 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
522,388,015	99.82	957,870	0.18

Based on the results of the poll, the Chairman declared Resolution 4 carried as an Ordinary Resolution.

6. Resolution 5:**Approval of the Manager to issue Units pursuant to the CRCT Distribution Reinvestment Plan**

- 6.1 Resolution 5 to authorise the Manager to issue Units pursuant to the distribution reinvestment plan (“DRP”) established by CRCT was read and duly proposed by Mr Kuek Sui Liang and seconded by Mr Liew Joon Siew.
- 6.2 The Chairman invited questions and comments from the floor.
- 6.3 Noting the benefits of keeping cash onshore in China, Mr Vincent Tan asked whether the Manager could consider passing on such benefits in the form of a better discount for Unitholders to participate in the Distribution Reinvestment Plan (“DRP”). CEO responded that the price of the Units issued under the DRP was based on the volume-weighted average traded price per Unit for each market day during a 10-market day period prior to and ending on the books closure date. Historically, a 2% discount was considered fair. However, CEO added that where there would be a specific need to raise funds such as to fund an acquisition, CRCT might consider offering a better discount to encourage more Unitholders to participate in the DRP.
- 6.4 Mr Ong Keng Han asked the Board whether a rights issue was a better option to finance an acquisition, compared to the DRP, given the dilutive effect on the DPU. Mr Ong Keng Han also commented that if CRCT did not need the cash, it would be more viable to discontinue the application of the DRP in view of its dilutive effects on the DPU. CEO replied that the DRP allowed investors a cost-effective option to reinvest their distribution without the need to inject additional cash. He added that any dilutive effect would not be significant.
- 6.5 In response to a query from Mr Lum Yue Wah on the potential dilutive effect of the DRP, CEO responded that assuming a 100% take-up of the DRP, CRCT would be issuing new Units worth approximately S\$86 million as compared to CRCT’s total market capitalisation of S\$1.2 billion. As such, any dilutive impact would be quite small and would not result in a big distortion.

- 6.6 In response to Mr Ong Keng Han's query on CRCT's usage of the cash raised by DRP exercises, CEO replied that DRP was one of the tools deployed by CRCT to constantly beef up CRCT's balance sheet. As such, the cash raised by DRP exercises would be used for, amongst others, capital expenditure, working capital or acquisitions.
- 6.7 Mr Gan Hock Chai commented that some REITs had chosen to fund their acquisitions through equity fund raising by offering new units only to institutional investors, rather than existing unitholders. He suggested that Management consider allowing existing Unitholders to participate in equity fund raising for future acquisitions. CEO highlighted that CRCT's last equity fund raising by way of a preferential offering was open to participation by all Unitholders, and not limited to institutional investors.
- 6.8 As there were no further questions on Resolution 5, the Chairman proceeded to put Resolution 5 to vote. The result of the poll on Resolution 5 was as follows

Resolution 5 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
513,365,663	98.08	10,028,712	1.92

Based on the results of the poll, the Chairman declared Resolution 5 carried as an Ordinary Resolution.

7. CLOSING ADDRESS

- 7.1 There being no other business, on behalf of the Trustee and the Manager, the Chairman thanked all present for their attendance and support, and declared the Meeting closed at 3.45 p.m.

Confirmed By
Mr Liew Cheng San Victor
Chairman of Meeting