



DASIN RETAIL TRUST  
大信商用信托

# Accelerating Potential, Gaining Grounds

ANNUAL REPORT 2018

激发潜能，  
拓展业绩

2018  
年度报告



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**Dasin Retail Trust** is well positioned for the next phase of growth. This year reflected creditable financial performance with stable distribution yield and positive rental reversion. These results are only a mere starting line for where we are heading. Our strong foundation is built upon our sustainable key portfolio strategically located in the heart of the Guangdong-Hong Kong-Macau Greater Bay Area. Meeting expectations through organic growth has provided us with stability and the resources to look ahead for further expansion.



# About Dasin Retail Trust

Dasin Retail Trust (the “Trust”) is the only China retail property trust listed on SGX-ST providing direct exposure to the Guangdong-Hong Kong-Macau Greater Bay Area (“Greater Bay Area”).

The Trust’s mandate is to invest in, own or develop land, uncompleted developments and income-producing real estate in Greater China (comprising PRC, Hong Kong and Macau), used primarily for retail purposes, as well as real estate-related assets, with an initial focus on retail malls.

Listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 20 January 2017, Dasin Retail Trust (the “Trust”) is the only China retail property trust listed on SGX-ST providing direct exposure to the Guangdong-Hong Kong-Macau Greater Bay Area (“Greater Bay Area”).

The Trust’s mandate is to invest in, own or develop land, uncompleted developments and income-producing real estate in Greater China (comprising PRC, Hong Kong and Macau), used primarily for retail purposes, as well as real estate-related assets, with an initial focus on retail malls.

As at 31 December 2018, the Trust’s portfolio comprises of four retail malls located in Zhongshan City in Guangdong, PRC, valued at approximately RMB7.5 billion (\$1.5 billion). These properties host a tenant base of over 500 local and international retailers.

Dasin Retail Trust is managed by Dasin Retail Trust Management Pte. Ltd. in its capacity as the Trustee-Manager (“Trustee-Manager”). The Trustee-Manager strives to provide unitholders of Dasin Retail Trust (“Unitholders”) with an attractive rate of return on their investments through regular

and stable distributions and to achieve long-term sustainable growth in distribution per unit, while maintaining an appropriate capital structure.

The Sponsor of Dasin Retail Trust is Zhongshan Dasin Real Estate Co., Ltd (中山市大信置业有限公司) (the “Sponsor”), one of the leading real estate developers in Zhongshan City, Guangdong Province, with a strong track record as a retail mall operator.

**Note:**

Any discrepancies in the table and charts between the listed figures and total thereof are due to rounding.



# Portfolio at a Glance

Our portfolio comprises four retail malls located in Zhongshan City in Guangdong, PRC with a diversified tenant mix and offerings.

## Properties

### Shiqi Metro Mall

OCCUPANCY RATE	98.9%
VALUATION	S\$600.2M
GROSS REVENUE FY2018	S\$26.3M
NET PROPERTY INCOME FY2018	S\$21.9M

Shiqi Metro Mall, with over 14 years of history, is the first shopping mall in Zhongshan. It is a mid-end positioned regional mall with a broad trade mix targeting primarily mid-income households in the core urban area of Zhongshan. Shiqi Metro Mall's anchor tenants include RT Mart, Superior City Department Store and Jane Eyre Furniture Mall and other tenants such as Watsons, KFC, Starbucks and Xin Xuan Restaurant. Due to its mature position in the market as well as its location in the core urban area of the city, Shiqi Metro Mall has always enjoyed a high occupancy rate and has built a strong brand awareness among local residents in the city.

Shiqi Metro Mall is centrally located in the downtown area of the Shiqi District. In addition to the convenient road network, the shopping mall is also well served by many local public bus routes, including one which stops directly in front of Shiqi Metro Mall. Shiqi Metro Mall also provides free shuttle bus services to surrounding communities as well as to other shopping malls.



### Xiaolan Metro Mall

OCCUPANCY RATE	99.2%
VALUATION	S\$454.2M
GROSS REVENUE FY2018	S\$25.9M
NET PROPERTY INCOME FY2018	S\$21.9M

Xiaolan Metro Mall is located in Xiaolan Town, one of the largest suburban towns in terms of residential population. The shopping mall enjoys convenient transportation and is well served by many local public bus routes, including one which stops directly in front of Xiaolan Metro Mall. Some of its tenants include Chow Tai Fook, McDonald's, KFC and Pizza Hut. There are several large-scale residential communities within the primary trade area. In addition, the Xiaolan Town Government, Xiaolan Gymnasium and Zhongshan Xiaolan Middle School, which has more than 3,000 students and employees, are also located around Xiaolan Metro Mall. In order to drive shoppers' traffic, the shopping mall also provides free shuttle bus services to surrounding communities and factories.



## Ocean Metro Mall

OCCUPANCY RATE	99.3%
VALUATION	S\$361.5M
GROSS REVENUE FY2018	S\$15.9M
NET PROPERTY INCOME FY2018	S\$11.2M

Strategically located in the Eastern District within the core urban area of Zhongshan, Ocean Metro Mall is easily accessible via many local public bus routes in close proximity. Opened in December 2014, the mall is positioned as a mid- to high-end modern and experiential lifestyle destination offering comprehensive shopping experience including retail, dining and entertainment. The spacious walkways and big atrium space for hosting events give the mall a more modern feel.

Ocean Metro Mall houses quality tenants such as Carrefour, Superior City Department Store, Top KTV, Win Fitness, Jinyi Cinema, Starbucks, McDonald's, Nike and Adidas. It also offers free shuttle bus services to other districts and towns, providing easy access for local residents to shop at Ocean Metro Mall.

Adjacent to Ocean Metro Mall is the Zhongshan Expo Centre with an area of 110,000 sqm, which has a spillover effect of visitors' traffic.



## Dasin E-Colour

OCCUPANCY RATE	98.3%
VALUATION	S\$62.8M
GROSS REVENUE FY2018	S\$3.2M
NET PROPERTY INCOME FY2018	S\$2.3M

Situated opposite the University of Electronic Science and Technology of China (Zhongshan Institute), Dasin E-Colour was originally a furniture mall which underwent asset enhancement initiative to transform it into a trendy community mall prior to the listing of Dasin Retail Trust. The university, with an estimated 20,000 students and employees, provides a ready catchment for shopper's traffic. Dasin E-Colour is positioned as a mid-end community mall providing fashionable retail outlets, popular F&B stores and entertainment facilities for its shoppers.

In addition, seasonal activities on Valentine's Day, Christmas etc are organised during school holidays to attract footfall.



# Where We Do It

Planned as the central city within the Greater Bay Area, Zhongshan is positioned to become a regional technology and R&D centre under the provincial government's 2017-30 plan.

The Trust is expected to benefit positively from the rapid development of the Guangdong-Hong Kong-Macau Greater Bay Area.

Planned as the central city within the Greater Bay Area, Zhongshan is positioned to become a regional technology and R&D centre under the provincial government's 2017-30 plan. It is set to become a regional transportation hub linking the Greater Bay Area region and the west of Guangdong through the development of large-scale transportation infrastructures such as the Hong Kong-Zhuhai-Macau Bridge and the Shenzhen-Zhongshan Bridge. The city will also invest heavily in the development of manufacturing intelligence as well as national health science and technology industrial bases. In addition, the planned 15 triangular intercity rail transit lines in the Greater Bay Area will be completed and open to traffic by 2020. With that, the "one-hour traffic circle" will be realised in the Greater Bay Area, which will inevitably promote the integration of urban agglomerations in the area, and is expected to enhance Zhongshan's development. With these, Zhongshan will undoubtedly introduce unparalleled market momentum and growth opportunities.

## LEGEND

- Humen Bridge
- Humen Second Bridge (Under Construction)
- Shenzhen-Zhongshan Bridge (Under Construction)
- Hong Kong-Zhuhai-Macau Bridge
- Zhongshan-Shenzhen River Taxi
- Guangzhou-Zhuhai City Rail

## MAIN HIGHWAYS

- G4W Guangdong-Macau Highway
- S32 Western Coastal Highway
- G9411 Guangdong-Foshan Highway
- G94 Pearl River Delta region Highway
- S26 Shen-Luo Highway

### 1 Xiaolan Metro Mall



### 2 Dasin E-Colour

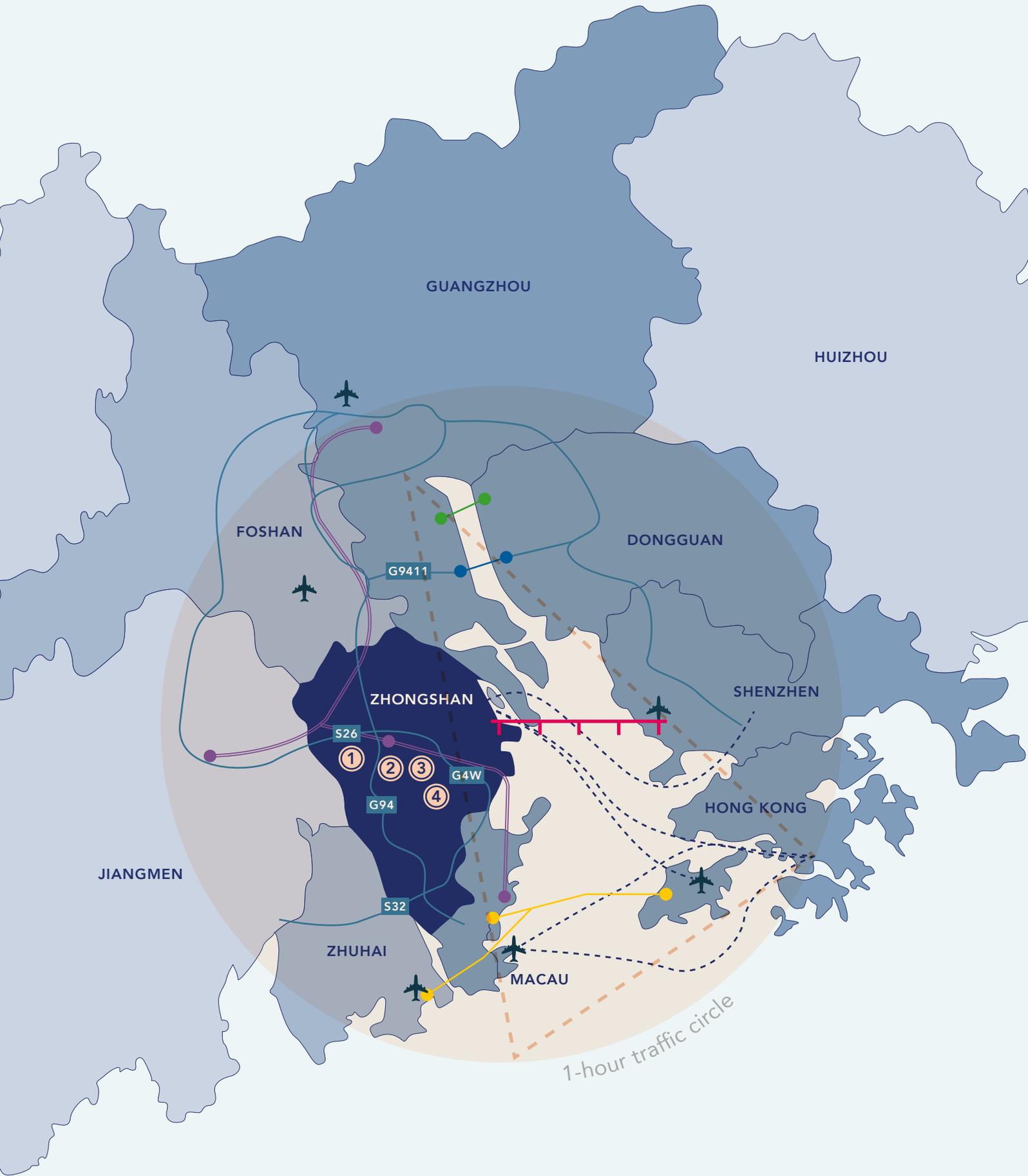


### 3 Shiqi Metro Mall



### 4 Ocean Metro Mall



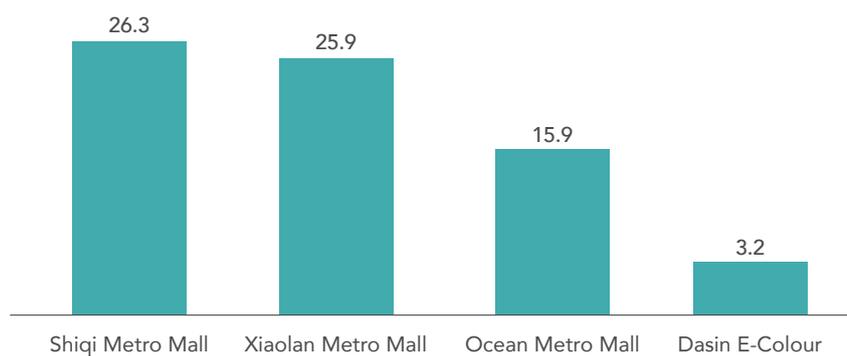


### GUANGDONG—HONG KONG—MACAU GREATER BAY AREA

# Thriving on the Leading Edge

Dasin Retail Trust is the only Singapore-listed retail property trust that provides direct exposure to the growth of China's Greater Bay Area. This advantage has proved to be profitable and stable, as with the great support of our sponsor, Zhongshan Dasin Real Estate Co., Ltd. Strong connections with leaders in the industry have enabled us to reap sustainable results from our investments in the Greater Bay Area.

FY2018 Gross Revenue by Malls (\$M)





大信控股

DASIN

大信·新都汇

大信·新都汇  
AN ERNO-DALY

威尼斯西餐厅  
VENICE RESTAURANT  
McDonald's  
TASTE  
HONEY & FOOD  
大信新都汇二楼

五食町  
日式和食  
地道关西味  
五食町

VENICE CAFE & BAKERY

Fanta

# Trust Structure



Acts on behalf of Unitholders and provides Management Services



Management Fee

**Dasin Retail Trust Management Pte. Ltd. (Trustee-Manager)**  
大信商用信托管理有限公司

**Yi Xin Management Pte. Ltd.**  
溢信管理有限公司

**Lan Xin Management Pte. Ltd.**  
榄信管理有限公司

**Sheng Xin Holdings Pte. Ltd.**  
盛信控股有限公司



**Sheng Xin Management Pte. Ltd.**  
盛信管理有限公司

**Sheng Xin Properties Pte. Ltd.**  
盛信物业有限公司



**Zhongshan Yicai Dasin Xinduhui Commercial Management Co., Ltd.**  
*(Rental Management Company of Dasin E-Colour)*  
中山市溢彩大信新都汇商业管理有限公司

**Zhongshan Xiaolan Dasin Xinduhui Commercial Management Co., Ltd.**  
*(Rental Management Company of Xiaolan Metro Mall)*  
中山市小榄大信新都汇商业管理有限公司

**Zhongshan Shiqi Dasin Xinduhui Commercial Management Co., Ltd.**  
*(Rental Management Company of Shiqi Metro Mall)*  
中山市石岐大信新都汇商业管理有限公司

**Zhongshan Xinkong Commercial Management Co., Ltd.**  
中山市信控商业管理有限公司



Property Management Services



Marketing Services

**Zhongshan Jixin Property Management Co., Ltd.**  
*(Shiqi Branch)*  
中山市基信物业管理有限公司石岐分公司

**Zhongshan Dasin Commercial Property Management Co., Ltd.**  
中山市大信商用物业管理有限公司

**Shiqi Metro Mall**  
大信·新都汇石岐店

# Letter to Unitholders

We are pleased to present Dasin Retail Trust's annual report for the financial year ended 31 December 2018 (FY2018).



## Dear Unitholders,

On behalf of the Board of Directors of Dasin Retail Trust Management Pte. Ltd., we are pleased to present Dasin Retail Trust's annual report for the financial year ended 31 December 2018 (FY2018).

## Stable Distributions and Prudent Capital Management

We are pleased to report that Dasin Retail Trust delivered a resilient performance in FY2018, notwithstanding the challenges and uncertainties in the macroeconomic environment. The Trust achieved a distribution per unit (DPU) of 7.22 cents for FY2018, which translates to a distribution yield of 9.0% based on the offering price of S\$0.80, meeting the projected yield for FY2018.

Net property income was S\$57.3 million for FY2018, an increase of approximately 23.1% year-on-year, mainly attributable to full-year contribution from Shiqi Metro Mall which was acquired in June 2017, as well as better performance from Xiaolan Metro Mall.

This achievement is in line with our commitment to provide regular and stable distributions for our Unitholders.

The Trustee-Manager continued its prudent and disciplined approach on the capital management front. Despite the rising interest rate environment, the Trust successfully extended the first tranche of the offshore facilities at a reduced interest rate margin as compared to the original loans on 18 January 2019. With the extension, the all-in interest cost for the first tranche was also lowered. The extension also effectively lengthens the average term-to-maturity of the offshore facilities from 0.8 year to 1.6 years. This extension is an indication of our prudent capital management strategy enabling a healthy capital structure for the Trust.

For FY2018, Dasin Retail Trust's balance sheet remains healthy with an aggregate leverage of 32.3% and weighted

“The Trust achieved a distribution per unit (DPU) of 7.22 cents for FY2018, which translates to a distribution yield of 9.0% based on the offering price of S\$0.80, meeting the projected yield for FY2018.”

average cost of debt of 5.5% for its onshore debt and 5.4% for its offshore debt. The proportion of fixed-rate loans for its offshore debt stood at approximately 40% as at 31 December 2018. The Trustee-Manager maintains an interest rate management policy to hedge at least 40% of its offshore debt into fixed rates.

#### Proactive Asset Management

Dasin Retail Trust's portfolio continued to perform well despite the challenging operating environment, a testament to the quality and resilience of our assets. Our strategy of proactive asset management has enabled us to consistently maintain a strong portfolio occupancy rate. As at 31 December 2018, our portfolio registered 99.1% occupancy with weighted average lease to expiry of 6.4 years by net lettable area, ensuring stable and sustainable portfolio and distribution income to Unitholders.

During the year, 288<sup>(1)</sup> new leases were signed and renewed with an average increase of 8.2% over preceding rents. The valuation of our portfolio stood at approximately RMB7.5 billion as at 31 December 2018.

The Trustee-Manager regularly reviews its asset plans and carries out asset enhancement works in its shopping malls to upgrade the amenities and enhance shopper's experience. In 2018, we reconfigured approximately 9,180 sqm of space at Levels 3 and 4 at Xiaolan Metro Mall and brought in new F&B offerings including Hai Di Lao Hot Pot and other well-known tenants to achieve a more diverse trade mix and stronger positioning. At Shiqi Metro Mall, we reconfigured approximately 5,621 sqm of space at Level 1 and Basement 1 and introduced more experiential retail concepts to improve the overall shopping experience. In addition, we brought in NOME as well as other popular retail brands to enhance the mall's appeal.

#### Disciplined Investment Management

Shiqi Metro Mall, which was acquired on 19 June 2017, is a testament to the Trustee-Manager's successful execution of its strategy to pursue investment opportunities that will enhance returns to Unitholders.

Dasin Retail Trust has a pipeline of 20 “Right of First Refusal” properties from the Sponsor as at 31 December 2018. This steady pipeline of properties includes 14 completed properties and 6 properties under development which are located in Zhongshan, Zhuhai, Shunde and Macau of the Greater Bay Area. We will continue to undertake a prudent and disciplined investment approach to inject these properties to enhance the portfolio of Dasin Retail Trust.

#### Sustainability Reporting

Sustainability is an important aspect of Dasin Retail Trust's long-term business strategy and commitment to Environmental, Social and Governance (“ESG”) best practices remains an integral part of our business operations. The Trust's second sustainability report, prepared in accordance with the Global Reporting Initiative Standards (Core Option), communicates our approach towards sustainability. We have further enhanced our practices by incorporating targets for each material ESG factor for FY2019, in accordance with SGX-ST's sustainability reporting requirements.

#### Looking Ahead

In 2018, China's economy expanded 6.6% while national retail sales grew 9.0% year-on-year to RMB38.1 trillion. National urban disposable income and expenditure per capita also saw a healthy increase of 7.8% and 6.8% year-on-year respectively.<sup>(2)</sup>

Zhongshan City's GDP increased 5.9% year-on-year, reaching RMB363.3 billion while total retail sales increased by 4.5% to RMB149.1 billion year-on-year for 2018.<sup>(3)</sup>

Despite the trade friction between China and the US and the slowdown in world economic growth bringing uncertainty to future development, we are also pleased to see that both countries are actively negotiating to ease the current friction as well as a slowdown in the pace of interest rate hikes. At the same time, the Chinese government has adopted a series of measures to stabilise the economic development. The master plan for the Guangdong-Hong Kong-Macau Greater Bay Area which has been unveiled is expected to increase the population as well as improve retail sales of the Greater Bay Area, which will provide us with better room for growth.

Building on our strong foundations, we will continue to proactively manage our assets, embark on new asset enhancement initiatives and pursue quality acquisition opportunities with prudent capital management, to fulfil our commitment of delivering stable, sustainable returns to our Unitholders.

#### In Appreciation

We would like to take this opportunity to thank our fellow Board members for their counsel and guidance, as well as our dedicated management and staff for their continued dedication and contributions. We would also like to thank our Unitholders, loyal tenants, shoppers and valued business partners for their continued confidence and support as we strive towards delivering sustainable value to our Unitholders.

#### Zhang Zhencheng

Chairman

#### Li Wen

Chief Executive Officer

26 March 2019

<sup>(1)</sup> Does not include leases with turnover rent and leases for new space created due to reconfiguration of units. Renewal lease date from January to December 2018.

<sup>(2)</sup> National Bureau of Statistics of China.

<sup>(3)</sup> Zhongshan Municipal Bureau of Statistics.

# 致信托单位持有者

在此呈报大信商用信托  
截至2018年12月31日财年的年报。



## 尊敬的单位持有者：

我们谨代表大信商用信托管理有限公司董事会，在此呈报大信商用信托截至2018年12月31日财政年的年报。

## 稳定的分配及审慎的资本管理

尽管面临宏观经济环境带来的挑战和不确定性，但我们仍高兴地宣布，大信商用信托在2018财政年的绩效表现良好。以0.80新元的发行价格为基础，大信商用信托在2018财政年实现的每份单位分配额为7.22分，相当于分配投资回报为9.0%，达到2018财政年的预期分配收益率。

2018财政年的净物业收入为57.3百万新元，年增长率为23.1%，主要原因是2017年6月收购大信·新都汇石岐店对于全年收入的贡献，以及大信·新都汇小榄店的业绩表现。

此成绩与我们向单位持有者提供稳定分配额的承诺相符。

信托管理人将继续采用审慎、专业且先进资本管理策略在利率上升的环境下，于2019年1月18日以较低的利率成功延期了第一批离岸（中国境外）贷款。随着延期，该笔续期贷款的综合利息成本也较之前降低了不少。贷款延期也有效地将离岸（中国境外）贷款的平均期限从0.8年延长至1.6年。此延期表明我们谨慎的资本管理策略能为信托提供健康的资本结构。

基于32.3%的总杠杆率，大信商用信托的资产负债在2018财政年仍保持健康状态，在岸（中国境内）债务成本为5.5%，离岸（中国境外）债务成本为5.4%。截至2018年12月31日，约40%的离岸（中国境外）债务属于固定债务，信托管理人按照既定的利率政策对至少40%的离岸债务进行了对冲，以换为固定利率。

“以0.80新元的发行价格为基础，大信商用信托在2018财政年实现的每股份单位分配额为7.22分，相当于分配收益率为9.0%，达到2018财政年的预计收益率。”

### 前瞻性资产管理

尽管在经营环境方面面临挑战，但基于资产质量和发展弹性，大信商用信托的投资组合亦继续表现良好。我们前瞻性资产管理政策，使得我们能够持续维持强劲的出租率。截至2018年12月31日，我们投资组合登记的出租率为99.1%，且从可出租面积的角度而言，加权平均租约到期时间为6.4年，能够确保单位持有者分配的稳定性及可持续性。

在本财政年，已签署及续期288<sup>(1)</sup>个新租约相比以往租金平均增长率为8.2%。截至2018年12月31日，我们的投资资产评估值约为人民币75亿元。

信托管理人定期审核资产计划，针对购物商场采取资产优化措施，对现有设施进行升级，以提升消费者的购物体验。2018年，我们对大信·新都汇小榄店3层和4层约9,180平方米的空间进行了改造，入了诸如海底捞火锅和其他知名品牌的新租户，从而进一步提高了自身的多样化经营水平及提升了市场地位。在大信·新都汇石岐店，我们对一层和负一层约5,621平方米的空间进行了改造，引进了更加成熟的零售理念，从而实现了整体购物体验的提升。另外，为增强商场的吸引力，我们亦引入了诺米家居及其他流行零售品牌。

### 专业化投资管理

2017年6月19日收购大信·新都汇石岐店，是信托管理人执行旨在提高单位持有者投资回报的政策方面所作出的一项成功尝试。

截至2018年12月31日，大信商用信托通过发起人20处“优先购买权”物业构建了潜在储备物业。此稳定的储备物业包括位于粤港澳大湾区中山市、珠海市、顺德市和澳门的14处已完工物业和6处在建物业。我们将会继续采用审慎且

专业的投资方法，通过注入此等物业增强大信商用信托投资组合的整体实力。

### 可持续性报告

可持续性是大信商用信托长期商业战略的一个重要方面，是对环境、社会和治理的最佳承诺，也是我们商业运营的不可或缺的组成部分。根据全球报告倡议标准（核心选项）编制的信托第二份可持续性报告，列出了我们在可持续性方面所采取的措施。我们按照新交所可持续性报告要求，通过纳入2019财政年各项关键性环境、社会和治理目标的方式，提高了自身的整体实践水平。

### 展望

2018年，中国的经济增长率为6.6%，全国零售销售额年增长率为9.0%，达到了人民币38.1万亿元。全国城镇居民人均可支配收入和支出也分别同比增长7.8%和6.8%。<sup>(2)</sup>

2018年，中山市国民生产总值年增长率为5.9%，达到人民币3,633亿元。总零售销售额年增长率为4.5%，达到人民币1,491亿元。<sup>(3)</sup>

尽管中美之间的贸易摩擦和世界经济增速放缓为今后的发展带来一定的不确定性。但我们也高兴地看到，中美双方均在积极商议减少双方目标的差异，利息利率水平表现出略有下降的趋势。同时，中国政府采取了一系列措施稳定经济的发展，粤港澳大湾区整体规划方案也已经出台，预计大湾区人口增加，零售空间提升，为我们长期的发展提供了更好的成长空间。

我们继续以前瞻性方式管理资产，采取资产优化的新举措，并以审慎的资本管理方法收购高品质项目，进一步夯实自身的基础，从而实现为单位持有者提供稳定且可持续的回报的承诺。

### 致谢

我们希望借此机会感谢董事会成员的指导，以及我们管理层和员工的贡献。我们也诚挚感谢我们的单位持有者，忠诚商户，消费者和重要商业合作伙伴在我们努力为单位持有者提供可持续回报的过程中给予的信任和支持。

### 张镇成

主席

### 李文

首席执行官

2019年3月26日

<sup>(1)</sup> 该部分没有包含提成租约及新创设租赁单元。续约租户起租日期为2018年1月至2018年12月。

<sup>(2)</sup> 国家统计局。

<sup>(3)</sup> 中山市统计局。





# Gaining Momentum

Forward movement and progress are pivotal to continuous growth for the years and decades in front of us. This is why we have benchmarked strong results as our starting point; as a renowned China retail property trust listed on SGX-ST in January 2017, Dasin Retail Trust has met expectations with an increase of net property income by approximately 23.1% y-o-y. Our portfolio, comprising of four retail malls strategically located in Zhongshan City, is valued at approximately RMB7.5 billion (S\$1.5 billion) with a track record of strong occupancy and healthy rental reversion.

99.1%

PORTFOLIO OCCUPANCY

23.1%<sub>y-o-y</sub>

NET PROPERTY INCOME

# Key Highlights



Distribution Yield<sup>(1)</sup>

9.0%



Distribution Per Unit ("DPU")<sup>(2)</sup>

7.22  
cents



Number of  
Right of First Refusal ("ROFR")

20  
assets grew to  
properties compared to  
15 properties at listing



Net Asset Value: Per Unit<sup>(3)</sup>

S\$1.39

<sup>(1)</sup> Based on FY2018 distribution per unit of 7.22 cents (with distribution waiver) and the offering price of S\$0.80 as at IPO.

<sup>(2)</sup> FY2018 DPU was computed based on 295,095,068 units entitled to distribution under distribution waiver.

<sup>(3)</sup> Based on number of issued and issuable units.

<sup>(4)</sup> Calculated based on Total Gross Borrowings divided by Total Assets.

<sup>(5)</sup> NPI of S\$57.3m as at 31 December 2018 was approximately 23.1% higher than NPI of S\$46.6m as at 31 December 2017.



99.1%

Portfolio Occupancy



Healthy Gearing<sup>(4)</sup> at

32.3%



Net Property Income

+23.1%

y-o-y<sup>(5)</sup>

# Financial Review

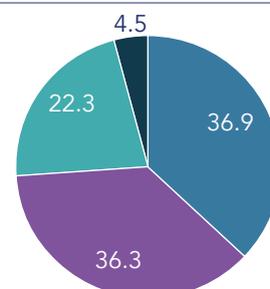
## Gross Revenue

Revenue for year ended 31 December 2018 ("FY2018") of S\$71.3 million was higher than revenue year ended 31 December 2017 ("FY2017") of S\$57.7 million by S\$13.6 million. The increase is mainly attributed to:

- (i) revenue recognised from Shiqi Metro Mall of S\$26.3 million for year ended 31 December 2018 versus S\$13.5 million for year ended 31 December 2017 due to the acquisition of Shiqi Metro Mall on 19 June 2017.
- (ii) increase in revenue earned from Initial Portfolio of S\$0.8 million.

## FY2018 Gross Revenue Contribution (%)

■ Shiqi Metro Mall  
■ Xiaolan Metro Mall  
■ Ocean Metro Mall  
■ Dasin E-Colour



Revenue	FY2018 (RMB'M)	FY2017 (RMB'M)	% Change	FY2018 (S\$'M)	FY2017 (S\$'M)	% Change
Shiqi Metro Mall	129.2	66.1	95.5	26.3	13.5	94.8
Xiaolan Metro Mall	127.2	122.3	4.0	25.9	25.0	3.6
Ocean Metro Mall	78.0	77.4	0.8	15.9	15.8	0.6
Dasin E-Colour	15.7	16.8	(6.5)	3.2	3.4	(5.9)
<b>Portfolio</b>	<b>350.1</b>	<b>282.6</b>	<b>23.9</b>	<b>71.3</b>	<b>57.7</b>	<b>23.6</b>

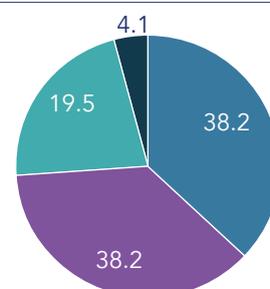
## Net Property Income

Net property income for the year ended 31 December 2018 of S\$57.3 million was higher than year ended 31 December 2017 of S\$46.6 million by S\$10.7 million. The increase is mainly attributed to:

- (i) net revenue earned was higher by S\$13.6 million; partially offset by
- (ii) higher property operating expense incurred by Shiqi Metro Mall, Xiaolan Metro Mall and Ocean Metro Mall of S\$1.9 million, S\$0.6 million and S\$0.4 million respectively.

## FY2018 Net Property Income Contribution (%)

■ Shiqi Metro Mall  
■ Xiaolan Metro Mall  
■ Ocean Metro Mall  
■ Dasin E-Colour



Net Property Income	FY2018 (RMB'M)	FY2017 (RMB'M)	% Change	FY2018 (S\$'M)	FY2017 (S\$'M)	% Change
Shiqi Metro Mall	107.6	53.9	99.6	21.9	11.0	99.1
Xiaolan Metro Mall	107.4	105.0	2.3	21.9	21.5	1.9
Ocean Metro Mall	55.0	57.4	(4.2)	11.2	11.7	(4.3)
Dasin E-Colour	11.5	11.7	(1.7)	2.3	2.4	(4.2)
<b>Portfolio</b>	<b>281.5</b>	<b>228.0</b>	<b>23.5</b>	<b>57.3</b>	<b>46.6</b>	<b>23.0</b>

## Distribution

Total distribution per unit ("DPU") for the financial year ended 31 December 2018 was 7.22 cents, higher than FY2017 DPU of 7.16 cents by approximately 0.8%. The DPU translated to a yield of 9.02% (based on offering price of S\$0.80) and 8.35% (based on the closing price of S\$0.865 as at 31 December 2018).

	FY2018	FY2017	% Change
<b>Distribution per unit (cents):</b>			
– With Distribution Waiver	7.22	7.16	0.8
<b>Annualised distribution yield (%)</b>			
– Based on offering price of S\$0.80:			
– With Distribution Waiver	9.02	8.95	0.8
– Based on closing price of S\$0.865 at 31 December 2018 and S\$0.88 as at 29 December 2017:			
– With Distribution Waiver	8.35	8.14	2.6

There are no significant changes to the assumptions originally projected for the Distribution Waiver as disclosed on pages 145 to 148 of the Prospectus.

## Independent Valuation of Investment Properties

The investment properties were valued at 31 December 2018 by Colliers International (Hong Kong) Limited, using the average of the Discounted Cash Flow and Income Capitalisation valuation methods, as follows:

	As at 31 December 2018 (RMB'M)	As at 31 December 2017 (RMB'M)	As at 31 December 2018 (S\$'M)	As at 31 December 2017 (S\$'M)
Investment Properties				
Shiqi Metro Mall	3,031	3,032	600	623
Xiaolan Metro Mall	2,293	2,387	454	491
Ocean Metro Mall	1,825	1,810	362	372
Dasin E-Colour	317	322	63	66
<b>Portfolio</b>	<b>7,466</b>	<b>7,551</b>	<b>1,479</b>	<b>1,552</b>

## Financial Review

The decrease in valuation of the investment properties for year ended 31 December 2018 was mainly due to the reduction in the market values of Xiaolan Metro Mall as at 31 December 2018. Certain established anchor tenants of Xiaolan Metro Mall such as Suning.com 苏宁易购, have renewed their leases in the second half of 2018. These are tenants who signed on long leases taking up big area of the malls. Such long leases of these tenants provide predictability and stability in rental stream to the Trust. Although the new rental rates for those anchor tenants are higher than the previous respective rental rates, these rental rates are lower than the average market rental rate applicable to smaller retail tenants. As a result, the valuation as at 31 December 2018 was lower compared to the valuation as at 31 December 2017.

In 2018, Xiaolan Metro Mall and Shiqi Metro Mall underwent asset enhancement and attracted well-known tenants such as Hai Di Lao Hot Pot 海底捞火锅.

The decrease in valuation of the investment properties for year ended 31 December 2018 was also attributed to the weakening of RMB against SGD as the investment properties are RMB denominated assets.

Net change in fair value of investment properties does not affect the distributable income of the Trust.

### Capital Management

The Group has a RMB394.0 million (S\$78.0 million) onshore syndicated term loan (the "Onshore Facility") and a SGD242.0 million and USD134.3 million (S\$182.9 million) offshore syndicated term loan equivalent to S\$424.9 million in aggregate (the "Offshore Facilities").

The Onshore Facility is secured by legal mortgage over the Initial Portfolio and a pledge over the sales proceeds, rental income and receivables derived from these properties. The Onshore Facility is a 4.5-year term loan facility. The repayment schedule of the Onshore Facility is as follows:

- (a) 0.5% of the outstanding amount 6 months after the date of the drawdown;
- (b) 0.5% of the outstanding amount for every 6 months thereafter up to 48 months after the date of the drawdown; and
- (c) the remainder of the outstanding amount 54 months after the date of the drawdown.

During 2018, the Group repaid RMB4.0 million (2017: RMB2.0 million) relating to part of the Onshore Facility, in accordance with the facility agreement.

The Offshore Facilities are secured by way of first ranking charges over the entire issued share capital of each of the Singapore subsidiary companies and first ranking pledges over the entire issued share capital/equity interest of each of the PRC property companies and rental management companies. The repayment schedule of the Offshore Facilities is as follows:

- (a) Facility A: an amount of S\$106.6 million and US\$52.4 million 24 months after the date of its drawdown on 20 January 2017;
- (b) Facility B: an amount of S\$102.4 million and US\$62.0 million 36 months after the date of the Offshore Facilities first drawdown on 20 January 2017; and
- (c) Facility C: an amount of S\$32.9 million and US\$19.9 million 48 months after the date of the Offshore Facilities first drawdown on 20 January 2017.

Subsequent to the year end, the Trust has extended the tenure of the Offshore Facilities due in January 2019 by another two years to January 2021.

The Group proactively seeks to minimise the level of interest rate risk by locking certain amounts of the Group's borrowings at fixed rates. As at 31 December 2018, the Group has hedged approximately 33% of its borrowings at fixed rates. Excluding RMB denominated loan and revolving credit facility, which are not hedged, the Group has hedged approximately 40% of its borrowings at fixed rates.

In addition to the above facilities, the Group has secured the Revolving Credit Facilities for financing the general working capital of the Group. These credit facilities are secured by the restricted cash of the subsidiary in China. The credit facilities are as follows:

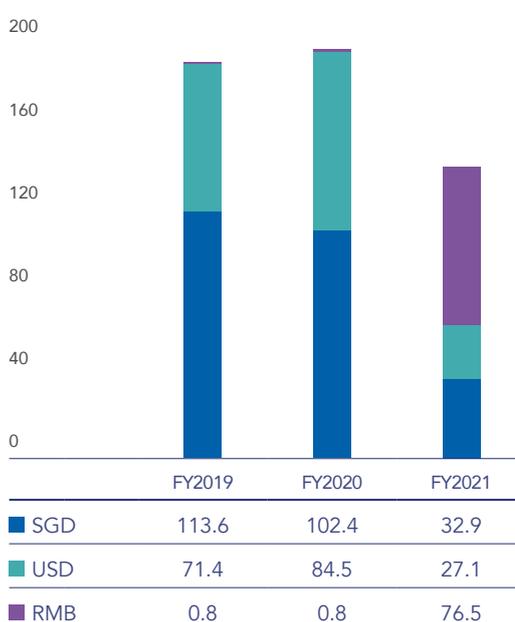
- (a) a two-year Revolving Credit Facility of RMB50 million (approximately S\$9.9 million) from September 2017 to August 2019. The Group has drawdown an amount of S\$7.0 million in March 2018; and
- (b) Revolving Credit Facility of S\$10.8 million. No drawdown on this credit facility as at 31 December 2018.

As at 31 December 2018, the Group does not have any investment in other property funds and other material investments.

#### Key Financial Indicators (as at 31 December 2018)

Gearing	32.3%
Average all-in cost of borrowings	
– Onshore	5.5%
– Offshore	5.4%

#### Debt Maturity Profile (S\$ Million)



#### Weighted Average Term to Maturity (Years)

Onshore	2.5
Offshore <sup>(1)</sup>	0.8

<sup>(1)</sup> On 18 January 2019, the Trustee-Manager entered into a supplemental agreement to extend the maturity date of the loans of S\$106.6 million and USD52.4 million (collectively, the "First Tranche") under its offshore syndicated term loan facilities (the "Offshore Facilities", which total an equivalent of S\$424.9 million in aggregate) by a period of two years, from 19 January 2019 to 19 January 2021 (the "Extension"). The Extension effectively lengthens the average term-to-maturity of the Offshore Facilities from 0.8 year to 1.6 years.

#### Net Asset Value ("NAV") Per Unit

As at 31 December 2018, the Group's NAV of S\$1.39 per unit, was 9.7% lower than the NAV of S\$1.54 per unit as at 31 December 2017.

# Operations Review

The Trustee-Manager continued its proactive approach towards asset management and enhancement initiatives in 2018. This was done to improve the quality of its malls, product offerings as well as to enhance overall shopping experience, to meet the demands of consumers.

This proactive lease management strategy resulted in the retention of key tenants, and also brought in new retail brands at its properties. The renewal of key tenants including Gome, Suning, Zhou Liu Fu (周六福), Jane Eyre and Pizza Hut reflects our strong relationship with our tenants, and will also provide stability of rental income for the Trust. New retail brands were introduced to the properties throughout the year, and this resulted in changes in the portfolio's tenant mix, to ensure relevance as well as to attract shoppers and increase shopper traffic.

In a bid to enhance competitiveness and offer shoppers more choices, the Trustee-Manager launched several asset enhancement initiatives. At Xiaolan Metro Mall, the previous tenant at Level 4 was in the leisure and entertainment business, and it occupied approximately 1,785 sqm in total. Today, the same area is occupied by five famous restaurants, and they have brought much vitality to the mall. In addition, the Trustee-Manager also upgraded about 2,442 sqm of space originally leased to a home furnishing tenant to welcome Hai Di Lao Hot Pot (海底捞火锅), a famous brand known for its cuisine thus providing even more dining options for shoppers. Level 3 was formerly occupied by a tenant in the leisure and entertainment industry, and this space of about 4,954 sqm has given way to a much more diverse group of stores that comprise of beauty, fashion and F&B outlets. Thus, shoppers can enjoy many different experiences all on the same level.

Approximately 5,621 sqm of space at Level 1 and Basement 1 of Shiqi Metro Mall, formerly leased to Hai Tian Wei Computer City (海天威电脑城), Ai Ying Island (爱婴岛) and Gome was reconfigured. After the revamp, new and exciting stores like boxing and unique restaurants can now be found there. Famous brands are a staple in many malls and are always able to draw in their supporters, and so the management has successfully brought in well-known brands like NOME and The Green Party to appeal to a more distinctive group of shoppers. As we all know, young families form a significant portion of shoppers in any mall. As such, Shiqi Metro Mall built more nursing rooms in its premises to make it more convenient for them, leading to a more enjoyable shopping experience for parents and their young children.

## Occupancy Rate

Through the Trustee-Manager's active asset management and proactive leasing strategy, the portfolio maintained a strong occupancy rate of 99.1% as at 31 December 2018. This means that nearly all the stores have been leased out, signifying that retail space at all malls is in healthy demand.

## Occupancy Rate

	As at 31 December 2018	As at 31 December 2017
Shiqi Metro Mall	98.9%	100.0%
Xiaolan Metro Mall	99.2%	100.0%
Ocean Metro Mall	99.3%	100.0%
Dasin E-Colour	98.3%	100.0%
<b>DRT Portfolio</b>	<b>99.1%</b>	<b>100.0%</b>

## Lease Expiry Profile

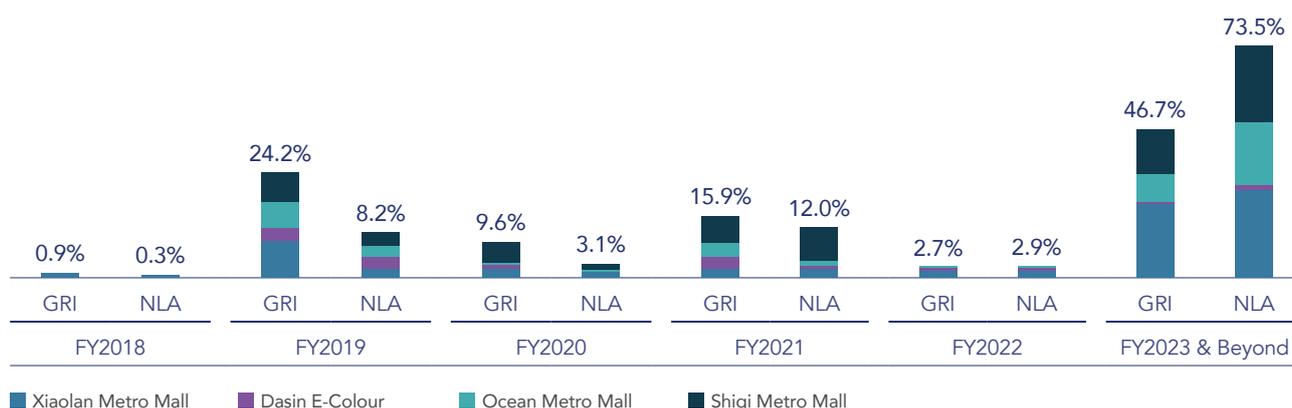
The portfolio's weighted average lease expiry (WALE) by NLA was 6.4 years and 4.3 years by GRI as at 31 December 2018. About 73.5% of leases by NLA are due to expire in 2023 and beyond. This is because our anchor tenants have long leases that range between 10 and 25 years, and this situation ensures long-term stable cash flow, which is highly desirable and attractive.

## Lease Expiry Profile (as at 31 December 2018)

	By Net Lettable Area (NLA)	By Gross Rental Income (GRI)
FY2018 <sup>(1)</sup>	0.3%	0.9%
FY2019	8.2%	24.2%
FY2020	3.1%	9.6%
FY2021	12.0%	15.9%
FY2022	2.9%	2.7%
FY2023 & Beyond	73.5%	46.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>(1)</sup> Lease expiring on 31 December 2018.

## Lease Expiry Profile (by properties)



## Lease Expiry for 2019

	NLA			GRI <sup>(3)</sup>	
	No. of Leases <sup>(1)</sup>	sqm	% of Total <sup>(2)</sup>	RMB	% of Total
Xiaolan Metro Mall	81	3,677	1.5%	2,504,971	9.7%
Dasin E-Colour	38	6,006	2.5%	570,663	2.2%
Ocean Metro Mall	69	6,251	2.6%	1,239,005	4.8%
Shiqi Metro Mall	80	3,837	1.6%	1,939,567	7.5%
<b>Total</b>	<b>268</b>	<b>19,771</b>	<b>8.2%</b>	<b>6,254,206</b>	<b>24.2%</b>

<sup>(1)</sup> Based on the signed lease agreements on or before 31 December 2018.

<sup>(2)</sup> Based on the total NLA ended 31 December 2018.

<sup>(3)</sup> Based on the GRI of December 2018.

## New Lease Renewal/Rental Reversion

	Number of New Lease/Renewals in 2018 <sup>(1)</sup>	Variance Over Preceding Rental
<b>New Lease &amp; Renewals</b>		
Shiqi Metro Mall	96	7.5%
Xiaolan Metro Mall	84	8.7%
Ocean Metro Mall	63	7.0%
Dasin E-Colour	45	18.4%
<b>DRT Portfolio</b>	<b>288</b>	<b>8.2%</b>

<sup>(1)</sup> Does not include leases with turnover rent and leases for new space created due to reconfiguration of units.

## Operations Review

### WALE (as at 31 December 2018)

	WALE (by GRI)	WALE (by NLA)
Shiqi Metro Mall	3.7	4.7
Xiaolan Metro Mall	4.4	6.3
Ocean Metro Mall	5.9	9.3
Dasin E-Colour	1.9	2.9
<b>DRT Portfolio</b>	<b>4.3</b>	<b>6.4</b>

### Lease Structure

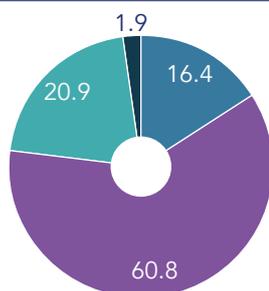
The Trust's portfolio lease structure has four components, and they include fixed rent, fixed rent with built-in escalation, higher of base rent or turnover rent and pure turnover rent. The fixed rent and fixed rent with built-in escalation components provide the Trust with stable rental income while the lease structures with turnover rent provide growth to the portfolio and allow the Trustee-Manager to track Tenants' sales.

### Lease Structure (as at 31 December 2018)

	GRI (RMB)	% of GRI	NLA sqm	% of NLA
Fixed Rent	4,250,040	16.4%	11,541	4.8%
Fixed Rent with Built-in Escalation	15,721,206	60.8%	123,272	51.4%
Higher of Base Rent or Turnover Rent	5,396,927	20.9%	98,281	40.9%
Pure Turnover Rent	483,632	1.9%	6,908	2.9%
<b>DRT Portfolio</b>	<b>25,851,806</b>	<b>100%</b>	<b>240,003</b>	<b>100%</b>

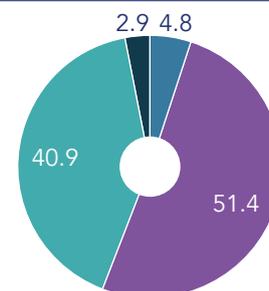
### Lease Structure by GRI (as at 31 December 2018) (%)

- Fixed Rent
- Fixed Rent with Built-in Escalation
- Higher of Base Rent or Turnover Rent
- Pure Turnover Rent



### Lease Structure by NLA (as at 31 December 2018) (%)

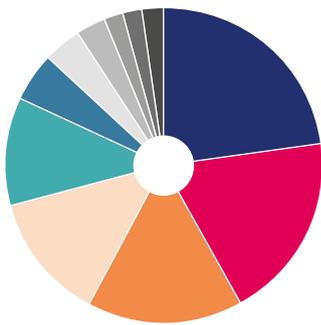
- Fixed Rent
- Fixed Rent with Built-in Escalation
- Higher of Base Rent or Turnover Rent
- Pure Turnover Rent



**Trade Sector**

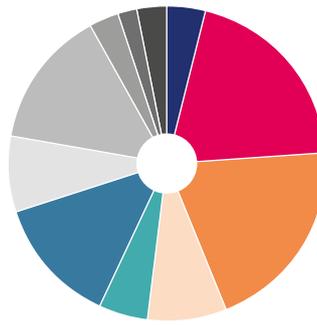
The portfolio has a diversified tenant mix with each sector accounting for less than 25% of portfolio NLA & GRI, which leads to diversification of risk.

**By NLA** (as at 31 December 2018) (%)



Supermarket/Hypermarket	22.6
Department Store	19.2
F&B/Food Court	16.0
Home Furnishings	12.5
Leisure & Entertainment	11.4
Fashion	5.3
IT & Electronics	4.0
General Retail	3.4
Services	1.7
Sports & Fitness	2.4
Others	1.5

**By GRI** (as at 31 December 2018) (%)



Supermarket/Hypermarket	3.6
Department Store	19.6
F&B/Food Court	19.7
Home Furnishings	8.2
Leisure & Entertainment	5.1
Fashion	13.0
IT & Electronics	8.5
General Retail	13.8
Services	3.0
Sports & Fitness	2.3
Others	3.2

## Operations Review

### Top 10 Tenants

No.	Tenants	Brand Name	Trade Sector	Lease Expiry	NLA sq m	NLA %	GRI %
1	中山市东区优越城百货管理有限公司 Zhongshan East Youyuecheng Store Management Co., Ltd.  中山市优越城百货管理有限公司 Zhongshan Youyuecheng Store Management Co., Ltd.	优越城百货 Superior City Department Store	Department Store	Dec/2029  Apr/2024	32,171	13.3%	12.8%
2	中山市大信新都汇商业投资有限公司 Dasin Merchant Investment	主租赁协议 Master Lease	General Retail	Mar/2019 <sup>(1)</sup> Sep/2027	16,545	6.8%	7.8%
3	中山市简美家居有限公司 Zhongshan Jianmei Household Co., Ltd.  中山市简美家居有限公司东区分公司 Jian Mei Furniture Co., Ltd. (Dongqu Branch)  中山市简美家居有限公司小榄分公司 Zhongshan Jianmei Jane Eyre Home Furnishing Co., Ltd., Xiaolan Branch	简美家居 Jane Eyre Furniture Mall	Home Furnishings	May/2021  Sep/2024  Sep/2024	29,574	12.2%	7.6%
4	昆山润华商业有限公司中山小榄分公司 Kunshan Runhua Business Co., Ltd. Xiaolan Branch  昆山润华商业有限公司 Kunshan Runhua Business Co., Ltd.	大润发 RT Mart	Supermarket/ Hypermart	Sep/2025  Mar/2024	36,644	15.1%	4.5%
5	中山市小榄大信餐饮服务有限公司 Zhongshan Dasin Food Services Co., Ltd. (Xiaolan Food Services)  中山市石岐大信餐饮服务有限公司 Zhongshan Dasin Food Services Co., Ltd. (Shiqi Food Services)  中山市溢彩大信餐饮服务有限公司 Zhongshan Yicai Dasin Food Service Co., Ltd.  中山市远洋大信餐饮服务有限公司 Zhongshan Dasin Restaurant Service Co., Ltd. (Yuan Yang Dasin Food Services)	信轩餐饮 Xin Xuan Hotel Restaurant	Food & Beverage	Apr/2026  Apr/2024  Feb/2026  Nov/2024	16,237	6.7%	3.4%
6	中山市国美电器有限公司 Zhongshan GOME Electric Appliance Co., Ltd.	国美电器 GOME	IT & Electronics	Apr/2027	3,454	1.4%	3.2%
7	中山市乐淘坊百货企业管理有限公司 Zhongshan Letofang Department Store Management Co., Ltd.	乐淘坊 Leto	Fashion	Apr/2022	3,386	1.4%	1.4%
8	中山苏宁云商商贸有限公司 Zhongshan Suning Yunshang Trading Co., Ltd.	苏宁 Suning	IT & Electronics	Jun/2028	3,329	1.4%	1.4%
9	中山骐鸣健身有限公司 Zhongshan Qiming Fitness Co., Ltd.	王者健身 King Fitness Club	Sport & Fitness	Mar/2021 Nov/2029	3,445	1.4%	1.3%
10	中山市新天际众达通信发展有限公司 Zhongshan Xintianji Communication Co., Ltd.	众达电讯 Zhong Da Communications	IT & Electronics	Oct/2020	1,145	0.5%	1.3%

### Master Lease Agreements

The Prospectus dated 13 January 2017 revealed that Dasin Merchant Investment entered into separate Master Lease Agreements for some units on the first and third floors of Xiaolan Metro Mall and for other units on the fourth and eighth floors, as well as the entire seventh and ninth floors of Dasin E-Colour.

The Trustee-Manager is required to provide update on the status of the Master Lease Agreements. These include whether the assumptions in the Prospectus were realistic (such as the rental amount) or provide an explanation otherwise.

The Trustee-Manager wish to report that as at 31 December 2018, the following results have been achieved:

	Mall	NLA (sqm)	Lease Period		Gross Rental Income (FY2018)	Gross Rental Income for Remaining Lease Period	Remaining Lease Duration (years)
			From	To			
大信新都汇商业 投资有限公司 Dasin Merchant Investment	Xiaolan Metro Mall	11,952	26 September 2017	25 September 2027	RMB 21,000,000	RMB 234,548,799	8.7
	Dasin E-Colour	4,593	2 March 2016	1 March <sup>(1)</sup> 2019	RMB 3,776,198	RMB 652,531	0.2

The security deposits provided under the Master Lease Agreements are in cash.

<sup>(1)</sup> Dasin Merchant Investment's Master Lease Agreement at Dasin E-Colour which expired on 1 March 2019, was renewed for a period of three years until 1 March 2022.

# Property Portfolio

大信·新都汇石岐店

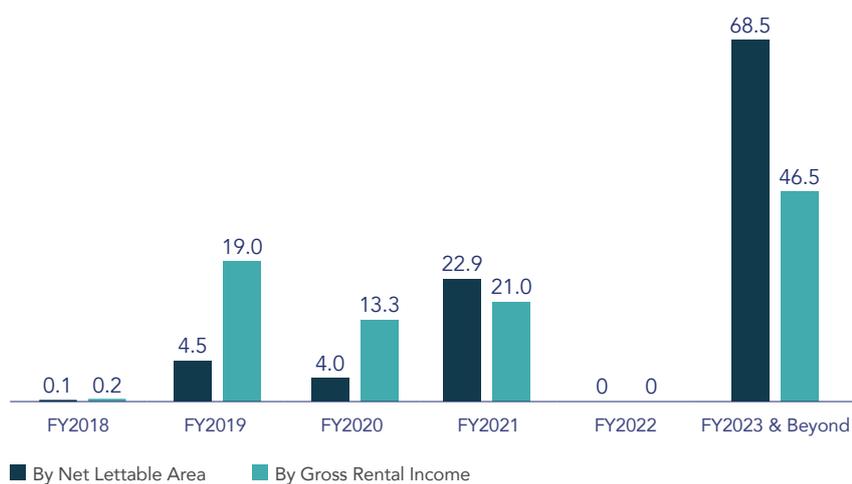
## SHIQI METRO MALL

Shiqi Metro Mall, with over 14 years of history, is the first shopping mall in Zhongshan. It is a mid-end positioned regional mall with a broad trade mix targeting primarily mid-income households in the core urban area of Zhongshan. Shiqi Metro Mall's anchor tenants include RT Mart, Superior City Department Store and Jane Eyre Furniture Mall and other tenants such as Watsons, KFC, Starbucks and Xin Xuan Restaurant. Due to its mature position in the market as well as its location in the core urban area of the city, Shiqi Metro Mall has always enjoyed a high occupancy rate and has built a strong brand awareness among local residents in the city.

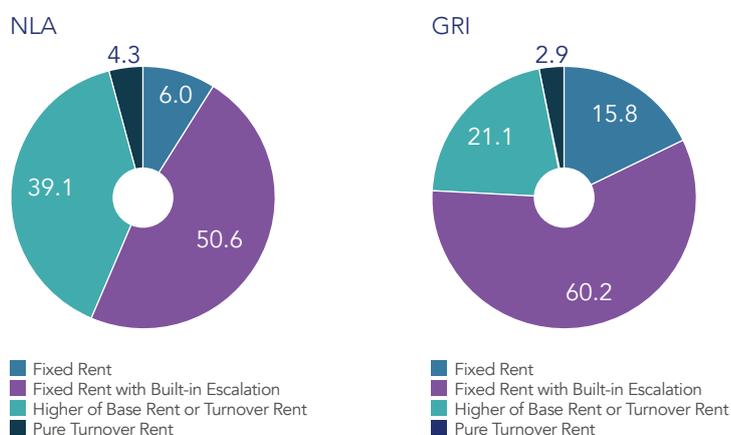
Shiqi Metro Mall is centrally located in the downtown area of the Shiqi District. In addition to the convenient road network, the shopping mall is also well served by many local public bus routes, including one which stops directly in front of Shiqi Metro Mall. Shiqi Metro Mall also provides free shuttle bus services to surrounding communities as well as to other shopping malls.



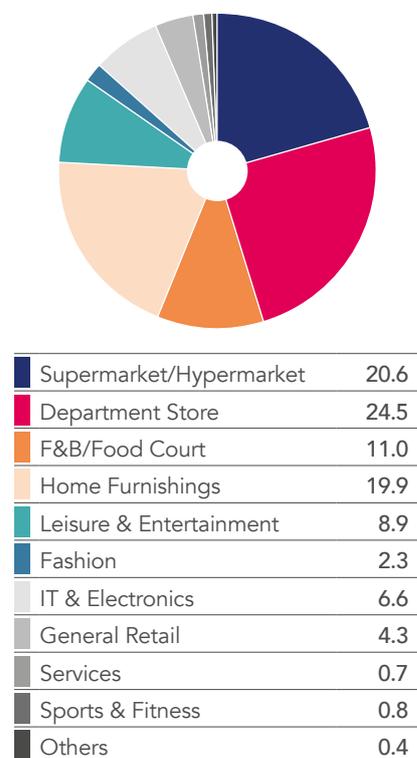
### Lease Expiry Profile (%)



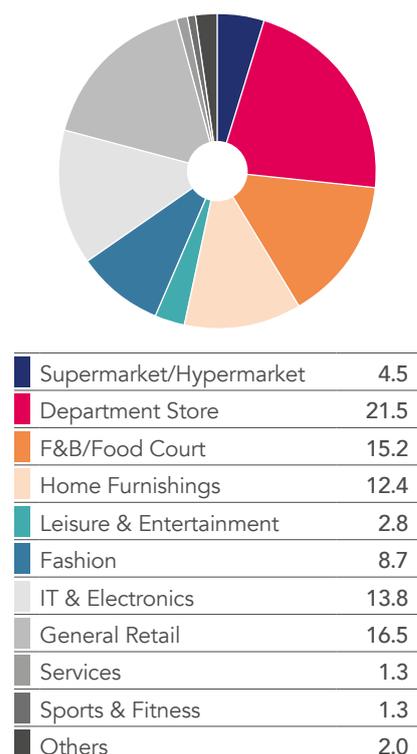
### Lease Structure (%)



### NLA by Trade Sector (%)



### GRI by Trade Sector (%)



### Property Information (as at 31 December 2018)

Gross Floor Area (sqm)	119,682
Net Lettable Area (sqm)	85,427
Valuation (S\$m)	600.2
Occupancy	98.9%
WALE (NLA/GRI)	4.7/3.7 (years)
Land Lease Tenure	27 July 2041

## Property Portfolio

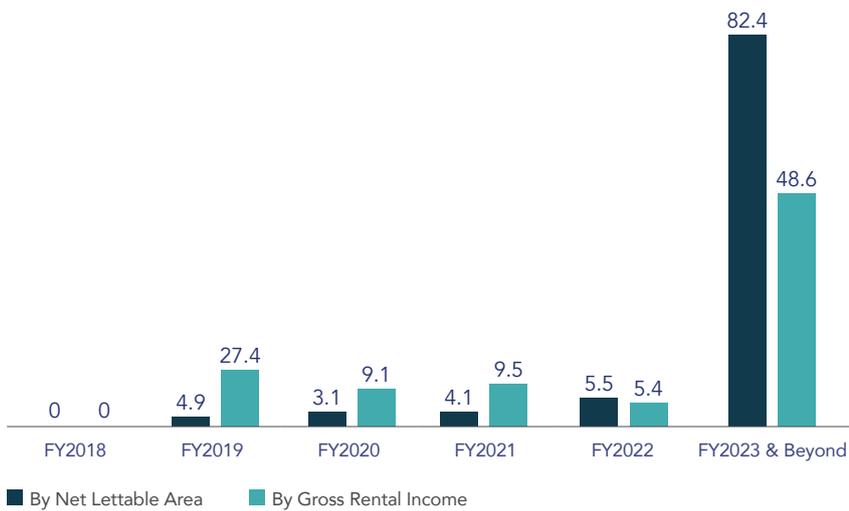
大信·新都汇小榄店

# XIAOLAN METRO MALL

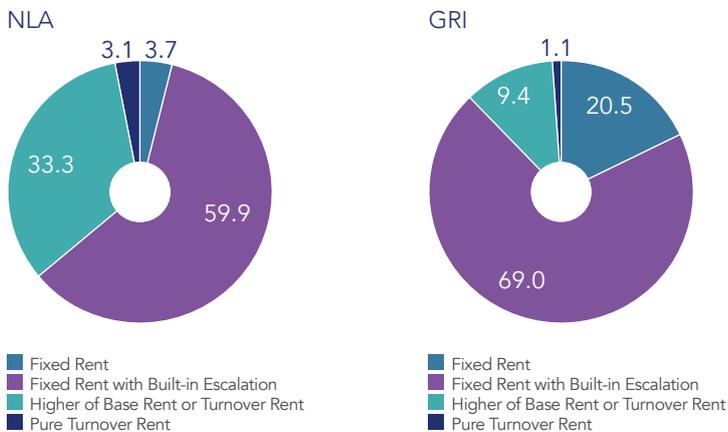
Xiaolan Metro Mall is located in Xiaolan Town, one of the largest suburban towns in terms of residential population. The shopping mall enjoys convenient transportation and is well served by many local public bus routes, including one which stops directly in front of Xiaolan Metro Mall. Some of its tenants include Chow Tai Fook, McDonald's, KFC and Pizza Hut. There are several large-scale residential communities within the primary trade area. In addition, the Xiaolan Town Government, Xiaolan Gymnasium and Zhongshan Xiaolan Middle School, which has more than 3,000 students and employees, are also located around Xiaolan Metro Mall. In order to drive shoppers' traffic, the shopping mall also provides free shuttle bus services to surrounding communities and factories.



### Lease Expiry Profile (%)



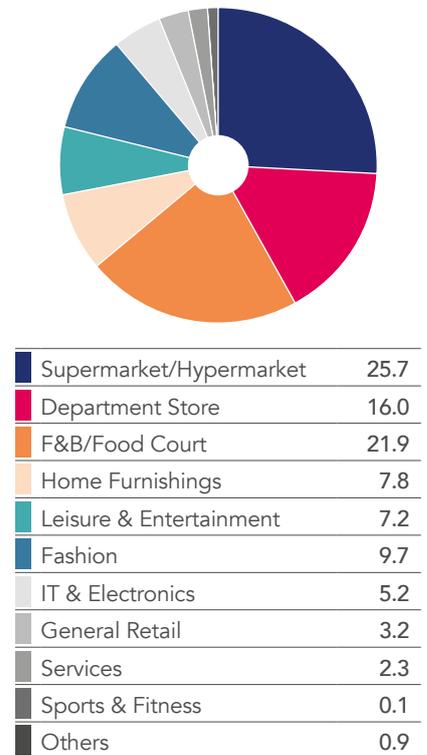
### Lease Structure (%)



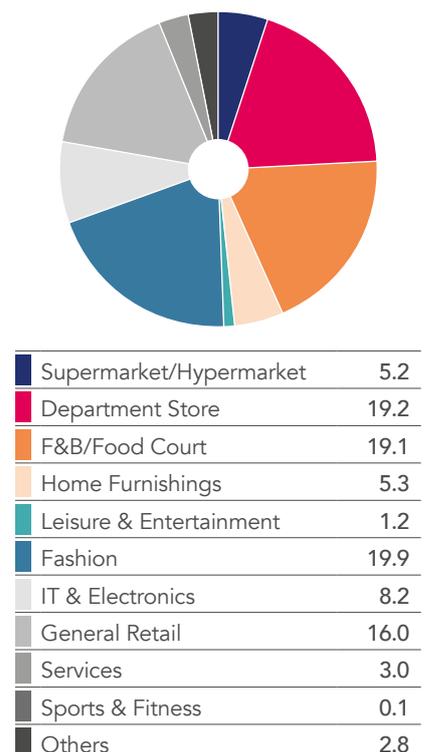
### Property Information (as at 31 December 2018)

Gross Floor Area (sqm)	108,690
Net Lettable Area (sqm)	75,450
Valuation (S\$m)	454.2
Occupancy	99.2%
WALE (NLA/GRI)	6.3/4.4 (years)
Land Lease Tenure	1 April 2043

### NLA by Trade Sector (%)



### GRI by Trade Sector (%)



## Property Portfolio

大信·新都汇  
远洋店

# OCEAN METRO MALL

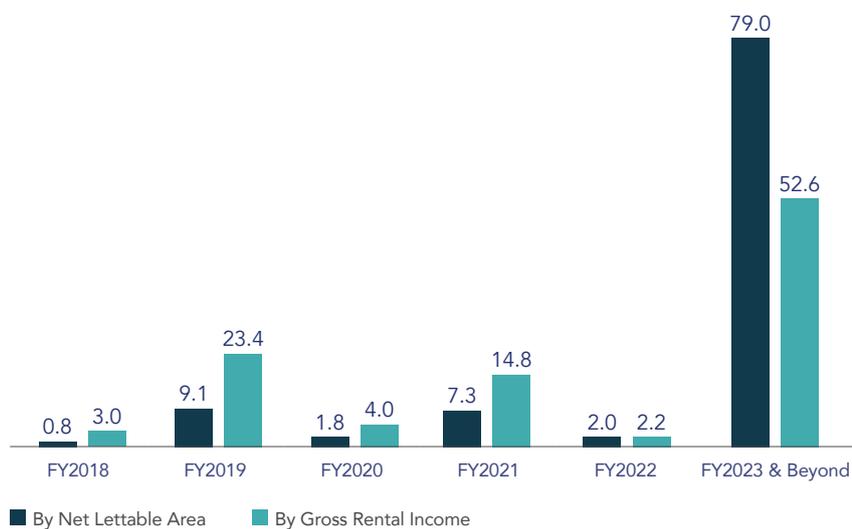
Strategically located in the Eastern District within the core urban area of Zhongshan, Ocean Metro Mall is easily accessible via many local public bus routes in close proximity. Opened in December 2014, the mall is positioned as a mid- to high-end modern and experiential lifestyle destination offering comprehensive shopping experience including retail, dining and entertainment. The spacious walkways and big atrium space for hosting events give the mall a more modern feel.

Ocean Metro Mall houses quality tenants such as Carrefour, Superior City Department Store, Top KTV, Win Fitness, Jinyi Cinema, Starbucks, McDonald's, Nike and Adidas. It also offers free shuttle bus services to other districts and towns, providing easy access for local residents to shop at Ocean Metro Mall.

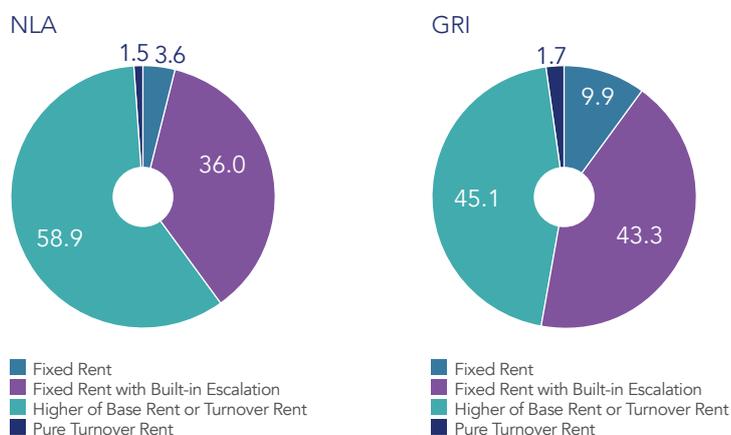
Adjacent to Ocean Metro Mall is the Zhongshan Expo Centre with an area of 110,000 sqm, which has a spillover effect of visitors' traffic.



### Lease Expiry Profile (%)



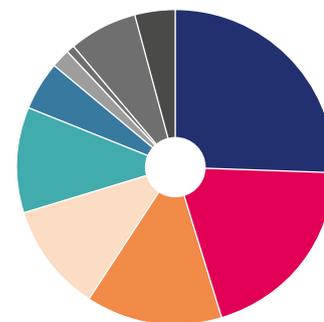
### Lease Structure (%)



### Property Information (as at 31 December 2018)

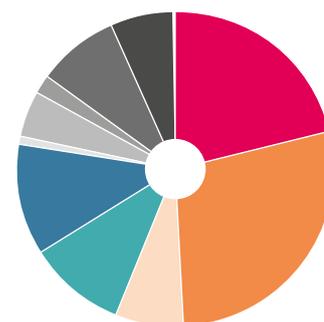
Gross Floor Area (sqm)	180,338
Net Lettable Area (sqm)	68,866
Valuation (S\$m)	361.5
Occupancy	99.3%
WALE (NLA/GRI)	9.3/5.9 (years)
Land Lease Tenure	21 February 2046

### NLA by Trade Sector (%)



Supermarket/Hypermarket	25.9
Department Store	19.6
F&B/Food Court	14.1
Home Furnishings	10.9
Leisure & Entertainment	10.6
Fashion	4.7
IT & Electronics	0.2
General Retail	2.0
Services	1.0
Sports & Fitness	7.4
Others	3.6

### GRI by Trade Sector (%)



Supermarket/Hypermarket	0
Department Store	21.4
F&B/Food Court	27.9
Home Furnishings	7.1
Leisure & Entertainment	9.9
Fashion	11.4
IT & Electronics	0.7
General Retail	4.9
Services	1.8
Sports & Fitness	8.4
Others	6.5

## Property Portfolio

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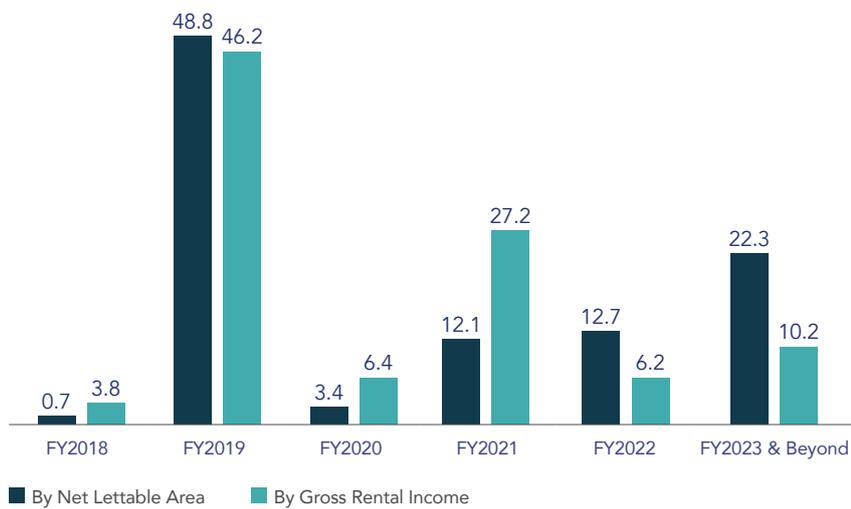
# DASIN E-COLOUR

Situated opposite the University of Electronic Science and Technology of China (Zhongshan Institute), Dasin E-Colour was originally a furniture mall which underwent asset enhancement initiative to transform it into a trendy community mall prior to the listing of Dasin Retail Trust. The university, with an estimated 20,000 students and employees, provides a ready catchment for shopper's traffic. Dasin E-Colour is positioned as a mid-end community mall providing fashionable retail outlets, popular F&B stores and entertainment facilities for its shoppers.

In addition, seasonal activities on Valentine's Day, Christmas etc are organised during school holidays to attract footfall.

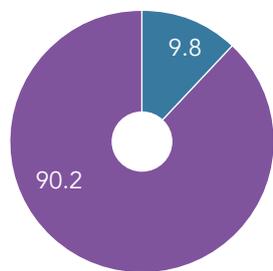


### Lease Expiry Profile (%)



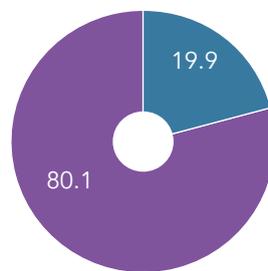
### Lease Structure (%)

NLA



■ Fixed Rent  
■ Fixed Rent with Built-in Escalation

GRI

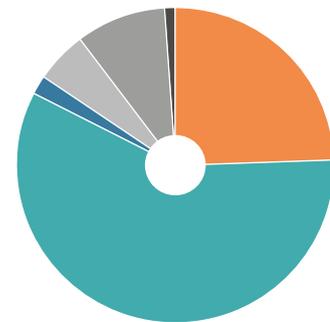


■ Fixed Rent  
■ Fixed Rent with Built-in Escalation

### Property Information (as at 31 December 2018)

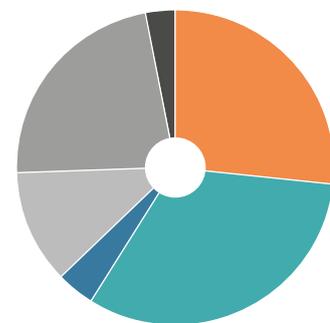
Gross Floor Area (sqm)	25,857
Net Lettable Area (sqm)	12,511
Valuation (S\$m)	62.8
Occupancy	98.3%
WALE (NLA/GRI)	2.9/1.9 (years)
Land Lease Tenure	28 July 2045

### NLA by Trade Sector (%)



F&B/Food Court	24.3
Leisure & Entertainment	57.1
Fashion	2.4
General Retail	5.4
Services	9.3
Others	1.5

### GRI by Trade Sector (%)



F&B/Food Court	26.7
Leisure & Entertainment	32.3
Fashion	4.0
General Retail	11.6
Services	22.6
Others	2.8

# Market Review

## Macro Outlook

In 2018, the global economy showed mixed performance at the regional levels. Tax cuts fuelled sustained economic growth in the United States but interest rate hikes coupled with uncertainty due to the US-China trade friction hampered economic growth in the second half of the year. The economy of developed countries continued to grow, albeit at a significantly slower rate.<sup>(1)</sup>

In addition, there were signs of declining growth in the emerging markets as well, however, the declines were relatively weaker. Looking forward, we are cautiously optimistic about the future supported by the easing of trade friction and a slowdown in the pace of interest rate hikes.

## China Macro Economy

China's economy is undergoing a structural transformation. GDP growth was 6.6% in 2018, achieving the growth forecast for the year. Consumption has contributed significantly to growth, indicating that structural transformation has been achieved, and its contribution to investment is stable. However, net exports were unavoidably affected by trade conflicts, which contributed to downward pressure on economic growth.

The Chinese government has changed its focus on macroeconomic regulation from de-leveraging to leverage stabilising in 2019, monetary policy has been relaxed, and fiscal measures have been adopted to reduce taxes and fees on a much broader scale, and domestic demand has also become another key focus.

Total retail sales of consumer goods increased by 9.0% in 2018. The growth rate remained strong, despite being affected by the slowdown in overall economic growth. During the ten-year period from 2009 to 2018, the compound growth rate of total retail sales in China reached 10.8%. Final consumption has become a major factor to GDP, accounting for more than 55% of GDP and contributing more than 75% to GDP growth. Evidently, consumption has become the main driving force for economic growth. In the fourth quarter of 2018, tax reform, and reduction as well as fee reduction policies were implemented in succession. The tax reforms benefited the majority of the middle-income group and given that terminal consumption is largely driven by the middle class, it is anticipated that consumption rate will continue to grow.<sup>(2)</sup>

## Retail Market<sup>(3)</sup>

The retail industry continued its growth in the first quarter of 2018, maintaining the trend from the previous year. However, the growth rate of total social retail sales began to slow down from the second quarter due to the US-China trade friction. Staple commodities, such as automobiles and crude oil dragged down the overall economy, and the annual growth rate was limited to less than 10%. The growth rate of the department store industry decreased in 2018. However, the growth rate of the supermarket industry benefited from the rise of the CPI of food, and this brought much needed boost to an otherwise sombre economy.

In a bid to boost the economy, the State Council issued a special tariff reduction policy for imported vehicles and parts in July 2018, which was expected to relieve some pressure on the automobile industry which was facing flagging demand. This policy is expected to increase the overall growth rate of total social consumption.

## Industry Trend

Online sales continued to maintain rapid growth in 2018, and the annual physical retail sales amounted to RMB7,019.8 billion, accounting for 18.4% of the total retail sales of consumer goods, with an increase of 25.4%. Growth dropped slightly when compared with the previous year, which recorded a growth rate of 28.0%. Data from the past 10 years showed that while the e-commerce market was maintaining rapid growth, its growth rate was slowing down.<sup>(4)</sup>

Reviewing the development of China's retail industry over the past 20 years, the first decade (2000-2010) was marked by the rapid expansion of physical retail stores. This changed drastically in the second decade (2010-2020), which saw the rapid development of e-commerce. The penetration rate of the industry has peaked at the moment, the number of monthly active users of leading e-commerce companies is close to saturation, the number of monthly active users of some existing e-commerce companies has declined due to the arrival of new e-commerce companies and the cost of customer acquisition continues to rise.



<sup>(1)</sup> Haitong Securities Macro Outlook Report 7 January 2019.

<sup>(2)</sup> National Bureau of Statistics of China.

<sup>(3)</sup> Guotai Junan Wholesale and Retail Industry Report 24 January 2019.

<sup>(4)</sup> National Bureau of Statistics of China.

<sup>(5)</sup> CBRE - Guangdong, Hong Kong and Macau Greater Bay Area Report.



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Industry growth needs to shift from incremental growth to organic growth which requires more solid infrastructure. The new retail is the digital construction centred on the core of retail services including people, goods and site. On one hand, the new retail will blur the boundaries between online and offline business, and reconstruct the offline value. On the other hand, offline business also needs to leverage on the digital advantages of online business to quickly expand into larger markets and provide better services.

Since the emergence of the concept of new retail in 2016, it has quickly taken root and become an investment hotspot. After two years of rapid development, some successful business models have emerged to utilise this new idea. We can observe that most of these cases involve traditional offline companies which have developed online business by leveraging on their existing offline infrastructure, such as warehousing and logistics, brand-driven flow and digital products, so the success rate is much higher. At the same time, regardless of whether it is online or offline business, the shift to organic growth requires deep research and insights into the user market. The processing and interaction based on member information and efficient matching of needs will be an important entry point.

Dasin Retail Trust's business operations will also be based on these principles. While upgrading its services, it will also build a more effective membership management system through its sponsor's online platform, Dasin Pass, to understand the needs of its members and provide matching services to improve repurchase rate.

#### **Guangdong-Hong Kong-Macau Greater Bay Area Development<sup>(5)</sup>**

The Guangdong-Hong Kong-Macau Greater Bay Area is an urban agglomeration consisting of Shenzhen, Guangzhou, Foshan, Dongguan, Zhuhai, Zhongshan, Huizhou, Zhaoqing and Jiangmen in the Pearl River Delta, plus the two special administrative regions, Hong Kong and Macau.

Most of the cities in the Greater Bay Area have competitive industries and economically, they have solid foundations. In particular, Shenzhen and Guangzhou are considered as first-tier cities and can hold their own against first-tier cities like Shanghai and Beijing. With the addition of Hong Kong, an international city with a long history, the Greater Bay Area is undoubtedly one of the critical windows to the outside world for China.

1. Zhongshan's strategic location in the West Bank has been greatly enhanced, and has developed into an important transportation hub, connecting the East and West Banks. It is also expected to benefit from the economic and population spill-over effects from Shenzhen, and the growth of its resident as well as employment population is expected to accelerate.

## Market Review

According to the 13th Five-Year GDP Plan, the planned GDP of Zhuhai, Zhongshan, Jiangmen and Zhaoqing in 2020 is RMB500 billion or below, and the industrial development is more comprehensive. The speed of development for these cities has been lagging behind as they are not well-connected with the core cities of the East Bank due to their location on the West Bank of the Pearl River estuary. However, the completion of the planning and construction of several cross-sea projects in the future will unquestionably increase and smoothen exchanges between the East and West Banks, which will speed up the development of the economy and real estate market of this region.

Zhongshan benefits the most from these two rounds of infrastructure projects. Compared with Zhuhai, Zhongshan is closer to the centre of the Greater Bay Area, and it is also the meeting point of many river crossing transportation facilities, including the Shenzhen-Zhongshan Bridge and Shenzhen-Zhanjiang Railway on the West Bank. After the completion of these huge and influential infrastructure projects, the time required to travel from Zhongshan to Shenzhen Airport via land will be shortened from about two hours to half an hour; the time required by railway will be reduced from 90 minutes to less than one hour.

Zhongshan is also the only connection to the west of Guangdong for most infrastructure projects. Zhongshan's strategic location in the West Bank has been greatly enhanced, and has developed into an important transportation hub, connecting the East and West Banks. It is also expected to benefit from the economic and population spill-over effects from Shenzhen, and the growth of its resident as well as employment population is expected to accelerate.

Planning and layout-wise, the development focus of the entire Greater Bay Area will shift to the areas along the banks of the Pearl River estuary in the future, and the allocation of economic and land resources will be optimised in these cities. Among them, the West Bank of the Pearl River estuary will undergo the greatest growth. The integration of these developments is essential to the growth of the Greater Bay Area. Through the strategic planning of the government, and promotion of cooperation policies and infrastructure, these cities can achieve progress through division of labour and working in tandem with each other, rather than seeing each other as rivals, which would lead to vicious competition. Resources can therefore be optimally allocated, ultimately creating economic growth that is faster than the national average.

### Hong Kong-Zhuhai-Macau Bridge

The Hong Kong-Zhuhai-Macau Bridge was officially opened for traffic on October 23, 2018. The construction of the 55-kilometre bridge spanning Hong Kong, Zhuhai and Macau lasted for nine years. Henceforth, the transit time between Hong Kong and the West Bank of the Pearl River will be shortened from 3 hours to 45 minutes, which will further accelerate the integration of Hong Kong and other cities in the Greater Bay Area.

### Shenzhen-Zhongshan Bridge

The construction of the Shenzhen-Zhongshan Bridge began at the end of 2016. The bridge connecting Shenzhen and Zhongshan is 24 kilometres long. It is planned to be opened to traffic in 2024, and its opening will greatly



shorten the transit time between the East and West Banks of the Pearl River Delta, while alleviating pressure on the Humen Pearl River Bridge. This world-class infrastructure project, unlike the Hong Kong-Zhuhai-Macau Bridge, has no traffic restrictions, which can truly lead to the realisation of the one-hour economic circle in the Greater Bay Area. Therefore, the Shenzhen-Zhongshan Bridge is very significant in promoting the integration of the Greater Bay Area in the medium term.

### Zhongshan Economy

According to the economic data released by the Zhongshan Municipal Bureau of Statistics and the National Bureau of Statistics, Zhongshan City GDP grew 5.9% in 2018 to RMB363.3 billion, while total retail sales increased by 4.5% to

RMB149.1 billion. Zhongshan City's disposable income per capita was RMB46,865, which is higher than China's average disposable income per capita of RMB28,228. In 2018, Zhongshan's exports were affected by the US-China trade friction which led to a slowdown in GDP growth and other indicators compared to 2017. With signs of the easing of trade friction between China and the US, Zhongshan's economy is expected to improve in 2019.<sup>(6)</sup>

### Outlook

The economic situation in 2019 is still unclear. Developed countries are worrying about weak growth, and there are still doubts about whether the decline in emerging economies can finally bottom out and they can start the recovering process. China is still facing a grim situation, and structural transformation has already begun to bear fruit, but exports and investment are facing the dual challenge of trade protection and tight monetary policy throughout the world.

The consolidation and development of domestic demand is the main driving force for the development of the Chinese economy in the next few years. The efforts of the Chinese government in tax reform with the view of increasing the disposable income of the middle class and promoting consumption, and with the introduction and implementation of these incentives, consumption is expected to continue to grow rapidly.

As the only retail property trust listed on SGX-ST with core assets in the Greater Bay Area, Dasin Retail Trust will seek investment opportunities, purchase high-quality assets and remain firmly entrenched in the Greater Bay Area. At the same time, it will take advantage of the development opportunities of the Greater Bay Area, enhancing its services and organic growth, building and increasing the breadth and depth of our portfolio, thus creating more value for Unitholders.



1. Zhongshan City GDP grew 5.9% in 2018 to RMB363.3 billion, while total retail sales increased by 4.5% to RMB149.1 billion.

<sup>(6)</sup> Zhongshan Municipal Bureau of Statistics.

# Riding High on Reputation

Bringing value to our Unitholders is essential to us. Thus, backed by a strong sponsor, Zhongshan Dasin Real Estate Co. Ltd, we are well-positioned with a clear advantage to achieve even greater value and bigger returns for our Unitholders. Not only is our sponsor one of China's Top 10 Commercial Real Estate Development companies from 2012 to 2018, it is also the proud owner of multiple award-winning retail properties under its belt.

**NUMBER OF RIGHT OF  
FIRST REFUSAL ("ROFR")**



**ASSETS GREW TO 20 PROPERTIES  
COMPARED TO 15 PROPERTIES AT LISTING**



 **DASIN**

2018中国房地产开发企业商业地产运营

**10强**

四川华大置业股份有限公司



# Board of Directors

## Mr. Zhang Zhencheng

Chairman and Non-Executive Director

Mr. Zhang Zhencheng is the Chairman and Non-Executive Director of the Board of the Trustee-Manager. He is also a member of the Nominating Committee.

Prior to joining the Trustee-Manager, Mr. Zhang had been an Executive Director at Zhongshan Dasin Holdings Co., Ltd., a wholly-owned subsidiary of the Sponsor, since February 2015 till September 2015, where he was responsible for the investment strategies of the company. Prior to that, from August 2009 to August 2013, Mr. Zhang was Chairman of the Board of the Sponsor and from September 2013 to January 2015, Mr. Zhang held the position of Executive Director and General Manager of the Sponsor. During this time, he was responsible for investment decisions of the Sponsor, development and management of engineering and commercial projects as well as financial and human resource management. From October 2003 to July 2009, Mr. Zhang was the Deputy General Manager of the Sponsor, where he was primarily responsible for the management of construction projects.

Mr. Zhang graduated with a Financial Accounting major from Zhongshan University of Electronic Science and Technology (Zhongshan Institute), PRC, in July 1997.

Mr. Zhang Zhencheng is the uncle of Mr. Zhang Zhongming.

## Mr. Zhang Zhongming

Deputy Chairman and Non-Executive Director

Mr. Zhang Zhongming is the Deputy Chairman and Non-Executive Director of the Board of the Trustee-Manager. He is also a member of the Remuneration Committee.

Mr. Zhang has been a Non-Executive Director at Zhongshan Dasin Holdings Co., Ltd. from February 2015 to September 2015, and an Executive Director at Zhongshan Dasin Holdings Co., Ltd. since October 2015 till present, where he is responsible for analysing investment opportunities and assisting in the making of investment decisions of the company. From February 2013 to February 2015, he was the Assistant General Manager of the Sponsor, where he was responsible for the feasibility and investment analysis of approximately 30 projects, which included the feasibility of the Guzhen Metro Mall project, Shangri-La hotel project and the Sponsor's proposed investment into Macau. From March 2012 to January 2013, he was the Assistant to the Deputy General Manager of the Sponsor, where he assisted the Deputy General Manager in the examination and analysis of the financial information of the Sponsor and its subsidiaries, and was also responsible for the preparation of the budgets for the various projects undertaken by the Sponsor. Prior to joining the Sponsor, from September 2011 to 2012, Mr. Zhang was the Assistant General Manager of Zhongshan Microfinance Co., Ltd., where he was responsible for building cooperative relationships with various banks, financial institutions and chambers of commerce, and overseeing the business risk analysis and investigation of various companies before procuring financing for those companies.

Mr. Zhang obtained a Master of Mathematics from the University of Oxford, United Kingdom, in July 2011.

Mr. Zhang Zhongming is the nephew of Mr. Zhang Zhencheng.

## Dr. Cao Yong

Lead Independent Director

Dr. Cao Yong is the Lead Independent Director of the Trustee-Manager. He is also the Chairman of the Remuneration Committee and member of the Nominating Committee as well as the Audit and Risk Committee.

Dr. Cao joined Nanyang Technological University, Singapore as a lecturer at the Nanyang Business School in March 1993 and was subsequently appointed Associate Professor. He is currently an Adjunct Associate Professor at Nanyang Business School, where he teaches finance and economics. Dr. Cao is also a Professor at the Nanjing University's Business School in PRC, where he teaches finance and supervises PhD students. His areas of research include finance, risk management and the Chinese economy. Since July 2010, Dr. Cao has been an independent director and chairman of the audit committee at Chinese Global Investors Group Ltd., a Singapore-listed company.

Dr. Cao graduated with a Bachelor of Economics from Sichuan University, PRC, in July 1982. He obtained a Master of Economics from the Chinese Academy of Social Sciences Graduate School, PRC, in July 1985. Between January 1987 and December 1992, Dr. Cao attended the Australia National University in Australia, where he obtained a Master of Economics of Development in January 1989 and a Doctor of Philosophy (Economics) in December 1992.

## Mr. Sun Shu

Independent Director

Mr. Sun Shu is an Independent Director of the Trustee-Manager. He is also the Chairman of the Nominating Committee and a member of the Remuneration Committee as well as the Audit and Risk Committee.

From September 1985 to December 2012, Mr. Sun held various positions in the Bank of China before retiring in January 2013. From August 2002 to December 2012, Mr. Sun was the Secretary of the Disciplinary Examination Committee of the Communist Party of China for the Guangdong Provincial Branch of the Bank of China, where he was responsible for building and managing the internal control system for the bank. Prior to that, from September 1985 to August 2002, Mr. Sun held the position of General Manager in two different departments in the Anhui Provincial Branch of the Bank of China. From September 1985 to February 1997, he was the general manager of the International Settlement Department where he was responsible for checking and issuing export and import documentation of the Anhui Provincial Branch. From February 1997 to December 2002, he was the general manager of the Chaohu City Branch where he was responsible for the management of its business.

Mr. Sun graduated with an English Major from Hefei Normal College, PRC, in July 1980. He also obtained a Masters in Law from the Central China Normal University in Wuhan, PRC, in September 1985.

## Mr. Tan Huay Lim

Independent Director

Mr. Tan Huay Lim is an Independent Director of the Trustee-Manager. He is also the Chairman of the Audit and Risk Committee and is a member of the Remuneration Committee.

Mr. Tan joined KPMG LLP in April 1981 and was admitted as a partner in October 1991. He has over 30 years of experience in the audit of privately-owned enterprises, multi-national corporations and public listed companies, and covered diverse businesses including banking, insurance, manufacturing, trading, fast moving consumer goods, real estate, infrastructure, construction, healthcare, transport, shipping, mining and food and beverage.

Mr. Tan has been involved in a number of initial public offerings, debt financing and merger and acquisition transactions during his employment at KPMG LLP. He was the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG LLP on 30 September 2015.

Mr. Tan is an independent, non-executive director and chairman of the audit committee of China Jinjiang Environment Holding Company Limited (中國錦江環境控股有限公司) and Koufu Group Limited.

Mr. Tan is an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry and the Singapore Hokkien Huay Kuan. He also serves as an independent, non-executive director and chairman of the audit committee of Ren Ci Hospital, a charitable organisation.

Mr. Tan graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore, in 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants, UK, and the Certified Practising Accountants (Australia).

# Senior Management

## Mr. Li Wen

Chief Executive Officer

Mr. Li Wen is the Chief Executive Officer of the Trustee-Manager. As Chief Executive Officer, he is responsible for the strategic management, growth and operation of Dasin Retail Trust. He works with the Board of Directors to determine business strategies and ensure that such strategies are executed accordingly.

Mr. Li has extensive experience in risk management, treasury management, investments, mergers and acquisitions, and financial management. He was a member of the working group responsible for the Initial Public Offering of Dasin Retail Trust. Prior to his appointment as the Chief Executive Officer of the Trustee-Manager, he was the General Manager (Finance) for Zhongshan Dasin Holdings Co., Ltd., since February 2015. He also held the positions of General Manager for Dasin (Shenzhen) Internet Finance Service Co., Ltd. and Dasin Xincheng Wealth Management Co., Ltd. from April 2016 to May 2017. From 2000 to 2014, he was with Bank of China Co., Ltd (Zhongshan Branch) and was its Deputy General Manager from 2010 to 2014.

Mr. Li majored in Trade and Economics from the South China Agricultural University.

## Mr. Steven Ng Mun Fai

Chief Financial Officer

Mr. Steven Ng Mun Fai is the Chief Financial Officer of the Trustee-Manager.

Mr. Ng has more than 20 years of experience in accounting and financial-related work, including group accounting and reporting, accounting system implementation, compliance, strategic planning and financial statements preparation.

Prior to joining the Trustee-Manager, Mr. Ng was an Audit Senior Manager with KPMG LLP, Singapore for more than eight years, from December 2006 to September 2015, where he provided audit services to public listed companies, subsidiaries, foreign multinationals, government-linked and private companies in real estate, manufacturing, consumer and industrial market industries. During this period, he was also responsible for the audit of a number of commercial, industrial and hospitality real estate investment and business trusts. During his employment, Mr. Ng was appointed as head of the "Real Estate, Consumer and Tourism" business unit in 2011 where he served till 2013. He was responsible for operational efficiencies and also oversaw critical functions of the business unit. Between 2008 and 2011, Mr. Ng was department head for an audit unit where he was in charge of overseeing an audit unit of around 70 staff members.

From December 2003 to December 2006, Mr. Ng was an Audit Manager with KPMG in Kuala Lumpur, Malaysia, where he was responsible for planning audit work and also supervising the preparation of financial statements and regulatory reports. Prior to that, he was an Assistant Audit Manager with Ernst & Young in Malaysia from September 1998 to December 2003 where he assisted in preparing statutory financial statements and undertook audit procedures for audit assignments.

Mr. Ng obtained a Bachelor of Commerce degree from Griffith University, Australia. He is a non-practising Chartered Accountant with the Institute of Singapore Chartered Accountants, and a Chartered Accountant with the Malaysian Institute of Accountants. In addition, he is also a member of CPA Australia, Chartered Accountants of Australia and New Zealand, the Chartered Institute of Management Accountants, the Malaysian Institute of Certified Public Accountants, the Chartered Tax Institute of Malaysia and the Malaysian Association of Company Secretaries.

## Mr. Lu Zhiqi

General Manager of the Investment Division

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Mr. Lu Zhiqi is the General Manager of the Investment Division of the Trustee-Manager.

Prior to joining the Trustee-Manager, Mr. Lu was the General Manager of Investment & Planning Department at Kaisa Commercial Group Co., Ltd. from July 2014 till October 2015, where he was in charge of investment and capital sourcing for the group commercial unit, as well as product planning for the commercial assets. From July 2013 to July 2014, he was the Investment Director of Thaihot Group Co., Ltd., where he was responsible for investment affairs in the Guangdong area. From December 2007 to July 2013, Mr. Lu was the Manager of Investment and Asset Management at CapitaLand China Holding Ltd, where he led a regional team in a number of investment and asset management assignments, such as the acquisition of shares in Panyu LiFung Industrial Estate by CapitaLand, and the divestment of Guangzhou Ascott to Ascott Holding. From April 2005 to December 2007, he was with Evergrande Real Estate Group Limited. During his tenure there, he was Investment Supervisor from April 2005 to February 2006 and was responsible for conducting investment affairs in the Pearl River Delta region, and was subsequently Assistant Manager of Investment and Development from February 2006 to December 2007 where he was responsible for regional investment and project development affairs in the Kunming branch.

Mr. Lu graduated with a Bachelor of Civil Engineering from Anhui University of Science & Technology, PRC, in July 2003. He also obtained a Master of Business Administration from Hong Kong Baptist University, Hong Kong, in November 2012. Mr. Lu is a CFA® Charterholder.

## Investor Relations

Dasin Retail Trust's inaugural Annual General Meeting (AGM) was held on 18 April 2018. The Board and senior management were present at the AGM to report on the Trust's performance in FY2017 as well as address questions and comments from the Unitholders.

The Trustee-Manager recognises the importance of providing the investment community and key stakeholders with clear, timely, and unbiased information about Dasin Retail Trust. All of the Trust's financial results, presentations for conferences and non-deal roadshows as well as annual reports are published at [www.dasintrust.com](http://www.dasintrust.com). Market sensitive news and corporate actions are filed with the Singapore Exchange via the SGXNET and are made available on the Trust's corporate website on the same day of release. This ensures that all stakeholders have timely and equal access to information. Investors may also sign up for email alerts to receive the latest updates on the Trust.

Dasin Retail Trust's inaugural Annual General Meeting (AGM) was held on 18 April 2018. The Board and senior management were present at the AGM to report on the Trust's performance in FY2017 as well as address questions and comments from the Unitholders. The Directors also used the opportunity to meet and strengthen relations with Unitholders. All AGM resolutions are polled electronically and the results are published on SGXNET.

Throughout 2018, senior management and the investor relations team met and interacted with



investors and analysts in Beijing, Guangzhou, Hong Kong, Singapore and Kuala Lumpur through a variety of platforms including conference calls, one-on-one meetings, conferences and non-deal roadshows. The Trust also supported investor education through its participation in the annual REITs Symposium 2018 jointly organised by REITAS and Share Investor to raise public awareness about REITs. Site visits to the Trust's properties in Zhongshan were also conducted for the investment community.

1. Dasin Retail Trust's inaugural AGM held on 18 April 2018.

### Financial Calendar

	FY2018	FY2019 (Tentative)
1 <sup>st</sup> quarter results announcement	10 May 2018	May 2019
2 <sup>nd</sup> quarter and half-year results announcement	09 August 2018	August 2019
Payment of First Half Distribution	20 September 2018	September 2019
3 <sup>rd</sup> quarter results announcement	01 November 2018	November 2019
4 <sup>th</sup> quarter and full year results announcement	24 February 2019	February 2020
Payment of Second Half Distribution	28 March 2019	March 2020
Annual General Meeting	18 April 2019	April 2020

## Dasin Retail Trust Monthly Trading Performance in FY2018



## Dasin Retail Trust Unit Price Performance

	FY2017	FY2018
Opening Price on First Trading Day of the Year	S\$0.80	S\$0.89
Highest Unit Price	S\$0.88	S\$0.905
Lowest Unit Price	S\$0.795	S\$0.825
Closing Price on Last Trading Day of the Year	S\$0.88	S\$0.865
Trading volume ('000 units)	64,458	64,803
Market Capitalisation (S\$ million)	S\$486.15 <sup>(1)</sup>	S\$482.37 <sup>(2)</sup>

<sup>(1)</sup> Based on closing price of S\$0.880 as at 29 December 2017.

<sup>(2)</sup> Based on closing price of S\$0.865 as at 31 December 2018.

# Corporate Governance

## ABOUT DRT AND THE TRUSTEE-MANAGER

Dasin Retail Trust ("DRT") is a business trust constituted on 15 January 2016 under the Business Trusts Act, Chapter 31A of Singapore. DRT was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 January 2017.

DRT is managed by Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager") under the Trust Deed constituting DRT dated 15 January 2016, supplemented by a first supplemental deed dated 27 December 2016. DRT is also principally regulated by:

- (a) the Securities and Futures Act, Chapter 289 of Singapore (the "SFA");
- (b) the Business Trusts Act, Chapter 31A of Singapore (the "BTA");
- (c) the Business Trusts Regulations (the "BTR"); and
- (d) the listing manual of the SGX-ST (the "Listing Manual").

The Trustee-Manager is committed to achieving high standards of corporate governance, business integrity and professionalism in all its activities and has adopted corporate governance practices which are in line with the Singapore Code of Corporate Governance 2012 (the "Code"). The Trustee-Manager also ensures that all applicable laws, rules and regulations including the SFA, the BTA, the BTR and the Listing Manual, are duly complied with.

Throughout the financial year ended 31 December 2018 ("FY2018") and at the date of issue of this Corporate Governance Report, the Trustee-Manager strives to comply with the guidelines set out in the Code and where it has deviated from the Code, appropriate explanations are provided.

## THE BOARD'S CONDUCT OF AFFAIRS

*Principle 1:* Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

**Role of the Board:** The Board of Directors of the Trustee-Manager (the "Board") is responsible for the overall corporate governance of the Trustee-Manager.

The key roles of the Board are as follows:

- (a) guiding corporate strategy and directions of the Trustee-Manager to focus on value creation, innovation and sustainability;
- (b) ensuring that the necessary resources are in place for DRT to meet its objectives;
- (c) setting the values and ethical standards of the Trustee-Manager;
- (d) overseeing the performance and proper conduct of the Trustee-Manager;
- (e) establishing and maintaining adequate and effective risk management and internal control systems to monitor and manage risks to an acceptable level; and
- (f) identifying and engaging with key stakeholder groups.

**Fiduciaries:** All the Directors of the Trustee-Manager (the "Directors") are to discharge their duties and responsibilities objectively as fiduciaries in the best interests of DRT at all times.

**Board committees:** The Board is supported by the Audit and Risk Committee ("ARC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively "Board committees") in the discharge of its functions. As the Board retains ultimate responsibility on all decisions, all matters discussed at the Board committee meetings are presented to the Board for approval prior to implementation. The terms of reference of the respective Board committees, as well as other relevant information on the Board committees, can be found in the subsequent sections of this Annual Report.

**Meetings:** The Board meets at least quarterly, and on an ad-hoc basis if required, as deemed appropriate by the Board members, to review and discuss the performance of DRT and key activities of the Trustee-Manager. The Constitution of the Trustee-Manager and terms of reference for each individual Board committee allow for meetings to be held via telephonic or video conferencing. The Board and Board committees may also make decisions by way of resolutions in writing.

The number of Board and Board committee meetings and attendance of each Director at such meetings for FY2018 are set out in the table below.

		Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Number of meetings held for FY2018		4	4	2	1
Board Member	Membership				
Mr. Zhang Zhencheng	Chairman, Non-Executive Director, member of the NC	4	–	2	1*
Mr. Zhang Zhongming	Deputy Chairman, Non-Executive Director, member of the RC	4	4*	2*	1
Dr. Cao Yong	Lead Independent Director, Chairman of the RC and member of the ARC and NC	4	4	2	1
Mr. Sun Shu	Independent Director, Chairman of the NC and member of the ARC	4	4	2	1*
Mr. Tan Huay Lim	Independent Director, Chairman of the ARC and member of the RC	4	4	2*	1

\* By invitation

**Matters reserved for the Board:** The Trustee-Manager has formalised a set of internal guidelines for matters reserved for the Board's approval. These include:

- business, strategy and capital expenditure budgets;
- acquisitions and investments exceeding certain threshold limits and any disposals;
- overall corporate strategy and changes to the corporate structure;
- distribution, financial reporting and internal controls;
- company resolutions and announcements;
- material regulatory matters or litigation;
- appointment and removal of Board members, the Company Secretary of the Trustee-Manager ("Company Secretary") and terms of reference for the Board and Board committees; and
- compliance matters associated with the Listing Manual, the BTA or other relevant laws and regulations.

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the management team of the Trustee-Manager ("Management") regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements. The Board did not make any delegations of authority to any Board committee or Management to make decisions on any board matters in FY2018 and to date.

**Training:** All Directors were familiarised with their duties and obligations since the IPO and through training sessions. In addition, all Directors are provided with regular updates and training by professional firms relating to changes to laws and regulations, corporate governance, accounting standards, continuing listing obligations and relevant commercial risks, the costs of which are borne by DRT. Directors also attended site visits in Zhongshan, the People's Republic of China ("PRC") to meet with the local PRC management team and the operational team to gain more knowledge of the properties and local economic conditions.

**Letter of appointment:** Directors were familiarised with their duties and obligations since the IPO and through induction training sessions.

## Corporate Governance

### BOARD COMPOSITION AND GUIDANCE

**Principle 2:** There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

**Board composition:** The Board comprises five (5) members, three (3) of whom are Independent Non-Executive Directors and two (2) of whom are Non-Executive Directors. The Chairman of the Board is Mr. Zhang Zhencheng, who is a Non-Executive Director. On 8 August 2018, Mr. Zhang Zhongming, who is a Non-Executive Director, was appointed as the Deputy Chairman of the Board. There are no Executive Directors appointed to the Board. The composition of the Board complies with the requirements of the BTA and is determined on the following principles:

- (a) at least a majority of the Directors shall be independent from Management and business relationships with the Trustee-Manager;
- (b) at least one-third of the Directors shall be independent from Management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- (c) at least a majority of the Directors shall be independent from any single substantial shareholder of the Trustee-Manager.

**Board independence:** The Board assesses the independence of each Director in accordance with the guidance provided in the Code. An Independent Director is one who is independent in conduct, character and judgment, and has no relationship with the Trustee-Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of DRT.

Taking into account the views of the NC that has conducted an annual review of the independence declarations submitted by each of the Independent Directors, the Board has determined for FY2018, that Dr. Cao Yong, Mr. Sun Shu and Mr. Tan Huay Lim are independent in accordance with the guidance from the Code, and also, for the purposes of Regulation 12 of the BTR, independent from Management and business relationships with the Trustee-Manager, and independent from every substantial shareholder of the Trustee-Manager. Mr. Zhang Zhencheng owns 99% of the Trustee-Manager directly. Mr. Zhang Zhongming owns 25% of the Sponsor, and is also the nephew of Mr. Zhang Zhencheng.

The NC also examined the different relationships identified by the Code that might impair each Independent Director's independence and objectivity and concluded that all the Independent Directors are able to exercise independent business judgment in the best interests of DRT and the Unitholders.

There is currently no Independent Director who has served on the Board for more than nine years.

**Board size:** The size and composition of the Board is reviewed at least annually to ensure that the Board has the appropriate mix of expertise and experience for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of five (5) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of DRT's operations. No individual or small group of individuals dominate the Board's decision-making.

**Board diversity:** The Board is committed to ensuring diversity on the Board and will consider establishing an appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning, to avoid groupthink and foster constructive debate. The current Board provides diversity of expertise and knowledge in areas such as real estate, accounting, finance, risk management and business management. This diversity, together with clear allocation of roles and responsibilities, facilitates constructive debate on the business activities of the Trustee-Manager and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board may consider gender diversity in future.

**Non-Executive Directors:** The Non-Executive Directors review the performance of the Trustee-Manager, provide constructive views to Management and assist to develop strategic proposals of the Trustee-Manager.

To facilitate a more effective review of Management, the Non-Executive and Independent Directors communicate on an ad-hoc basis without the presence of Management to discuss Management's performance and any matters of concern.

**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

**Principle 3:** There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

**Chairman and CEO separation:** To maintain an appropriate balance of power, increased accountability and greater capacity for decision-making, the positions of Chairman of the Board and Chief Executive Officer of the Trustee-Manager ("CEO") are held by two separate persons who are not related to each other. The Chairman of the Board is Mr. Zhang Zhencheng while the CEO is Mr. Li Wen.

The roles of the Chairman and CEO have been clearly separated, set out in writing and approved by the Board as a whole.

The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and Management have appropriate relations and work together with integrity and competency and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans. Externally, the Chairman ensures effective communication with Unitholders and other stakeholders. The overall role of the Chairman includes:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board;
- (d) ensuring that the directors receive complete, adequate and timely information;
- (e) ensuring effective communication with Unitholders;
- (f) encouraging constructive relations within the Board and between the Board and Management;
- (g) facilitating the effective contribution of non-executive directors; and
- (h) promoting high standards of corporate governance.

The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

**Lead Independent Director:** As the Chairman of the Board is not independent, the Board has appointed Dr. Cao Yong as the Lead Independent Director. The Lead Independent Director is available to Unitholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

The Independent Directors meet periodically as required without the presence of other directors, and feedback from these meetings is provided by the Lead Independent Director to the Chairman.

**BOARD MEMBERSHIP**

**Principle 4:** There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

**Nominating Committee's composition:** The Board has established an NC that comprises Mr. Sun Shu, Mr. Zhang Zhencheng, and Dr. Cao Yong. Mr. Sun Shu is the Chairman of the NC. Other than Mr. Zhang Zhencheng, who is a Non-Executive Director, all the other members of the NC are independent.

**Nominating Committee's role:** The NC to make recommendations to the Board on all Board appointments. The NC has a formal set of terms of reference approved by the Board that is disclosed on page 63 of this Annual Report. A summary of the NC's key responsibilities includes:

- (a) making recommendations to the Board on the review of succession plans for all Directors, particularly the Chairman and the CEO;
- (b) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board committees and the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;
- (c) making recommendations to the Board on the review of training and professional development programs for the Board; and
- (d) making recommendations to the Board on matters relating to the appointment and re-appointment of Directors (including Alternate Directors, if applicable).

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

**Multiple directorships:** The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Trustee-Manager and in particular will take into account multiple directorships and significant principal commitments held by Directors. The Board has discussed and arrived at the conclusion that at present, it will not impose any limits as it has taken the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors. The NC requires Directors to declare any new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance and contributions of Directors to DRT.

## Corporate Governance

For FY2018, the NC is of the view that the other directorships and principal commitments of the Directors do not hinder them from carrying out their duties and that they have devoted sufficient time and attention in discharging their responsibilities towards the affairs of DRT. The Board is satisfied and has agreed with the view of the NC.

**Alternate Directors:** The Constitution of the Trustee-Manager and the Trust Deed of DRT contain provisions that allow for Directors to appoint Alternate Directors. No Alternate Director was appointed to the Board in FY2018.

**Director appointment and re-appointment:** The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new Directors are required, the NC will clarify the required skill sets, experience and characteristics of the position and work with external consultants to source candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval. Sufficient information will accompany all resolutions for the Director appointments and re-appointments to enable the Board to make informed decisions.

The current Directors were predominantly sourced through external channels (such as lawyers and bankers) during the IPO process. The Trustee-Manager conducted a due diligence on each Director to ensure their eligibility for the role and obtained SGX approval prior to their appointment.

**Directors' profile:** In respect of each Director, the academic and professional qualifications, Board committees served on (as member or Chairman), date of first appointment as a Director, directorships and chairmanships both present and past held over the preceding three years in other listed companies, and other principal commitments, whether executive or non-executive, are set out in pages 42 and 43 of this Annual Report while unitholdings in DRT and its related corporations as at FY2018 is found on page 90.

### BOARD PERFORMANCE

**Principle 5:** There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

**Board evaluation and criteria:** The Board has implemented a formal annual process for collectively assessing the performance of the Board as a whole and its Board committees, in which each Director is required to complete an evaluation questionnaire. In FY2018, the Board performance criteria (as approved by the Board) included the composition, structure, processes, access to

information, corporate strategy, internal controls, risk management and standard of conduct of the Board and its committees. Board committees are evaluated on the performance of their roles and responsibilities with regards to their respective terms of references and their provision of information to the Board while individual Directors are collectively evaluated on attendance and contributions at Board and Board committee meetings held during the year, and on whether each Director continues to contribute effectively and demonstrate commitment to his roles.

The completed evaluation questionnaires were collated by the Company Secretary, and the results were discussed by the NC, with recommendations made to the Board. Based on the review conducted in FY2018, the NC was of the opinion that the Board has met its performance objectives and that each Director has contributed to the overall effectiveness of the Board. The Board accepted the recommendations of the NC.

### ACCESS TO INFORMATION

**Principle 6:** In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

**Board information:** Management provides the Board with complete and adequate information, in advance of Board meetings and as required, that enable the Board to make timely decisions, effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of DRT.

Management presents the Board with monthly management accounts that include performance summaries. Such reports may include a comparison of actuals against budgets and explanatory notes for significant variances for the quarter and year-to-date performance, updates on financial results, market trends and business and operating environment developments. In addition, Management presents the ARC and Board with the relevant ARC and board papers and related materials, background and explanatory information relating to matters brought before the Board, and copies of disclosure documents. The information is designed to keep Directors updated on the financial and operational performance and position of DRT. Where the situation requires, Directors are entitled to request for any additional information from Management.

**Board's access:** The Board has separate and independent access to Management and the Company Secretary at all times.

**Company Secretary:** The Company Secretary attends to corporate secretarial administration matters and is present at all Board meetings. The role of the Company Secretary has been formally established in the letter of engagement with the Trustee-Manager's and DRT's outsourced corporate secretarial firm. The responsibilities set out include advising the Board on governance matters, facilitating the orientation of new Directors, assisting the Chairman of the Board in ensuring good information flows within the Board and its Board committees and between Management and Directors, attending all Board and Board committee meetings and circulating minutes in a timely manner. The Company Secretary will also provide the Board with updates to regulations and legislations that the Trustee-Manager and DRT are required to comply with, as required.

According to the matters reserved for the Board, the appointment and removal of the Company Secretary is to be decided by the Board as a whole. The current Company Secretary was formally approved by the Board through written resolution.

**Professional advice:** The Board has access to external legal advisers, external compliance advisers, Company Secretary and independent professional advisers where appropriate. Any such advice will be sought at DRT's expense.

## PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 7:** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

**Remuneration Committee's composition:** The Board has established a RC that comprises Dr. Cao Yong, Mr. Zhang Zhongming and Mr. Tan Huay Lim. Dr. Cao Yong, who is also the Lead Independent Director, is the Chairman of the RC. Other than Mr. Zhang Zhongming, all the other members of the RC are Independent Directors.

**Remuneration Committee's role:** The RC makes recommendations to the Board on all remuneration matters. The RC has a formal set of terms of reference approved by the Board that is disclosed on page 64 of this Annual Report. A summary of the RC's key responsibilities includes:

- (a) reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel;
- (b) reviewing and recommending annually to the Board the specific remuneration packages for each individual Director and key management personnel; and

- (c) reviewing the Trustee-Manager's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous.

Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by DRT, the Trustee-Manager is disclosing the information on the remuneration of its Directors, CEO and key management personnel.

At the RC meeting, the committee discussed and submitted the remuneration framework and specific remuneration packages of each individual Director and key management personnel to the Board for its approval. The aspects of remuneration discussed in the remuneration framework include Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and awards and benefits-in-kind. The Board accepted the recommendations of the RC.

**Remuneration experts:** The RC has access to expert advice from external remuneration consultants where required. The Directors sought views on market practice and benchmarks from external remuneration consultants to determine the specific remuneration packages for Directors and key management personnel during the IPO. The Chairman of the Board elected not to receive any remuneration, while the Director's fee received by the Deputy Chairman from 1 September 2018 and the Directors' fees received by the Independent Directors are determined by benchmarking against Directors' fees across the industry. The RC will continue to monitor the need to engage further remuneration consultation services going forward and where applicable, will review the independence of the external firm consulted.

**Termination clauses:** Termination clauses are included in the service agreements for key management personnel. The RC has reviewed and recommended to the Board, which has concurred, that the termination clauses are fair and reasonable and not overly generous. There was no termination of any key management personnel during FY2018.

## LEVEL AND MIX OF REMUNERATION

**Principle 8:** The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

## Corporate Governance

**Remuneration framework:** The approved remuneration framework caters for the alignment of remuneration of key management personnel and Directors with each individual's performance and the performance of DRT as a whole. It has been established with the aim of providing for the long-term interests of Unitholders and to promote the long-term success of DRT, taking into account risk policies and the time horizon of risks. Appropriate and meaningful measures have been established to assess key management personnel's performance.

**Long-term incentives:** There are no Executive Directors appointed to the Board and given that DRT was only listed in 2017, the Trustee-Manager currently does not have any plans for long-term incentives in place for key management personnel. The computation of Management Fees is based on market practice and incorporated into the Trustee-Manager's framework to encourage key management personnel to strive for the long-term interests of DRT.

**Non-Executive Director remuneration:** While the Chairman (who is also a Non-Executive Director) has elected not to receive any form of remuneration, the Deputy Chairman (who is also a Non-Executive Director) and the Independent Directors each receive a uniform Directors' fee benchmarked against Directors' fees across the industry. The fees are reviewed and in line with the level of contribution, taking into consideration the effort and time spent, and role and responsibility. The fees are reviewed annually to ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

**Contractual provisions to reclaim incentives:** The Trustee-Manager does not have any contractual provisions that allow for the reclaiming of incentive components from key management personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to DRT. The Trustee-Manager remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of DRT, taking into account industry benchmarking without setting excessive bonuses. Furthermore, the Trustee-Manager believes that there are alternative legal avenues to these specific contractual provisions that will enable the Trustee-Manager to recover financial losses arising from such exceptional events from key management personnel.

### DISCLOSURE ON REMUNERATION

**Principle 9:** Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

**Remuneration disclosures:** The remuneration of Directors and staff of the Trustee-Manager is paid by the Trustee-Manager, and not by DRT. Nonetheless, the Trustee-Manager is disclosing the information on the remuneration of its Directors, CEO and key management personnel in this report.

The Board has established the RC although the Trustee-Manager is not a listed entity. As regards remuneration policies, the terms of reference of the RC include reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel. Where necessary, the RC may engage the service of a remuneration consultant.

The Trustee-Manager has put in place a remuneration policy with an aim toward retention of talent, building the strength of Management, and developing key management personnel. This ensures that the business of the Trustee-Manager remains sustainable, and provides a stable environment with room for continual growth and improvement.

The remuneration package of key management personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the key management personnel's Central Provident Fund ("CPF") account, and a variable cash component.

The variable cash component is linked to whether a key management personnel meets performance targets, both personal and that of the Trustee-Manager and DRT. This aligns the achievements of key management personnel with that of Unitholders.

Key management personnel do not receive any remuneration in Units.

The Trustee-Manager believes the current remuneration framework it has in place allows it to attract sufficiently qualified talent. Each employee's salary comprises a fixed and variable component. The fixed component consists of the base salary and compulsory contributions to the employee's CPF account. The variable component consists of an annual bonus plan, which is linked to the performance of the employee and that of the Trustee-Manager and DRT across the preceding year.

The level and mix of each Director's and key management personnel's remuneration are set out below:

Name of Director	Base/Fixed Salary and Statutory Contributions (\$\$)	Variable or Performance-Related Income/Bonuses (\$\$)	Directors' Fees (\$\$)	Benefits-in-Kind (\$\$)
Zhang Zhencheng	–	–	–	–
Zhang Zhongming	–	–	40,000 <sup>(1)</sup>	–
Dr. Cao Yong	–	–	120,000	–
Sun Shu	–	–	120,000	–
Tan Huay Lim	–	–	120,000	–

Name of Key Management Personnel	Base/Fixed Salary and Statutory Contributions (%)	Variable or Performance-Related Income/Bonuses (%)	Benefits-in-Kind (%)
<b>Above S\$250,000 to S\$500,000</b>			
Li Wen, CEO	100	–	–
Ng Mun Fai, CFO	79	21	N.M. <sup>(2)</sup>
Lu Zhiqi, General Manager of Investment Division	83	17	–
<b>Total for CEO and Key Officers</b>		<b>S\$848,000</b>	

<sup>(1)</sup> Mr. Zhang Zhongming received the Director's fee from 1 September 2018.

<sup>(2)</sup> Not meaningful.

**Immediate family remuneration:** Mr. Zhang Zhencheng and Mr. Zhang Zhongming are Non-Executive Directors of the Board. Mr. Zhang Zhencheng elected not to receive any form of remuneration. Other than Mr. Zhang Zhongming, who is the nephew of Mr. Zhang Zhencheng, the Chairman of the Board, no employee of the Trustee-Manager is an immediate family member of a Director or CEO and whose remuneration exceeded \$50,000 during FY2018.

**Employee share schemes:** Based on an assessment of market practices, the Trustee-Manager has determined that it is not necessary to establish an employee share scheme. The RC will continuously reassess the need to implement employee share schemes.

**Performance conditions:** The annual performance incentive is mainly tied to the performances of the Trustee-Manager and DRT and the individual employee across a balanced set of performance indicators including financial, operational, compliance and information technology focus areas to drive value creation. The Trustee-Manager's aim in the long term is to motivate employees to achieve superior performance through such annual performance incentive. Executives who have greater ability to influence strategic outcomes have a greater proportion of overall reward at risk. As disclosed above, the Trustee-Manager does not currently have any long-term incentive schemes.

The RC is of the view that the overall level of remuneration is unlikely to promote behaviour contrary to the Trustee-Manager's risk profile. For FY2018, the RC is satisfied that the performance incentive conditions for key management personnel were met.

## ACCOUNTABILITY

**Principle 10:** The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

**Board's accountability:** The Board is responsible to Unitholders for providing a balanced and understandable assessment of DRT's performance, position and prospects, including interim and other price sensitive public reports and reports to the regulators (where required). Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET, press releases and DRT's website. The Annual Report is sent to all Unitholders and is made available on DRT's website.

Management provides the Board with management accounts on a monthly basis and other explanation and information as the Board may require from time to time so as to enable Directors to keep abreast of DRT's performance, position and prospects.

## Corporate Governance

**Compliance:** The Board is responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX-ST. Directors are updated by the external legal advisers, external compliance adviser, Company Secretary, independent professional advisers and Compliance Manager as required on developments and changes in the laws and regulations affecting DRT and the Trustee-Manager. Policies and reporting obligation checklists have been established with internal procedures pertaining to announcements to SGX-ST and circulars to Unitholders, Interested Person Transactions, ARC reporting and other compliance matter relevant to the rules of the SGX-ST, Monetary Authority of Singapore (the "MAS") and BTA.

### RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 11:** The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

**Risk governance:** The Board has overall responsibility for the governance of risk and with the support of the ARC, determines the levels of risk tolerance and risk policies and oversees the design, implementation and monitoring of the risk management and internal control systems. The Trustee-Manager has established adequate and effective risk management and internal control systems addressing financial, operational, compliance and information technology risks.

The Trustee-Manager engaged Ernst & Young Advisory Pte. Ltd. to assist in reviewing and updating the risk registers of the Enterprise Risk Assessment and Assurance Framework ("ERAAF"). The ERAAF was developed during the IPO process to help the Board formally identify DRT's financial, operational, compliance and information technology risks. An outline of the Trustee-Manager's Enterprise Risk Management framework is set out on pages 66 to 68 of this Annual Report.

The Trustee-Manager maintains and reviews a risk register which identifies the material risks DRT faces and the corresponding internal controls it has in place to mitigate those risks. These risks are prioritised based on risk appetite and risk tolerance levels that the Board has adopted. Key risks are escalated to, and discussed at the Board level, while all other risks are handled at Management level and reported to the Board on an exceptional basis.

**Annual review:** The ARC, through the assistance of Management, internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Trustee-Manager's system of risk management and internal controls, including financial, operational, compliance and information technology controls. Management and the internal auditor (Ernst & Young Advisory Pte. Ltd.) conduct reviews and audits on a regular basis, and the external auditor (Deloitte & Touche LLP) conducts audits on an annual basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions are reported to the ARC.

**CEO and CFO's assurance:** On a quarterly basis, the Board receives assurance from the CEO and CFO that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of DRT's operations and finances; and
- (b) the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks faced by DRT.

**Board's conclusion:** Based on the existing practices and reviews conducted by Management and DRT's internal auditors and external auditors, and in concurrence with the ARC, the Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of DRT in its current business environment as at 31 December 2018.

The risk management and internal control systems established by the Trustee-Manager provide reasonable, but not absolute, assurance that the Trustee-Manager will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

**Separate risk committee:** The Board has established an ARC to assist in overseeing the risk management framework and policies and has determined, given the size, scope and nature of the business, it is currently not necessary to establish a separate Board Risk Committee.

## AUDIT AND RISK COMMITTEE

*Principle 12:* The Board should establish an Audit and Risk Committee ("ARC") with written terms of reference which clearly set out its authority and duties.

**Audit and Risk Committee's composition:** The Board has established an ARC that comprises Mr. Tan Huay Lim, Dr. Cao Yong and Mr. Sun Shu. Mr. Tan Huay Lim is the Chairman of the ARC. All the members of the ARC are Independent Non-Executive Directors.

The Board is of the view that all the members of the ARC are appropriately qualified to discharge their responsibilities and have the relevant accounting or related financial management expertise or experience. According to the Director's profiles, that are disclosed on pages 42 and 43 of this Annual Report:

- (a) Mr. Tan Huay Lim has extensive experience as a former audit partner at a chartered accounting firm;
- (b) Dr. Cao Yong is an Adjunct Professor in Singapore and a Professor in China, teaching finance and economics;
- (c) Mr. Sun Shu has held various positions in a national Chinese bank including responsibilities for building and managing its internal control systems.

None of the ARC members were former Partners or Directors of DRT's external auditor, Deloitte & Touche LLP within the previous twelve months, nor do they hold any financial interest in the external auditor.

**Audit and Risk Committee's role:** The ARC has explicit authority to investigate any matters within its terms of reference and is entitled full access to Management, especially in terms of resources and information to enable the committee to discharge its duties properly. The ARC has full discretion to invite any Director or Management to attend its meetings.

The Board has established an ARC broadly to make recommendations to the Board on all matters pertaining to the integrity of the financial statements, risk management and internal control systems, internal auditors, external auditors and whistleblowing. The ARC has a formal Board approved terms of reference that is disclosed on pages 91 to 94 of this Annual Report. A summary of the ARC's key responsibilities includes:

- (a) reviewing the significant financial reporting issues and judgments to ensure integrity of DRT's financial statements and announcements relating to its financial performance;

- (b) reviewing at least annually the adequacy and effectiveness of the Trustee-Manager's risk management and internal control systems, including financial, operational, compliance and information technology risks and controls;
- (c) reviewing the adequacy, effectiveness and independence of DRT's Internal Audit function;
- (d) reviewing the adequacy, effectiveness, independence of the external audit;
- (e) making recommendations to the Board on the appointment, re-appointment, remuneration and terms of engagement of the internal and external auditors; and
- (f) reviewing the whistleblowing policy and incidents reported.

**Auditors:** The ARC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of Management.

The Trustee-Manager has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of external auditors of DRT. The ARC has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services do not affect the independence and objectivity of the external audit. The aggregate amount of audit fees paid and payable by DRT to the external auditors for FY2018 was S\$263,000. There was no non-audit fee paid and payable to the external auditor for FY2018.

**Whistleblowing:** The ARC has reviewed the Whistleblowing Policy that the Trustee-Manager has established and uploaded on DRT's corporate website. The Policy provides mechanisms such as a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the ARC Chairman. Reports can be lodged via email to [whistleblowing@dasintrust.com](mailto:whistleblowing@dasintrust.com). In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to Management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals or victimisation.

The ARC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up action to be taken.

## Corporate Governance

### Summary of Audit and Risk Committee activities:

The ARC carried out its function in accordance with Regulation 13(6) of the BTR and the Listing Manual of SGX-ST and performed activities to fulfill its responsibilities specified in its terms of reference approved by the Board as disclosed on pages 91 to 94 of this Annual Report.

During FY2018, the ARC has reviewed the quarterly and annual financial statements, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by Management, reviewed the nature, volume and disclosure of Interested Person Transactions, nominated and recommended the re-election of the internal auditors, external auditors, compliance adviser and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The ARC has assisted the Board to review the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

Additionally, the ARC has also met with the internal and external auditors, without the presence of Management.

Changes to the accounting standards and issues that have direct impact on financial statements were reported to and discussed with the ARC by the Management and external auditors, in order for the ARC members to keep abreast of changes to such accounting standards and issues.

In the review of the Group's financial statements, the ARC discussed with Management the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.

### ARC's Commentary on significant financial reporting matters

The most significant financial reporting matter considered by the ARC in relation to the Group's financial statements for FY2018 was the valuation of investment properties: -

The valuation of the Group's investment properties is a key risk due to its significance in the context of the Group's net assets value and that the valuation methodology requires significant judgement about future performance of the investment properties which is inherently uncertain.

The ARC reviewed the objectivity and competency of the external valuer and the appropriateness of the valuation methodologies applied by the valuer in arriving at the market value of the investment properties based on their existing use.

The ARC reviewed the valuation reports and held discussions with the Management, the valuer and the external auditors to review the reasonableness of the key assumptions, the

estimation and projection of rental income stream and the underlying key data including the growth rate, occupancy rate, discount, capitalisation and terminal yield rates used in the valuation.

The ARC was satisfied with the valuation process and concurred with the Management's assessment to support the carrying value of the investment properties.

The above significant financial reporting matter was also an area of focus for the external auditors who have included this as a key audit matter in their audit report set out in this Annual Report.

### INTERNAL AUDIT

**Principle 13:** The company should establish an effective Internal Audit function that is adequately resourced and independent of the activities it audits.

**Internal Audit function:** The Trustee-Manager has engaged Ernst & Young Advisory Pte. Ltd. ("EY") as the internal auditors who report directly to the ARC and administratively to the CFO. The ARC approved the hiring, evaluation, and compensation of EY as the internal auditors. The internal audit function is co-sourced with the internal audit teams of the Trust and the Sponsor but led and reported by EY. EY submits its internal audit plan to the ARC for approval at the beginning of each financial year. The role of EY is to perform internal controls review for the areas in the approved internal audit plan to enable the ARC to assess the adequacy and effectiveness of the risk management and internal control systems. EY has unfettered access to all documents, records, properties and personnel, including access to the ARC.

**Internal Audit resources and experience:** The ARC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Trustee-Manager.

During the appointment of the Internal Audit function, the ARC ensured that the Internal Audit function is staffed with qualified and experienced personnel.

**Internal Audit standards:** The scope of the internal audit covers key aspects of the Trustee-Manager's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by EY's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing as set by The Institute of Internal Auditors, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and Control Objectives for Information and Related Technologies ("COBIT") models.

**Review of Internal Audit function:** The ARC conducted a review and concluded that the Internal Audit function is adequate, effective and independent for FY2018.

## UNITHOLDERS RIGHTS

**Principle 14:** Companies should treat all Unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of Unitholders' rights, and continually review and update such governance arrangements.

**Unitholder's rights:** All Unitholders are treated fairly and equitably, and the Trustee-Manager strives to disclose information to inform them of changes in DRT and its business that could materially impact the price and value of its units in a timely manner, so as to facilitate the exercise of ownership rights by all Unitholders.

**Voting procedures:** At general meetings, all Unitholders are entitled to attend, participate effectively and vote in person or by proxy, if they are unable to attend in person. Unitholders are informed of such meetings through the annual report or circulars sent to all Unitholders and/or notices published in the newspapers and via SGXNET. The rules governing such meetings and voting procedures are set out in the notice of general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.

Proxy forms must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of DRT, not less than 48 hours before the time appointed for holding the general meetings.

## COMMUNICATION WITH UNITHOLDERS

**Principle 15:** Companies should actively engage their Unitholders and put in place an investor relations policy to promote regular, effective and fair communication with Unitholders.

**Investor Relations Policy:** The Trustee-Manager has in place an Investor Relations Policy which sets out principles and practices that it applies when providing Unitholders and prospective investors with pertinent information necessary to make well-informed investment decisions. Additionally, the Trustee-Manager has a dedicated Investor Relations Manager to handle and facilitate all communications between the Trustee-Manager and DRT, and Unitholders, analysts, media as well as the investing community.

**Disclosure of information:** All material information including DRT's quarterly financial results are publicly available on the SGXNET and DRT's corporate website. For ease of access, DRT's key information, such as disclosed financial information, reports to Unitholders,

SGX announcements, investor presentation slides, distribution notices, annual reports, press releases, other material developments and corporate information are made available on SGXNET and DRT's corporate website ([www.dasintrust.com](http://www.dasintrust.com)) as soon as practicable. The Trustee-Manager has established protocols to actively avoid inadvertent disclosure to a select group. In rare occasions that such information is inadvertently disclosed, it will be immediately announced to the public via SGXNET. In its disclosure of information, the Trustee-Manager strives to be as descriptive, detailed and forthcoming as possible, rather than give boilerplate disclosures.

**Investor engagement:** In conjunction with the release of quarterly financial results, the Trustee-Manager conducts meetings with Unitholders and the investing community that may include analysts and the media, to present an update on DRT's performance and developments while having a dialogue with them to solicit and understand their views and feedback in relation to DRT and address their concerns. Presentation slides prepared for these briefings are promptly released on SGXNET and DRT's corporate website to ensure consistency in dissemination of information.

**Distribution Policy:** The Trustee-Manager has established an approved Distribution Policy for DRT to distribute 100% of distributable income to Unitholders for the period from 20 January 2017 to 31 December 2018, and from 1 January 2019 onwards, the Trustee-Manager shall make distributions of at least 90% of distributable income to Unitholders.

## CONDUCT OF UNITHOLDER MEETINGS

**Principle 16:** Companies should encourage greater Unitholder participation at general meetings of Unitholders, and allow Unitholders the opportunity to communicate their views on various matters affecting the company.

**Conduct of general meetings:** General meetings of Unitholders will be convened at least once annually in accordance with applicable laws and regulations. At general meetings, Unitholders will be allowed to participate effectively by putting forth any questions they may have on the resolutions to be debated and decided upon.

**Resolutions:** Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of electronic polling pursuant to Rule 730A(2) of the Listing Manual. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and displayed at the meeting and announced via SGXNET after the general meetings.

## Corporate Governance

**Attendance at general meetings:** All Directors, in particular the Chairman of the Board, the respective Chairman of the ARC, NC and RC, are usually present and available to address Unitholders' queries at these general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report. All Directors attended the Annual General Meeting of the Unitholders held on 18 April 2018 other than Mr. Zhang Zhencheng who was not available to attend.

**Minutes of general meetings:** Minutes of general meetings recording the substantial and relevant comments and queries raised by Unitholders, together with responses from the Board and Management, are prepared by the Company Secretary and will be made available to Unitholders upon request. Minutes of the forthcoming annual general meetings to be held on 18 April 2019 will be available on DRT's website at [www.dasintrust.com](http://www.dasintrust.com).

### INTERESTED PERSON TRANSACTIONS

The Trustee-Manager has adopted an interested person transactions policies and procedures ("IPT Policies and Procedures") and, established controls and reporting measures for handling Interested Person Transactions. These ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of DRT and its minority Unitholders.

Further, the Trustee-Manager maintains a register to record all transactions which may be considered as Interested Person Transactions. The register is subject to regular review by the ARC in ensuring that the Trustee-Manager's conduct is in accordance with the Listing Manual.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which exceed S\$100,000 in value but are below 3% of DRT's net tangible assets are subject to regular review by the Trustee-Manager and quarterly review by the ARC and the Directors.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which are valued between 3%-5% of DRT's net tangible assets are required to be announced by the Trustee-Manager on SGXNET and are further subject to review by the ARC and the Trustee-Manager prior to carrying out such transaction.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which are valued at 5% or above of DRT's net tangible assets are required to be announced by the Trustee-Manager on SGXNET, and are further subject to prior approval from

Unitholders, as well as review by the ARC, the Trustee-Manager and an independent financial advisor.

The Interested Person Transactions undertaken by DRT in FY2018 are set out on pages 169 and 170 of this Annual Report.

### DEALINGS IN DASIN RETAIL TRUST UNITS

The Trustee-Manager has adopted a dealing policy ("Dealing in Securities Policy") and an internal compliance code of conduct with regard to dealings in securities of DRT, in compliance with the principles of Rule 1207(19) of the Listing Manual.

In general, the Trustee-Manager's policy encourages Directors and employees of the Trustee-Manager to hold DRT's units and not deal in such units for short-term considerations.

The policy also prohibits the Trustee-Manager, its Directors and employees from dealing in DRT's units during the period commencing (i) two weeks before the public announcement of DRT's quarterly results and one month before the public announcement of DRT's annual results ("Prohibition Period"); and (ii) at any time while in possession of unpublished price sensitive information. Prior to the commencement of the Prohibition Period, an email would be sent out to all Directors, executive officers and employees of the Trustee-Manager as well as certain relevant executives of the Sponsor to inform them of the duration of the period. The Trustee-Manager will also not deal with DRT's securities during the Prohibition Period.

### STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager and the Board are responsible for safeguarding the interests of Unitholders and managing the business conducted by DRT. The Trustee-Manager has general powers of management over the business and assets of DRT and its main responsibility is to manage DRT's assets and liabilities for the benefit of its Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as DRT's trustee-manager, is required to:

- treat unitholders who hold Units in the same class fairly and equally;
- ensure that all payments out of the Trust Property of DRT (the "Trust Property") are made in accordance with the BTA and the Trust Deed;
- report to the Monetary Authority of Singapore any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 (the "SF BT Regulations") by any other person that:
  - (i) relates to Dasin Retail Trust; and
  - (ii) has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;

- ensure that the Trust Property is properly accounted for; and
- ensure that the Trust Property is kept distinct from the property held in its own capacity.

The Board will meet regularly to review DRT's business activities and strategies pursuant to its then prevailing investment strategy. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as DRT's trustee-manager in accordance with the BTA and the Trust Deed;
- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as DRT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
- hold the Trust Property on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

The Board, in exercising its powers and carrying out its duties as the Trustee-Manager of DRT, has put in place measures in relation to the management and governance of DRT to ensure that the following are met:

- the Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;
- adherence with the business scope of DRT as set out in the Trust Deed;
- potential conflicts between the interests of the Trustee-Manager and the interests of all the Unitholders of DRT as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and reviewed;
- expenses and cost allocations payable to the Trustee-Manager out of the Trust Property, and that fees and expenses charged to DRT are appropriate and in accordance with the BTA and the Trust Deed; and
- compliance with the BTA and the Listing Manual.

#### **Trust Property is Properly Accounted For**

The Trust Property of the Trust is properly accounted for and kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as Trustee-Manager of DRT and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all Trust Property has been fully accounted for.

The financial statements for DRT and the Trustee-Manager are kept separate and distinct and each of the financial statements are duly audited by the external auditor on an annual basis to ensure that the Trust Property is properly accounted for and kept distinct from the property of the Trustee-Manager held in its own capacity.

#### **Adherence to the Business Scope of DRT**

The management provides regular updates to the Board and the ARC about potential projects that it is looking into on behalf of DRT. The Board and the ARC ensures that all such projects are within the permitted business scope under the Trust Deed.

Prior to the carrying out of any significant business transaction, the Board, the ARC and/or the Management will have careful regard to the provisions of the Trust Deed and when in doubt, seek advice from professional advisers.

#### **Potential Conflicts of Interest**

The Trustee-Manager has instituted company-wide procedures to deal with conflicts of interest issues. Please refer to pages 62 and 63 of this report for further details.

#### **Interested Person Transactions**

The Trustee-Manager has established an internal control system to ensure that all future Interested Person Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of DRT and its minority Unitholders. Please refer to page 60 of this report for further details.

#### **Fees payable to the Trustee-Manager**

On a quarterly basis, the ARC and Board carry out reviews of the fee and expense payable to the Trustee-Manager in its capacity as trustee-manager of DRT out of the Trust Property. In such reviews, the ARC and Board ensure that fees and expenses charged to DRT are appropriate and in accordance with the Trust Deed.

The fees payable to the Trustee-Manager in respect of its services to DRT are disclosed in pages 108 and 109 of this Annual Report. The fees paid/payable to the Trustee-Manager out of the Trust Property for FY2018 are disclosed in pages 144 of this Annual Report.

For the year under review, no expenses were paid to the Trustee-Manager from the Trust Property.

#### **Compliance with the BTA and the Listing Manual**

The Trustee-Manager has engaged the services of and obtained advice from external legal advisers, external compliance adviser and independent professional advisers from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

## Corporate Governance

### CONFLICT OF INTEREST

The Trustee-Manager has instituted the following measures to deal with conflicts of interest issues:

- (a) The Trustee-Manager will not manage any other business trust which invests in the same type of properties as DRT.
- (b) All resolutions in writing of the Directors in relation to matters concerning DRT must be approved by a majority of the Directors, including at least one Independent Director.
- (c) Every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Trustee-Manager or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Subject to such disclosure, a Director shall be entitled to vote in respect of any transaction or arrangement in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.
- (d) In respect of matters in which the Sponsor and/or their subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or their subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of the Sponsor and/or their subsidiaries.
- (e) Save as to resolutions relating to the removal of the Trustee-Manager, the Trustee-Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to approve any matter in which the Trustee-Manager and/or any of its associates has a material interest.
- (f) Where matters concerning DRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of DRT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or DRT, the Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of DRT and the Unitholders, and in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or DRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time)

as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

- (g) It is also provided in the Trust Deed that if the Trustee-Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee-Manager for and on behalf of DRT with an Interested Person of the Trustee-Manager (acting in its capacity as the trustee-manager of DRT), the Trustee-Manager shall be obliged to consult with a reputable law firm which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee-Manager, on behalf of DRT, has a *prima facie* case against the party allegedly in breach under such agreement, the Trustee-Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Trustee-Manager (including the Independent Directors) will have a duty to ensure that the Trustee-Manager so complies. Any decision by the Trustee-Manager not to take action against an Interested Person of the Trustee-Manager shall not constitute a waiver of the Trustee-Manager's right to take such action as it deems fit against such Interested Person and shall, without prejudice to the responsibilities of the ARC in relation to Interested Person Transactions, be notified to the ARC.

In addition, to demonstrate the commitment of the Zhang Vendors<sup>1</sup> and Mr. Zhang Zhencheng to DRT and to mitigate any potential conflict of interests, each of the Zhang Vendors and Mr. Zhang Zhencheng (in his personal capacity) had entered into the Sponsor ROFR<sup>2</sup>.

Pursuant to the Sponsor ROFR, the Zhang Vendors and Mr. Zhang Zhencheng granted rights of first refusal to the Trustee-Manager over future sales of any income-producing real estate or any property development located in the Greater China used primarily for retail purposes, by (i) any one of the Zhang Vendors, Mr. Zhang Zhencheng, any of the entities in which any one of the Zhang Vendors and Mr. Zhang Zhencheng hold more than 50% of the voting rights or controls ("Controlled Entities"), (ii) any existing or future private fund managed by a Controlled Entity, (iii) any associate of the Zhang Vendors or Mr. Zhang Zhencheng, or (iv) any entity in which such associate(s) holds more than 50% of the voting rights or controls. The Zhang Family Trust<sup>3</sup> will not be acquiring or holding any real estate or real estate-related assets used for retail purposes apart from the Units and the Zhang Family Trust will not be used to hold any real estate or real estate-related assets used for retail purposes.

In addition to his personal undertakings, Mr. Zhang Zhencheng has also, in his capacity as the settlor of the Zhang Family Trust, undertaken in the Sponsor ROFR to procure the Family Trustee, as the trustee of the Zhang Family Trust, to grant a right of first refusal to the Trustee-Manager in the event the Zhang Family Trust or its associates, being any entity in which the Zhang Family Trust has a direct or indirect aggregate interest of 30% or more, acquires or holds any Relevant Asset<sup>4</sup>.

### MATERIAL CONTRACTS

There are no material contracts (whether subsisting or expired / terminated) entered into by DRT or any of its subsidiary that involve the interests of the Chief Executive Officer, any Director, any controlling Unitholder or any controlling shareholder of the Trustee-Manager, other than (where applicable):

- (a) as disclosed on pages 303 to 339 of the Prospectus dated 13 January 2017; and
- (b) interested person transactions as listed in the Interested Person Transactions section on pages 169 and 170 of this Annual Report.

### TERMS OF REFERENCE OF BOARD COMMITTEES

The terms of reference of the following board committees approved by the Board included in this Annual Report are as follows:

- (a) Nominating Committee is on page 63;
- (b) Remuneration Committee is on page 64; and
- (c) Audit and Risk Committee is on pages 91 to 94.

### APPENDIX I – TERMS OF REFERENCE FOR THE NOMINATING COMMITTEE

(as approved by the Board on 9 March 2017)

The duties and responsibilities of the NC shall include the following:

- (a) determining annually, and as and when circumstances require, whether a Director is independent (for the purposes of the Code of Corporate Governance and/or the Business Trusts Regulations, Rg.2, Chapter 31A), and providing its views to the Board in relation thereto for the Board's consideration;
- (b) reviewing the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;
- (c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration

- the Director's number of listed company board representations and other principal commitments;
- (d) where the appointment of an Alternate Director to a Director is proposed, determining whether the Alternate Director is familiar with the Trustee-Manager's affairs, appropriately qualified and (in the case of an Alternate Director to an independent) whether the Alternate Director would similarly qualify as an Independent Director, and providing its views to the Board in relation thereto for the Board's consideration;
- (e) making recommendations to the Board on relevant matters relating to:
  - a. reviewing the board size, composition of the Board and the Board committees with a view to determining the impact of the number of board members upon the effectiveness of the Board and providing an appropriate balance and diversity of skills, experience, gender and knowledge;
  - b. the review of board succession plans for Directors, in particular, the Chairman and for the CEO;
  - c. the development of a process for evaluation of the performance of the Board, its Board committees and Directors;
  - d. the review of training and professional development programs for the Board; and
  - e. the appointment and re-appointment of Directors (including Alternate Directors, if applicable).
- (f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value;
- (g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;
- (h) based on the results of the performance evaluation, provide its views and recommendations to the Board, including any appointment of new members;
- (i) reviewing the appointments and reasons for resignations or terminations of appointment of senior management staff such as the CEO (if not a Director), Chief Operating Officer, Chief Investment Officer, CFO and other relevant senior management staff; and
- (j) reviewing employment of all managerial staff and employees who are related to any of the Directors, substantial Unitholders or the CEO and the proposed terms of their employment.

<sup>1</sup> Mr. Zhang Kaicheng, Mr. Zhang Jiucheng and Mr. Zhang Zhongming, and each a "Zhang Vendor".

<sup>2</sup> Please refer to Appendix III.

<sup>3</sup> The family trust which holds the Units owned by Aqua Wealth Holdings Limited for the benefit for its beneficiaries, being Mr. Zhang Chon Meng, son of Mr. Zhang Zhencheng and Mr. Zhang Gui Ming, nephew of Mr. Zhang Zhencheng.

<sup>4</sup> Refer to Appendix III – Sponsor ROFR on pages 64 to 65 of this Annual Report for definition of "Relevant Asset".

## Corporate Governance

### APPENDIX II – TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(as approved by the Board on 9 March 2017)

The duties and responsibilities of the RC shall include the following:

- (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel;
  - (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
  - (c) reviewing all aspects of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind;
  - (d) reviewing annually the remuneration of employees who are immediate family members of a Director or CEO whose remuneration exceeds S\$50,000 during the year;
  - (e) reviewing the Trustee-Manager's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous;
  - (f) ensuring that existing relationships, if any, between the Trustee-Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
  - (g) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the Listing Manual and the Code of Corporate Governance (as may be amended from time to time).
- any one of DBS Trustee Limited (or any replacement or substitute trustee), in its capacity as the trustee of the Zhang Family Trust, the Zhang Vendors, Mr. Zhang Zhencheng, any of the Controlled Entities, any of the immediate family of any of the Zhang Vendors and/or Mr. Zhang Zhencheng, and/or any of the entities in which their immediate family hold more than 50.0% of the voting rights or controls, alone or in aggregate, remains a controlling unitholder of Dasin Retail Trust, (the "Right of First Refusal Period").

For the purposes of the Sponsor ROFR:

- "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial or operating policies of an entity;
- a "Relevant Entity" means any associate of the Zhang Vendors or Mr. Zhang Zhencheng, any entity in which such associate(s) holds more than 50.0% of the voting rights or controls, any of the Controlled Entities or any existing or future private fund managed by a Controlled Entity; and
- a "Relevant Asset" refers to any income-producing real estate or any property development, located in the Greater China, which is used primarily for retail purposes. Where such income producing real estate or property development is held by a Relevant Entity through a special purpose company, vehicle or entity (an "SPV") established solely to own such real estate or property development, the term "Relevant Asset" shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate or property development is co-owned by a Relevant Entity as a tenant-in-common, the term "Relevant Asset" shall refer to the ownership share of the Relevant Entity in such real estate or property development. For the avoidance of doubt, "Relevant Asset" includes any real-estate related asset which is incidental to such real estate or property development.

### APPENDIX III – SPONSOR ROFR

(as defined in the Prospectus dated 13 January 2017)

Each of the Zhang Vendors and Mr. Zhang Zhencheng (in his personal capacity) has on 27 December 2016 granted a right of first refusal to the Trustee-Manager for so long as:

- Dasin Retail Trust is listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited;
- any one of the Zhang Vendors, Mr. Zhang Zhencheng, any of the entities in which any one of the Zhang Vendors and Mr. Zhang Zhencheng hold more than 50.0% of the voting rights or controls ("Controlled Entities"), any of the immediate family of any of the Zhang Vendors and/or Mr. Zhang Zhencheng, and/or any of the entities in which their immediate family hold more than 50.0% of the voting rights or controls, alone or in aggregate, remains as a controlling shareholder of the Trustee-Manager; and

The Sponsor ROFR shall cover any proposed offer by Mr. Zhang Zhencheng, the Zhang Vendors or a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by Mr. Zhang Zhencheng, the Zhang Vendors or the Relevant Entity (as the case may be) ("Proposed Disposal").

If the Relevant Asset is (a) owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Dasin Retail Trust is required; or (b) owned by

a Relevant Entity which is not wholly-owned by each of the Zhang Vendors or Mr. Zhang Zhencheng (as the case may be) and whose other shareholder(s) or private fund investors is/are third parties, and if consent from such shareholder(s) or private fund investors to offer the Relevant Asset to Dasin Retail Trust is required, each of the Zhang Vendors and Mr. Zhang Zhencheng (as the case may be) shall use his best endeavors to obtain the consent of the relevant third party(ies) or other shareholder(s) or private fund investors, failing which the Sponsor ROFR will exclude the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The Sponsor ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;
- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to its related corporation (as well as transfer of any interest in the Relevant Assets between the Zhang Family) pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement, provided that such related corporation shall first execute and deliver a right of first refusal to the Trustee-Manager on the same terms and conditions; and
- be subject to the applicable laws, regulations and government policies and the listing rules of the SGX-ST, and order, judgment, decree of any court and any other approval required from any regulatory bodies, governmental bodies or other authorities.

In addition to his personal undertakings, Mr. Zhang Zhencheng has also, in his capacity as the settlor of the Zhang Family Trust, undertaken in the Sponsor ROFR to procure the Family Trustee, as the trustee of the Zhang Family Trust, to grant a right of first refusal to the Trustee-Manager in the event the Zhang Family Trust or its associates, being any entity in which the Zhang Family Trust has a direct or indirect aggregate interest of 30.0% or more, acquires or holds any Relevant Asset.

#### **Right of First Refusal – Proposed Disposal**

Each of the Zhang Vendors and Mr. Zhang Zhencheng shall issue a written notice ("Offer Notice"), any time on or after the date the units in Dasin Retail Trust are first listed on the SGX-ST and during the Right of First Refusal Period, to the Trustee-Manager of any Proposed Disposal.

The Offer Notice shall serve as an offer to sell the interest in the Relevant Asset to the Trustee-Manager, which is the subject of the Proposed Disposal on the terms and conditions as set out in the Offer Notice ("Sponsor Offer"). Upon receipt of an Offer Notice, the Trustee-Manager shall have 30 calendar days (or such other period as the parties may agree in writing) to give a written notice of its acceptance ("Acceptance Notice") of all the terms and conditions of the Sponsor Offer, failing which the Trustee-Manager shall be deemed to have declined to accept the Sponsor Offer.

Upon receipt of the Acceptance Notice from the Trustee-Manager, the Zhang Vendors or Mr. Zhang Zhencheng or the Relevant Entity (as the case may be) and the Trustee-Manager shall enter into and carry out negotiations in good faith with each other with a view to entering into a binding definitive agreement for the sale and purchase of the Relevant Asset within 60 calendar days (or such other period as the parties may agree) after receipt of such Acceptance Notice.

#### **Failure to Exercise Right of First Refusal**

In the event that the Trustee-Manager fails or does not wish to exercise the Sponsor ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the Trustee-Manager.

However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the Offer Notice, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor ROFR.

# Enterprise Risk Management

Dasin Retail Trust (the "Trust" or "DRT") and its subsidiaries (collectively, the "DRT Group") practise a proactive approach towards risk management, which enables the DRT Group to manage risks in a systematic and consistent manner. Under DRT Group's Enterprise Risk Management ("ERM") Framework, the Group's risk parameters and risk appetite are clearly defined and agreed upon by the Board of Directors. These risk limits further delineate the specific boundaries at an operational level.

The Board of Directors (the "Board") is responsible for the governance of risks across the DRT Group. Their responsibilities include establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of Unitholders' interests and the assets of DRT. For these purposes, it is assisted by the Audit and Risk Committee (the "ARC"), which provides oversight over risk management policies and guidelines.

The ARC reports to the Board annually on its review of the adequacy and effectiveness of the risk management system

and internal controls including financial, operational, compliance and information technology controls of the DRT Group and the Trustee-Manager, and on the work performed by the ARC during the year based on the terms of reference. At the same time, DRT has appointed Ernst & Young Advisory Pte. Ltd. ("EY") to perform internal controls review for the areas in the approved internal audit plan to enable the ARC to assess the adequacy and effectiveness of the internal control system. The internal audit function is co-sourced with the internal audit teams of the Trust and the Sponsor but led and reported by EY. The ARC may incorporate in its report its observations on any matters under its purview, and may make any recommendations to the Board as it thinks fit.

Management is responsible for the implementation and practice of ERM across the DRT Group. Management proactively manages key risks through identified risk owners and embeds the risk management process in their planning and decision making process. During the year, Management has engaged an independent professional firm to assist with the update of the risk registers.



## MANAGING MATERIAL RISKS

The Trustee-Manager undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across DRT Group. Such material risks include:

### Foreign Exchange Risk

DRT Group is exposed to fluctuations of the Chinese Renminbi ("RMB") and United States Dollar ("USD") against the Singapore Dollar ("SGD").

In order to manage this exposure, the Finance Department proactively monitors the currency exchange market for favorable currency trends. As DRT Group's operations are localised in China, the DRT Group's exposure to foreign exchange risk is primarily due to the remittance of dividends.

### Interest Rate Risk

DRT Group is exposed to interest rate risk arising from the onshore and offshore loans. To manage this exposure, the Board has established a hedging policy in line with DRT Group's risk appetite and tolerance. The Trustee-Manager operates within the parameters of this guidelines for transacting in interest rate swaps. On a quarterly basis or as and when there are changes to the hedging status, hedging status is reported to the Board.

Further to this, the Finance Department actively monitors the interest rate trends and favorable rates are communicated immediately to the General Manager of Investment Division, Chief Executive Officer and a Non-Executive Director for discussion and confirmation of the interest rate swap.

As at 31 December 2018, the Trustee-Manager has hedged 40% of its offshore debt's interest rate exposure.

### Financing, Funding and Liquidity Risk

The Trustee-Manager manages the capital structure of DRT Group to ensure its debt maturity profile is spread out over a range of years and monitors covenants closely to ensure loan compliance.

The Trustee-Manager constantly and proactively engages the banks on its re-financing plans ahead of the maturity date.

DRT Groups liquidity profile is reviewed in the context of current money market and credit conditions and will be revised from time to time as necessary by the Finance Department. A minimum level of cash balance is maintained and senior management will be informed if there is insufficient cash. Liquidity targets are set out to achieve an optimal balance between the certainties of cash flow and the cost of obtaining the funding.

The Trustee-Manager monitors the Trust's investment deposits and borrowings to ensure sufficient liquidity of DRT Group in the form of cash and banking facilities.

An annual budget and forecast for revenue and expenses is established and monitored by management on a periodic basis. Expenses exceeding the budgeted amount are subjected to special approval by senior management.

Loan financing is obtained prior to commencement of major projects.

### Fraud, Business Ethics and Conflicts of Interest Risk

DRT Group is committed to holding a high standard of business ethics in its operations. Training on legal, business ethics and relevant updates in the code of conduct are provided to new and existing employees as and when the need arises. Background checks are carried out for all new employees or when staff are promoted to a key position. A clearly delineated delegation of authority has been established and conflicting duties are segregated from each other.

The Trustee-Manager has established clear policies and procedures on conflict of interest, gifts and entertainment, and whistle-blowing and communicated these policies to all staff. An independent whistle-blowing email channel has been made available for all staff.

Further to the policies and procedures around conflict of interests, controls have been implemented for the maintenance of list of related companies and interested persons and the transactions. The Internal Audit Department of DRT and the Sponsor further ensures the completeness and accuracy of all related and interested person transactions by carrying out an audit on a quarterly basis. The results of the audit are subsequently reported to the ARC.

Annual and quarterly declarations and ad-hoc declarations for conflict of interest are made by the Directors and Chief Executive Officer.

## Enterprise Risk Management

### Leakage of confidential data risk

DRT is subjected to the Personal Data Protection Act ("PDPA"). Personal data (in the form of customer, employees and business partners) is an integral part of DRT Group's operations and the potential misuse or loss of such data can be damaging to the Group's reputation. The Information Technology ("IT") team has put in place end user policies and procedures to govern the handling of confidential data and enhancement of IT general controls.

In the event that confidential data has to be disclosed to third parties, non-disclosure agreements are signed with these parties to protect DRT Group's interests.

### Economic and Market Risk

DRT Group is exposed to adverse macroeconomic developments in the economy. These adverse developments may take the form of a slowdown in consumer consumption and property value or rental rate volatility, which in turn, will lead to a reduction in revenue or inflationary pressure resulting in an increase in costs of DRT.

The Trustee-Manager manages this risk by monitoring significant economic developments in both the global and local financial markets. On a quarterly basis, a review of forecasted results against actual results is performed. Key variances are highlighted and explained to the Board of Directors. The Finance Department also monitors closely the debt maturity of financing instruments to support business operations.

### Asset Management and Operating Risk

Asset management and operating risk relates to the risk of underperformance of the assets in DRT Group's portfolio.

The Trustee-Manager manages asset management and operating risk by adopting a proactive asset management strategy. Trade mix, arrears and sales performance of tenants are closely monitored to ensure that existing assets are optimised to target customers in the area, thereby increasing revenue.

The Commercial Manager, Property Manager and other outsourced service providers provide regular reports on regulatory compliance to the Trustee-Manager. Regular audits are conducted on the Commercial Manager and Property Manager. The Commercial Manager and Property Manager are also regularly assessed against their key performance indicators.

### Business Interruption Risk

DRT Group is exposed to business interruption risk arising from external unforeseen events such as fire, earthquakes or other major infrastructure failures, which may significantly disrupt operations at the malls. The Trustee-Manager manages these risks by ensuring that standard operating procedures on dealing with unforeseen circumstances are established and communicated to all staff and ensuring appropriate insurance coverage for property damage, fire and terrorism. Business Continuity Plans for the malls have been developed including table top exercises for crisis events.

# Sustainability Report

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## Sustainability Report

“

The SSC develops the Trust’s sustainability objectives and strategy and manages overall sustainability performance through close monitoring of the data collection process and reporting of key sustainability matters to the Chief Executive Officer of the Trustee-Manager.

”

### BOARD STATEMENT

The Board of Directors (the “Board”) at Dasin Retail Trust (the “Trust”) is pleased to present the Trust’s second Sustainability Report (the “Report”) in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. This report discloses Dasin Retail Trust’s environmental, social and governance (“ESG”) impact and its commitment towards sustainability.

The Board strives to maintain a balanced approach towards sustainability. In addition to maintaining a long-term sustainable cash flow to maximise investor returns, the Board, together with the management, also seeks to manage relevant ESGs risks and opportunities across the Trust’s assets, to create long-term value for our stakeholders. The Trust’s sustainability approach is also aligned with the Sponsor’s belief in giving back to the society. The Trust invests in quality malls which foster social bonds by serving as destinations for local communities to get together. As the Trust continues to tap on opportunities of the growing Guangdong-Hong Kong-Macau Greater Bay Area, it also contributes to the sustainability development of the region through the provision of employment and business opportunities.

The Board is supported by the Sustainability Steering Committee (“SSC”) which comprises senior management representatives from the Trust and Trustee-Manager. The SSC develops the Trust’s sustainability objectives and strategy and manages overall sustainability performance through close monitoring of the data collection process and reporting of key sustainability matters to the Chief Executive Officer of the Trustee-Manager.

Supporting the SSC, the Sustainability Task Force (“STF”) undertakes the role of implementing and executing sustainable policies and procedures to drive sustainability programmes across the organisation. The STF is made up of representatives across business functions and divisions of the Sponsor and the Trustee-Manager.

This report is aligned with the SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide and charts the Trust’s sustainability practices and performances in FY2018 as well as the Trust’s targets for the upcoming year.

As we continue to embark on the sustainability journey, the Board remains committed to continuously improve the Report to address stakeholders’ interests as well as to enhance accountability and transparency.

### Board of Directors

Dasin Retail Trust Management Pte. Ltd.  
In its capacity as Trustee-Manager  
of Dasin Retail Trust

### SUSTAINABILITY REPORT OVERVIEW

#### About this Report

This Report describes the Trust’s approach towards sustainability and its ESG performance for the financial year ended 31 December 2018.

The Report covers the following entities which have a significant impact on the Trust’s business and operations.

- Dasin Retail Trust
- Dasin Retail Trust Management Pte. Ltd.
  - includes description of selection process of property managers
- Zhongshan Dasin Real Estate Co., Ltd.
  - only includes CSR activities of the Sponsor

The Trustee-Manager values all feedback from all stakeholders as they are integral to the Trust’s sustainability reporting process. Please send all comments and suggestions pertaining to this report to [ir@dasintrust.com](mailto:ir@dasintrust.com).

The Report and additional corporate information are also available on the Trust’s website [www.dasintrust.com](http://www.dasintrust.com).

### Materiality Assessment

As part of the Trust’s approach to sustainability, a materiality assessment exercise was carried out in 2017 through a workshop organised by an external consultant to determine the key ESG material issues for its business portfolio. Through a three-step approach, 12 material ESG factors were identified through background research on the Trust’s internal and external factors. Stakeholders involved in the materiality prioritisation process included representatives from the Board, the Trustee-Manager and the Sponsor. The 12 material factors were approved by the Board.

Based on the second workshop conducted in FY2018, the Trustee-Manager determined that the material factors identified in FY2017 remained relevant.

The Trustee-Manager’s sustainability framework, which is aligned to its principles of credibility and integrity, covers 5 key pillars and 12 material ESG factors as outlined in the table below.



Sustainability Pillar	Material Factors	Key Focus
<b>Economic Performance</b>	Direct Economic Contribution	<p><b>Direct Economic Contribution</b> The Trustee-Manager focuses on improving the economic performance and resilience of the Trust to achieve sustainable growth.</p> <p><b>Indirect Economic Contribution</b> As the Trustee-Manager taps on the opportunities of the growing Guangdong-Hong Kong-Macau Greater Bay Area, it also contributes to the sustainable development of the region to become a metropolis.</p>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Socioeconomic Compliance</li> <li>Anti-corruption</li> </ul>	<p><b>Compliance</b> The Trust’s core principles of credibility and integrity are demonstrated through the compliance with all relevant laws and regulations.</p>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Training &amp; Education</li> <li>Labour/Management Relations</li> </ul>	<p><b>People Management</b> The Trustee-Manager has various policies and practices in place to attract, engage, empower and retain talent to support business growth.</p>
<b>Product and Service Responsibility</b>	<p>Property Managers and Suppliers Social Assessment</p> <ul style="list-style-type: none"> <li>Marketing &amp; Labelling</li> <li>Customer Health &amp; Safety</li> <li>Environmental Compliance</li> </ul>	<p><b>Property Managers and Suppliers Assessment</b> The Trustee-Manager practises responsible procurement by assessing the quality and behaviour of the property managers and suppliers.</p>
<b>Community</b>	CSR Activities & Local Communities	<p><b>CSR Activities</b> It is part of the Trustee-Manager and the Sponsor’s culture to give back to the community through engaging employees in volunteer activities.</p>

## Sustainability Report

### Stakeholder Engagement

The Trustee-Manager, Property Manager and the Sponsor engage with their internal and external stakeholders regularly through various channels to understand the stakeholders' expectations and concerns. The table below details the engagement activities with the key stakeholders.

Key stakeholders	Engagement Methods and Frequency	Key Topics of Interest
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Quarterly board meetings</li> <li>Regular reporting to the board</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Regular</li> <li>Sound corporate governance practices</li> <li>Alignment of sustainability with business strategy</li> <li>Transparent reporting</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>An Office Automation System used to make timely important announcements to employees</li> <li>Year End Staff Summary Meeting</li> <li>Recreational and team cohesion activities</li> <li>Training Programmes</li> <li>Employee Handbook</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> <li>Annual</li> <li>Regular</li> <li>Regular</li> <li>Active</li> <li>Equitable remuneration</li> <li>Fair and competitive employment practices and policies</li> <li>Safe and healthy work environment</li> <li>Focus on employee development and well-being</li> </ul>
<b>Investment Community</b> (Investors, analysts, media)	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Press announcements and SGX filings</li> <li>Contact channels with the Investor Relations team</li> <li>One-on-one meetings / roadshows</li> <li>Site visits for investors / analysts</li> <li>Website updates</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Annual</li> <li>Regular</li> <li>Ad hoc</li> <li>Regular</li> <li>Ad hoc</li> <li>Regular</li> <li>Sustain profitability and enhance investor returns</li> <li>Transparent reporting</li> <li>Sound corporate governance practices</li> <li>Active portfolio management</li> </ul>
<b>Property Managers</b>	<ul style="list-style-type: none"> <li>Regular and random audits and interviews</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular and punctual payments upon enlistment of service</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Regular audits and interviews</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Equitable treatment of business partners</li> <li>Regular and punctual payments upon enlistment of service</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>Annual Meetings for tenants</li> <li>Tenant activities at the malls such as the annual Production Safety Month Program</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Regular</li> <li>Safety and security of the malls</li> <li>Competitive rent</li> <li>Responsiveness to tenant requests and feedback</li> </ul>
<b>Shoppers</b>	<ul style="list-style-type: none"> <li>Customer Service Centre</li> <li>Activities at the malls</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> <li>Ad hoc</li> <li>Shopping Experience</li> <li>Quality of Service</li> <li>Safety and hygiene of the malls</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Mandatory reporting as required for compliance purposes</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Compliance with local laws and regulations</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Various volunteer activities as described in the section "CSR Activities &amp; Local Communities" Page 82-84</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Contributions to local communities</li> <li>Responsible and ethical business practices</li> </ul>

### Sustainable Development Goals (SDGs)

Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager") is supportive of the 2030 Sustainability Development Goals (SDGs) outlined by the United Nations (UN) in 2015. Some of the key sustainability focuses and activities in relation to the 5 key SDGs are outlined in the table below.

Sustainability Pillar	Material ESG Factors	United Nations Sustainable Development Goals (UN SDGs)	Activities
<b>Community</b>	<ul style="list-style-type: none"> <li>CSR Activities and Local Communities</li> </ul>	  	<p>The Trustee-Manager and Zhongshan Dasin Real Estate Co., Ltd. (the "Sponsor") make philanthropic donations and carry out various volunteer activities to help those in need such as people suffering from major diseases, accidents, natural disasters or family poverty.</p> <p>The Trustee-Manager and the Sponsor also actively participate in other health-related programmes such as charity walk, health awareness outreach programmes and blood donation events.</p>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Training and Education</li> <li>Labour/Management Relations</li> </ul>		<p>The Trustee-Manager takes a holistic approach to ensure that it provides a fair, open and rewarding environment for its employees.</p>
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Direct Economic Contribution</li> </ul>		<p>The Trustee-Manager contributes to the sustainable development in the Guangdong-Hong Kong-Macau Greater Bay Area through providing jobs and business opportunities, facilitating community bonding and indirectly improving the standard of living.</p>



# Sustainability Report

## MATERIAL FACTORS

### Economic Performance

The Trustee-Manager focuses on improving the resilience of the Trust through active management of its assets as well as growth opportunities through acquisitions to achieve sustainable growth. The Trust's economic performance has a positive impact on its stakeholders. Internally, it allows the Trust to deliver stable distributions to Unitholders as well as rewards to employees. Externally, the Trust contributes positively to the local economy, community and environment through the provision of employment and business opportunities.

Please refer to the Financial Statements on pages 101-165 of this Annual Report for more information.

### Governance

#### Socioeconomic Compliance

The Trustee-Manager recognises that robust corporate governance practices are important and adheres to the highest standards of these practices which ensure compliance to applicable laws and regulations. The Trustee-Manager conducts its business operations in line with its core principles of credibility and integrity. Details of the Trust's corporate governance framework and policies can be found on pages 48 to 65 of this Annual Report.

Annual compliance checks by the Compliance Department of the Trust on the Property Managers are in place to monitor and manage the risk of non-compliance with laws and regulations. The compliance officer, who works closely with the various heads of functions, monitors and manages all compliance related matters. In addition, training is provided to staff to raise greater awareness and knowledge of applicable laws and regulations.

In 2018, there was no significant incident of non-compliance with relevant socioeconomic laws and regulations.

Moving forward, the Trustee-Manager will continue to keep abreast of changes in relevant laws and regulations and maintain the Trust's compliance status to uphold a strong reputation on governance.

**Socioeconomic Compliance**

1


Credibility

2


Integrity

#### Anti-Corruption

The Trustee-Manager maintains a zero-tolerance attitude towards bribery, fraud and corruption and complies with the Independent Commission Against Corruption (ICAC) national and organisational standards so as to protect the interests of our stakeholders.

To safeguard the Trust's interest and prevent any improper or illegal behaviour, the Trustee-Manager has in place a sound system of internal controls which includes the anti-corruption and anti-violation management procedures to identify and monitor compliance risks. Policies including the anti-corruption policy and whistle blowing policy are also in place and expected to be adhered to. An independent whistle-blowing email channel is also available for all staff.

The Trustee-Manager's zero tolerance towards any wrongdoings is communicated to all employees. All new employees are briefed on key policies and are required to sign the Confidentiality Agreement upon joining the company. In addition, the Trustee-Manager has a staff training management system which provides clear guidance and regular training on ethics and professional conduct. The Trustee-Manager has also established clear policies and procedures on conflict of interest, gifts and entertainment. During the year, training on key changes to the code of corporate governance and SGX listing rules was conducted.

The Trustee-Manager aims to maintain zero incidence of corruption in the coming year through continuous efforts in educating staff, building awareness of anti-corruption initiatives and maintaining strong ethics and integrity.

### 2019 TARGETS FOR SOCIOECONOMIC COMPLIANCE AND ANTI-CORRUPTION

- Maintain zero incidence of material non-compliance with applicable laws and regulations
- Maintain zero incidence of corruption

### 2019 KEY INITIATIVES

- Continue to keep abreast of changes in relevant laws and regulations and maintain the Trust's compliance status
- Continuous efforts in educating staff, building awareness of anti-corruption initiatives and maintaining strong ethics and integrity

## Employees

### Talent Management

The Trustee-Manager recognises that employees are vital to the Trust's success and the ability to attract and retain talent is critical to the long-term sustainability of its business. The Trustee-Manager's human capital initiatives place strong emphasis on talent development, employee wellness and competitive compensation. To motivate and retain talent, the Trustee-Manager has in place employee engagement initiatives including career development, training and education, reward and recognition programmes, health and wellbeing initiatives, employee feedback channels and volunteer activities.

The Trustee-Manager has a set of Human Resource ("HR") policies which adheres strictly to relevant labour laws and regulations in China as well as in Singapore. These policies are in place to govern the recruitment, retention and development process and cover areas such as promotion and performance appraisals, labour contract, training to enhance the Trust and employees' overall effectiveness. All human resource policies are made available to employees via inclusion in the Employee Handbook.

The Trustee-Manager believes fair employment principles are essential for the Trust to remain competitive. Fair employment principles are stated in the HR Hiring Policy where selection and recruitment as well as employees' benefits and compensation are adopted through a comprehensive assessment process based on merits such as skills, experience and performance.

“

A positive work environment is vital to motivate, attract and retain talent.

”

A positive work environment is vital to motivate, attract and retain talent. The Trustee-Manager aligns and benchmarks its remuneration framework with reference to industry practices. Employees are incentivised through the provision of annual performance bonuses for staff in Singapore and China. Other employee benefits include family visit benefits, birthday leave, mobile allowance, over-time compensation and meal allowance for employees below managerial levels. Employees are protected under a comprehensive company insurance plan which covers term life, critical illnesses, hospitalisation, visits to specialists and outpatient visits.

The Trustee-Manager actively promotes a positive and productive working environment. To forge stronger bonds among employees, quarterly team-building activities as well as annual celebrations during Chinese New Year and the Mid-Autumn Festival are organised.

The Trustee-Manager will continue to commit to fair employment practices and constantly review and maintain a competitive employee compensation and benefits package with reference to industry practices, to attract, retain and motivate talent.

## Sustainability Report

### Training and Education

The Trustee-Manager provides training and development programmes to allow employees to fulfil their potential. The HR Department of the Trustee-Manager works closely with the various Heads of Departments to identify and manage learning development needs. A comprehensive Training Management System is in place to support the professional development of all staff. Employees are also

encouraged to take the initiative to discuss with their Head of Department on their individual training goals and needs.

Training programs provided internally and externally to employees for the year spanned across the topics of law and compliance, finance, professional, health and safety, orientation, information security and human resources. The various internal and external training provided to staff in 2018 are shown in the following table:

TRAINING CATEGORY	EXAMPLES OF TRAINING TOPICS
Orientation	<ul style="list-style-type: none"> <li>• New Employee Training</li> </ul>
Professional	<ul style="list-style-type: none"> <li>• Financial English by Huijiang Network School</li> <li>• Information Security Training</li> <li>• Business Etiquette</li> <li>• How to Become a High-Performance Person</li> </ul>
Law and Compliance	<ul style="list-style-type: none"> <li>• Related party transaction</li> <li>• Stakeholder transaction data audit verification and reporting management system</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Valuation Modelling</li> <li>• Cross-Border RMB and Foreign Exchange Policy Training</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• Labour-Related Sharing Session</li> <li>• Golden Rules of Interviewing</li> <li>• Regulations on Work Injury Prevention, Stable Work Subsidies and Enterprise Annuity Work Training</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>• Healthy Women's Day - Women's Health Knowledge Seminar</li> <li>• First Aid Knowledge Training</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Creating an Effective Execution Team</li> </ul>

The Trustee-Manager will continue to develop and review training programmes to help employees to reach their full potential.

### Labour/Management Relations

The Trustee-Manager highly encourages a culture of open communication as part of a nurturing work environment. Two-way feedback between employer and employee is highly encouraged. Processes and platforms are in place for employees to highlight issues and other feedback to higher levels of management or the HR Department of the Trustee-Manager.

An annual Staff Strategic Meeting is conducted at the end of the year to review and commend work done and at the

same time provides an opportunity to set strategies for the forthcoming year.

Staff are kept abreast of the latest announcements and updates on the Trust via the internal Office Automation System, an intranet developed specifically for staff of the Trustee-Manager. This automated system allows for dissemination of important messages such as company policies as well as operational changes to employees in a timely manner.

### 2019 TARGETS FOR TALENT MANAGEMENT, TRAINING AND EDUCATION AND LABOUR/MANAGEMENT RELATIONS

- Continue to review and maintain a competitive employee compensation and benefits package with reference to industry practices, to attract and retain talent
- Continue to develop and review the training programmes to help employees to reach their full potential
- Identify and recommend suitable training programmes to employees
- Continue to improve the frequency and effectiveness of communication between senior management and employees
- Organise quarterly activities for team bonding

“

The selection of the property managers' suppliers must be subject to qualification review and the process of invitation to tender and pricing by independent procurement departments.

”



### Product and Service Responsibility

#### Property Managers and Suppliers Social Assessment

Since its inception, the Trust has adhered to the principle of integrity management and has upheld openness, transparency and fairness in its transactions with suppliers. The Trust endeavours to seek the recognition of its values through the selection, evaluation and feedback of suppliers, with the aim of establishing win-win cooperation based on integrity and stability.

The Trust outsources its property and operation management services to commercial and property management companies who are a subsidiary and an associated company of the Sponsor respectively. The selection of the property managers' suppliers must be subject to qualification review and the process of invitation to tender and pricing by independent procurement departments. The establishment of the supplier's evaluation feedback mechanism provides a basis for further cooperation.

In 2018, on the basis of the original "Business Partners Blacklist Management System", the property managers added a new management process for "red list" partners and established the "Business Partners Red and Blacklist

Management System": In the process of cooperation, companies or individuals with good integrity and high degree of cooperation will be included in the "red list" for sustainable cooperation. Companies or individuals who are assessed as untrustworthy will be included in the "blacklist".

A combination of periodic and irregular reviews is adopted to determine the lists. The audit departments are responsible for the investigations of the red and blacklists as well as the definition and implementation of responsibilities of relevant subjects. All companies and departments must shoulder the responsibility to supervise and inspect the performance of duties by related partners under the jurisdiction and to present the assessment of the partners.

In 2018, one supplier in partnership with the Trust was listed on the "blacklist" and none was included in the "red list".

1. Regular fire drills conducted to ensure employees and tenants are kept abreast of the latest emergency procedures.

## Sustainability Report



“  
Safety remains the top priority of all work, and the Trustee-Manager requires the property managers to put safety management first, and urges them to improve safety management in terms of facilities equipment, system construction, system implementation and results tracking.  
”

### Marketing and Labelling

The importance of attractive marketing and promotion should be acknowledged, but a company's accountability to customers should be embodied in its accurate conveying of information and lawful publicity. Adherence to publicity in compliance with laws and rules serves as an important guarantee to build a shopping mall brand trusted by businesses and consumers, to establish an industry benchmark and to promote the industry's progress.

The Trust recognises this and strictly abides by the laws and regulations on publicity in China and Singapore to ensure that information delivered to customers is reliable, accurate and in accordance with social ethical standards.

The marketing publicity of Dasin Retail Trust Property falls under the responsibility of the special planning department of the property managers. All marketing promotion needs to be approved before being disclosed to the public.

During the reporting year, there was no incident related to the violation of marketing, promotion and product labelling laws and regulations. Going forward, the Trust will continue to assess and supervise the compliance status of all its property managers and require them to maintain a clean compliance record.

### Customer Health and Safety

#### Safety

Safety remains the top priority of all work, and the Trustee-Manager requires the property managers to put safety management first, and urges them to improve safety management in terms of facilities equipment, system construction, system implementation and results tracking.

1 & 2.  
Safety inspections.



2

The Trust's properties are equipped with complete fire extinguishing systems, such as fire sprinklers, fire hydrants, smoke detection systems, smoke extraction systems etc. The above-mentioned facilities are inspected regularly and all damaged and ageing equipment can be replaced in time. The property must be equipped with anti-terrorism and explosion-proof equipment, and the government security department should be invited every month to explain and demonstrate the usage of the equipment.

The property managers have in place an effective "Safety Management System" which illustrates strict regulations on duties of safety management, quality objectives and assessment standards of safety management, and handling procedures of various security incidents. In addition to the security department responsible for the safety maintenance of the malls, full-time safety managers are employed to coordinate management of the safe operation of the malls.

In addition, the property ensures the immediate and timely handling of accidents through the execution of various emergency exercises such as fire drills, anti-terror drills, gas leak drills and elevator trap drills which are conducted once every three months. Training on food safety, usage of fire-fighting equipment, CPR (cardio-pulmonary resuscitation) as well as first aid to enhance the safety skills of employees and businesses are organised regularly. The fire response capability is tested at irregular intervals and in various places every month to improve the ability of internal firefighters to respond to fire alarms.

Security checks must be regularly conducted on the businesses, whose hazards and violations identified should be rectified under prompt supervision and tracking. Catering businesses and anchor stores must accept the inspection of the "three turning-offs and one closing" checks every day: turning off water, electricity, gas and closing the security doors to prevent fire hazards.

Before commencing renovations, samples of decoration materials and the certificates of qualification are required to be presented to the property managers for inspection to confirm that fireproof materials have been used.

In order to promote food safety, the Zhongshan Food and Drug Administration encourages catering businesses to use open kitchens which are visible to customers. At present, more than 80% of catering service providers in Shiqi Metro Mall have implemented the "open kitchen" concept. Ocean Metro Mall and Xiaolan Metro Mall have been rated as Zhongshan Food Safety Model Streets.

#### Hygiene

In order to provide customers with a comfortable environment, the property managers commissioned specialised cleaning companies to carry out cleaning and maintenance work of the malls. The property managers will assess the quality of service and grade it monthly, which would have a direct influence on the payment of the cleaning fees. In addition, the Trust property has also hired specialised pest control companies to prevent and control the presence of pests in the malls. Any complaints from businesses and customers about the sanitary conditions can be quickly responded to and dealt with.

#### Promote Food Safety



more than **80%** of catering service providers in Shiqi Metro Mall have implemented the "open kitchens" concept.

## Sustainability Report



### Environmental Compliance

While conducting business, the Trust attaches great importance to environmental protection and its business' impact on the environment. Hence it strictly abides by the requirements stipulated by Chinese laws and regulations on environmental protection, and fulfils its commitment to environmental protection.

The Trustee Manager urges the property managers to incorporate energy management into their management system, and monitor and compare energy consumption data monthly, to serve as a foundation for subsequent measures of energy conservation and consumption reduction.

“

In 2018, the property managers also practised and disseminated the concept of environmental protection through a series of public welfare activities. The “I Will Grow up with Seedlings I Plant” held by Ocean Metro Mall called on children to sow plants and care for the environment. All stores responded positively to “Earth Hour” to turn off non-essential lights such as exterior wall lighting to support the tackling of global climate change with concrete actions.

”

### 2019 Targets For Property Managers and Suppliers Social Assessment

1



Marketing and Labelling

2



Customer Health

3



Safety and Environmental Compliance





1, 2 & 3.  
Environmental activities  
organised for children  
to grow plants and care  
for the environment.

In order to avoid wasting energy, time-phased lightings at different zones are implemented at the parking lots of the properties. Sensor lights are also installed at all fire exits. In addition, the interior and exterior lights of the malls are switched on according to weather conditions. At the same time, to reduce pressure on the municipal environment, waste oil from all the catering businesses are centralised and then discharged into municipal pipelines.

In 2018, the property managers also practised and disseminated the concept of environmental protection through a series of public welfare activities. The "I Will Grow up with Seedlings I Plant" held by Ocean Metro Mall called on children to sow plants and care for the environment. All stores responded positively to "Earth Hour" to turn off non-essential lights such as exterior wall lighting to support the tackling of global climate change with concrete actions. The "Bags for Green" held by Xiaolan Metro Mall, advocating "low-carbon life", appealed to the public to use green bags instead of plastic bags.

#### 2019 TARGETS FOR PROPERTY MANAGERS AND SUPPLIERS SOCIAL ASSESSMENT, MARKETING AND LABELLING, CUSTOMER HEALTH AND SAFETY AND ENVIRONMENTAL COMPLIANCE

- Assess all new suppliers using social criteria
- Include environmental and social considerations as part of the acquisition due diligence procedures for the property managers of the newly acquired malls
- Continue to monitor the environmental and social performance of existing property managers
- Continue to assess and supervise the compliance status of all its property managers and require them to maintain a clean compliance record in the forthcoming year

During the reporting year, there was no identified incidents of non-compliance with relevant environmental laws and regulations. The Trustee-Manager will continue to be self-disciplined and supervise the property managers to ensure environmental compliance in the forthcoming year.

## Sustainability Report



### CSR Activities & Local Communities

Zhongshan City is the hometown of a great man and regarded as the spiritual home of fraternity. Dasin Retail Trust, whose assets are located in the city of fraternity, while creating economic benefits, never forgets to give back to the society with the spirit of fraternity, actively shoulders social responsibility, and shares the fruits of development with society.

#### Education and Donations

Education should be given priority when we make plans concerning long-term interests. The Trust supports the local education development through its Sponsor's generous donations.

In 2018, the Sponsor donated a total of RMB400,000 to support the "Education in Harmonious Development" fund of Shiqi Middle School in Zhongshan City, which facilitated the school's assistance for students and promotion of education. The Sponsor also donated RMB80,000 to support the expansion of Huxun Primary School, Yunhan Primary School in Shaxi Town, Zhongshan, and the reconstruction of the teaching buildings at Longrui Elementary School which improved the educational hardware facilities of the local primary and secondary schools.

With a history of 31 years, the "Zhongshan City Million People Charity Walk" has become the most distinctive cultural brand with urban spirit in Zhongshan, and is regarded as a role model of the Red Cross Movement in Guangdong and even across the whole country. The funds raised every year are mainly invested in projects such as poverty alleviation, disaster prevention and mitigation, and programmes for assisting individuals with disabilities, serious illness relief, improving teaching and helping students in Zhongshan City. The Sponsor continued to stay true to their original intentions, and donated over RMB1,000,000 and formed a team to participate in the parade, contributing to the development of Zhongshan's charity and promoting the spirit of fraternity. Dasin Retail Trust also donated RMB100,000 to the charity walk.

In order to raise funds for the underprivileged, disabled and the elderly in Singapore, Dasin Retail Trust sponsored the Chief Challenge at the SGX Bull Charge Charity Run 2018.

On 30 November 2018, staff from Dasin Retail Trust joined approximately 5,600 participants in the run which raised more than S\$3.3 million for six charities, namely AWWA Ltd., Autism Association (Singapore), Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

1. The annual "Zhongshan City Million People Charity Walk" to raise funds for poverty alleviation, disaster prevention and mitigation, and programs for assisting individuals with disabilities, serious illness relief, improving teaching and helping students.
2. The Trustee-Manager supported the Chief Challenge at the SGX Bull Charge Charity Run 2018 to raise funds for the underprivileged, disabled and elderly in Singapore.
- 3 & 4. Voluntary blood donation events organised at the Trust's properties to create better lives for the local community as well as to promote and sustain the development of Zhongshan's voluntary blood donation business.



2



3

“

In 2018, the Dasin Volunteer Team organised 14 volunteer activities to provide home visits, special maintenance, home cleaning and other activities for employees in need, elderly who are living alone, individuals with disabilities, families in need, and children.

”



4

### Volunteerism

Dasin Public Welfare Service Centre was officially registered and established after the approval by Zhongshan Municipal Bureau of Civil Affairs in April 2015. Its purposes and principles are to abide by the Constitution, laws, regulations and national policies and conform with social morality, to actively promote the transferring of positive energy of “truth”, “goodness” and “beauty”, and contribute to the construction of a “harmonious society.” Since its inception, it has been implementing various public benefit activities and non-profit activities based on its purposes.

In 2016, the Dasin Public Welfare Service Centre formed the Dasin Public Service Volunteer Team which consists of nearly 300 people to help the vulnerable social groups. In 2018, the Dasin Volunteer Team organised 14 volunteer

activities to provide home visits, special maintenance, home cleaning and other activities for employees in need, elderly who are living alone, individuals with disabilities, families in need, and children.

In June, Dasin Public Welfare Service Centre together with Ocean Metro Mall and Changjiang Sanxi Community in the eastern district of Zhongshan, organised “Donate Blood, Dedicate Love” - an event to donate blood without being remunerated. In October, the CPC committee of Dasin Business Circle and Dasin Public Service Centre, in cooperation with the Zhongshan Blood Station, launched a voluntary blood donation drive at Dasin Shiqi Metro Mall, to promote and sustain the development of Zhongshan’s voluntary blood donation operations.

## Sustainability Report



“  
In 2018, Dasin Care Fund organised a fund-raising event for a patient with rhinitis malignant tumour, raising a total of approximately RMB101,800.  
”

In September, during the Mid-Autumn Festival, Dasin Public Welfare Service Centre, in collaboration with Dasin Metro Mall, neighbourhood committees, representatives of various businesses and social public service organisations, held the event of “Send Love at the Mid-Autumn Festival”. Through the event, volunteers visited family with difficulties as well as the elderly in nursing homes in the Shiqi District, East District, Xiaolan Town, Guzhen Town, Dongfeng Town, Fusha Town and Tanbei Town in Zhongshan City and Doumen District in Zhuhai City. In November, in order to help the elderly in need to solve their difficulties in cooking and having meals, Dasin Metro Mall launched the “Harmony, Goodness, Kindness in

Food” (Hemei Shanshi) event - caring meals for elders in Shunde, Foshan City, in which elders born in that month celebrated their birthday and shared a heart-warming lunch.

### Dasin Care Foundation

Established in 2013, the “Dasin Care Foundation”, aims to provide assistance to people who suffer from major diseases, traffic accidents or family poverty. As of December 2018, the fund has helped 98 families with difficulties, and the amount of relief fund exceeded RMB360,000. It has raised more than RMB610,000 for seven families in poverty due to serious illness and who were facing major difficulties.

In 2018, Dasin Care Fund organised a fund-raising event for a patient with rhinitis malignant tumour, raising a total of approximately RMB101,800. It also raised over RMB100,000 to provide assistance for 24 socially disadvantaged groups and people with illnesses and difficulties. The Trustee-Manager will continue to contribute back to the community and act as a responsible corporate citizen through various volunteer activities and charitable events.

1 & 2.  
Volunteers doing their part for family in difficulties and the elderly in nursing homes.

### 2019 TARGETS FOR CSR ACTIVITIES AND LOCAL COMMUNITIES

- Achieve 500 volunteer hours
- Participate in 10 CSR events

### 2019 KEY INITIATIVES

- Review CSR strategy to align with business strategy and create long-term impact

## GRI CONTENT INDEX

GRI Standards		Details/Notes/Page no.
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Dasin Retail Trust
102-2	Activities, brands, products, and services	About Dasin Retail Trust, Page 1
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore and China
102-5	Ownership and legal form	Trust Structure, Pages 8-9
102-6	Markets served	China
102-7	Scale of the organisation	Talent Management, Page 75 Net Property Income, Page 18 Financial Statements, Pages 101-165
102-8	Information on employees and other workers	Talent Management, Page 75
102-9	Supply chain	Property Managers and Suppliers Social Assessment, Page 77
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain in FY2018.
102-11	Precautionary Principle or approach	The Trust does not specifically address the Precautionary Principle
102-12	External initiatives	CSR Activities & Local Communities, Pages 82-84
102-13	Membership of associations	Not applicable
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement, Page 70
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Inside front cover About Dasin Retail Trust, Page 1 Corporate Governance, Pages 48-65 Enterprise Risk Management, Pages 66-68
<b>Governance</b>		
102-18	Governance structure	Board Statement, Page 70
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholders Engagement, Page 72
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	Stakeholders Engagement, Page 72 Materiality Assessment, Page 71
102-43	Approach to stakeholder engagement	Stakeholders Engagement, Page 72 Materiality Assessment, Page 71
102-44	Key topics and concerns raised	Stakeholders Engagement, Page 72 Materiality Assessment, Page 71

# Sustainability Report

## GRI CONTENT INDEX

### GRI Standards

### Details/Notes/Page no.

#### General Disclosures

Reporting Practice		
102-45	Entities included in the consolidated financial statements	Refer to Annual Report 2018, Pages 8-9
102-46	Defining report content and topic Boundaries	About this Report, Page 70
102-47	List of material topics	Material Assessment, Page 71
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	About this Report, Page 70
102-51	Date of the most recent report	March 2018
102-52	Reporting cycle	About this Report, Page 70
102-53	Contact point for questions regarding the report	About this Report, Page 70
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Page 70 Board Statement, Page 70
102-55	GRI content index	GRI content index, Pages 85-87
102-56	External assurance	We did not seek external assurance of this Report. However, we will consider seeking external assurance for the report in future.
Management Approach		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>• Direct Economic Contribution, Page 74</li> <li>• Anti-corruption, Page 74</li> <li>• Socioeconomic Compliance, Page 74</li> <li>• Talent Management, Page 75</li> <li>• Training and Education, Page 76</li> <li>• Labour/Management Relation, Page 76</li> <li>• Property Managers and Suppliers Social Assessment, Page 77</li> <li>• Marketing and Labelling, Page 78</li> <li>• Customer Health and Safety, Pages 78-79</li> <li>• Environmental Compliance, Pages 80-81</li> <li>• CSR Activities and Local Communities, Pages 82-84</li> </ul>
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI Standards		Details/Notes/Page no.	
<b>Specific Disclosures</b>			
<b>Economic</b>			
Economic Performance	201-1	Direct economic value generated and distributed	Direct Economic Contribution, Page 74 Financial Statements, Pages 101-165
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, Page 74
<b>Environmental</b>			
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, Pages 80-81
<b>Social</b>			
Employment	401-2	Benefits provided to full time employees that are not provided to temporary or part time employees	Talent Management, Page 75
Training and Education	404-2	Programmes for upgrading employee skills and career development programmes	Training and Education, Page 76
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	Labour/Management Relations, Page 76
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	Marketing and Labelling, Page 78
	417-3	Incidents of non-compliance concerning marketing communications	
Property Managers* and Suppliers Social Assessment	414-1	New suppliers that were screened using social criteria	Property Managers and Suppliers Social Assessment, Page 77
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety, Pages 78-79
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	CSR Activities and Local Communities, Pages 82-84
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance, Page 74

\* Suggested disclosure as it is not an aspect under specific disclosures of GRI Standards.

# Corporate Directory

## The Trustee-Manager

Dasin Retail Trust Management Pte. Ltd.  
Company registration number: 201531845N

## Registered Office

8 Marina Boulevard #14-02  
Marina Bay Financial Centre Tower 1  
Singapore 018981  
Telephone: (65) 6509 8626  
Fax: (65) 6509 8625  
Email: ir@dasintrust.com  
Website: www.dasintrust.com

## Board of Directors

Mr. Zhang Zhencheng  
(Chairman and Non-Executive Director)

Mr. Zhang Zhongming  
(Deputy Chairman and Non-Executive Director)

Dr. Cao Yong  
(Lead Independent Director)

Mr. Sun Shu  
(Independent Director)

Mr. Tan Huay Lim  
(Independent Director)

## Audit and Risk Committee

Mr. Tan Huay Lim  
(Chairman)

Dr. Cao Yong

Mr. Sun Shu

## Nominating Committee

Mr. Sun Shu  
(Chairman)

Mr. Zhang Zhencheng

Dr. Cao Yong

## Remuneration Committee

Dr. Cao Yong  
(Chairman)

Mr. Zhang Zhongming

Mr. Tan Huay Lim

## Company Secretary

Mr. Lun Chee Leong

## Unit Registrar

Boardroom Corporate & Advisory Services  
Pte Ltd  
(a member of Boardroom Limited)  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623  
Phone: (65) 6536 5355  
Fax: (65) 6438 8710

## Auditor

Deloitte & Touche LLP  
6 Shenton Way  
OUE Downtown 2 #33-00  
Singapore 068809  
Phone: (65) 6224 8288  
Fax: (65) 6538 6166  
Partner-in-charge: Tay Hwee Ling  
(Appointed since financial year ended  
31 December 2017)

## SGX Stock Symbol

CEDU.SI

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# Report of the Trustee-Manager of Dasin Retail Trust

The Board of Directors of Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager"), the Trustee-Manager of Dasin Retail Trust (the "Trust") and its subsidiaries (together referred to as the "Group"), are pleased to submit this report to unitholders, together with the financial statements of the Group and the statement of financial position of the Trust for the financial year ended 31 December 2018.

## DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr. Zhang Zhencheng	Chairman and Non-Executive Director <i>Chairman of the Board</i>
Mr. Zhang Zhongming	Non-Independent Non-Executive Director <i>Deputy Chairman of the Board</i>
Dr. Cao Yong	Lead Independent Director <i>Chairman of the Remuneration Committee</i>
Mr. Sun Shu	Independent Director <i>Chairman of the Nomination Committee</i>
Mr. Tan Huay Lim	Independent Director <i>Chairman of the Audit and Risk Committee</i>

## DIRECTORS' INTERESTS

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by immediate family) in units of the Trust ("Units") are as follows:

Name of director	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
<b>Interest in the Trust (Units)</b>				
Mr. Zhang Zhencheng	–	–	331,895,123	368,809,053
Mr. Zhang Zhongming	–	–	3,876,200	3,966,200
Dr. Cao Yong	–	–	–	–
Mr. Sun Shu	–	–	–	–
Mr. Tan Huay Lim	312,500	–	–	312,500

Except as disclosed in this report, no director who held office at the end of the financial year had interests in units, debentures, warrants or unit options of the Trust, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2019.

During the year ended 31 December 2018, in accordance with the Trust Deed, the Trust issued/issuable 5,065,596 (2017: 4,186,615) units of the Trust with carrying values totalling \$4,370,000 (2017: \$3,422,000) in satisfaction for payment of the trustee fee and management fee as disclosed in notes 16 and 20 to the financial statements to the Trustee-Manager, in which Mr. Zhang Zhencheng, a director of the Trustee-Manager has a 99% equity interest.

# Report of the Trustee-Manager of Dasin Retail Trust

## DIRECTORS' INTERESTS (CONT'D)

Except as disclosed above, neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose object is to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of the Trust.

## UNIT OPTIONS

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in the Trust; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of the Trust.

As at the end of the financial year, there were no unissued units of the Trust under option.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises three independent directors. The members of the Audit and Risk Committee during the year and at the date of this report are:

Mr. Tan Huay Lim (Chairman)  
Dr. Cao Yong  
Mr. Sun Shu

The Audit and Risk Committee carried out its function in accordance with Regulation 13(6) of the Business Trusts Regulations and the Listing Manual of Singapore Exchange Securities Trading Limited (the "Listing Manual").

The Audit and Risk Committee held four meetings for the financial year ended 31 December 2018. In performing its functions, the Audit and Risk Committee met with the Trust's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system. The Audit and Risk Committee's responsibilities also include, but are not limited to, the following:

- (a) reviewing with the internal and external auditors of the Trust:
  - (i) the audit plan of the Trust;
  - (ii) the auditors' evaluation of the system of internal accounting controls of the Trustee-Manager;
  - (iii) the auditors' audit report for the Trust; and
  - (iv) the adequacy, effectiveness and independence of the external audit and the Trustee-Manager's internal audit function.
- (b) reviewing:
  - (i) the assistance given by the management of the Trustee-Manager to the auditors of the Trust;
  - (ii) the adequacy, effectiveness and independence of the internal audit function including scope and results of the internal audit procedures of the Trustee-Manager;
  - (iii) the appointment, termination and remuneration of the internal auditors;
  - (iv) the policies and practices put in place by the Trustee-Manager in consultation with its external compliance advisers to ensure compliance with the Listing Manual, the Act and the Trust Deed;

# Report of the Trustee-Manager of Dasin Retail Trust

## AUDIT AND RISK COMMITTEE (CONT'D)

- (b) reviewing (cont'd)
  - (v) the procedures put in place by the Trustee-Manager to manage any conflict that may arise between the interests of the unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the property of the Trust ("Trust Property");
  - (vi) interested person transactions for potential conflicts of interest;
  - (vii) risk management policies and guidelines and monitor compliance therewith;
  - (viii) the adequacy and effectiveness of the risk management and internal controls system, including financial, operational, compliance and information technology risks and controls; and
  - (ix) the whistleblowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including the particular incidences reported during the year.
- (c) reviewing the statement of financial position, statement of profit or loss of the Trustee-Manager and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter submit them to the Board;
- (d) reviewing significant reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (e) discussing problems and concerns, if any, arising from the final audits, in consultation with the external auditors and the internal auditors where necessary;
- (f) reporting to the Board:
  - (i) any inadequacies, deficiencies or matters of concern of which the Audit and Risk Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (a) to (d) above; and
  - (ii) any breach of the Act or any breach of the provisions of the Trust Deed, of which the Audit and Risk Committee becomes aware or that it suspects;
- (g) reporting to the Monetary Authority of Singapore if the Audit and Risk Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (f):
  - (i) the procedures established to regulate interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions"; and
  - (ii) the procedures established to ensure compliance with applicable legislation and the Listing Manual;
- (h) nominating or removing a person or persons as auditor of the Trust (including the review of their fees and scope of work), notwithstanding anything contained in the Trust Deed;
- (i) approving and reviewing all policies and instruments to be implemented by the Trust to the Board;
- (j) monitoring the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the Trust and their respective subsidiaries taken as a whole;
- (k) meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis;

# Report of the Trustee-Manager of Dasin Retail Trust

## AUDIT AND RISK COMMITTEE (CONT'D)

- (l) reviewing the adequacy of the compliance functions and the appointment, reappointment of the external compliance advisers on an annual basis;
- (m) conducting an annual assessment on whether the Trustee-Manager should exercise the option to purchase Doumen Metro Mall (the "Doumen Purchase Option") to acquire the project company that holds the development project in the Doumen District of Zhuhai City in PRC, for the duration of the Doumen Purchase Option;
- (n) procuring that each of Aqua Wealth Holdings Limited ("Aqua Wealth") and Bounty Way Investments Limited ("Bounty Way") enter into an undertaking to immediately inform the Trust of any changes to the arrangement in relation to the moratorium securities account for the units in the Trust which are the subject of the waiver for entitlements of distributions from the Trust and which was locked pursuant to the lock-up arrangement provided by each of Aqua Wealth and Bounty Way;
- (o) overseeing:
  - (i) the updates made by the Trustee-Manager in the Trust's annual report regarding the status of the Distribution Waiver (as defined in the Prospectus dated 13 January 2017), including whether the assumptions originally projected in the Prospectus have been achieved or the Trustee-Manager's provision of an explanation otherwise;
  - (ii) the announcement made by the Trustee-Manager on the impending expiry of the Distribution Waiver at least a year prior to the expiry of the Distribution Waiver Undertakings (as defined in the Prospectus dated 13 January 2017); and
  - (iii) information provided by the Trustee-Manager on the status of the Distribution Waiver in the Trust's full year financial results and annual reports (including the Trust's distribution policy, the amounts of distribution waived and duration remaining until the date on which the Distribution Waiver Undertakings would expire);
- (p) reviewing and providing its views on all hedging policies and instruments to be implemented by the Trust to the Board;
- (q) ensuring that there is no overlap of roles, duties and responsibilities between each of the Trustee-Manager, the Rental Management Companies, the Property Manager and the Commercial Manager;
- (r) reviewing on a quarterly basis, where there are any updates or changes, the master list of the Trustee-Manager's directors and controlling shareholders, as well as the Trust's controlling unitholders;
- (s) reviewing the Trustee-Manager's internal audit reports twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with, such review to include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee, as well as ascertaining whether the subsidiaries and associated companies of the Trust have been complying with the requirement to inform the Trustee-Manager of any upcoming transactions with interested persons so as to obtain the prior approval from the chief executive officer of the Trustee-Manager, the Audit and Risk Committee or unitholders, as applicable, in accordance with the provisions of Chapter 9 of the Listing Manual. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction;
- (t) investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;

# Report of the Trustee-Manager of Dasin Retail Trust

## AUDIT AND RISK COMMITTEE (CONT'D)

- (u) exercising oversight over the undertakings given by the Master Lessee to the Trustee-Manager that it will
  - (i) immediately inform the Trustee-Manager of any matter that has a material adverse effect on its ability to fulfil its obligations under the Master Lease Agreements; and
  - (ii) not unilaterally novate or assign any of the Master Lease Agreements to any other party and will inform the Trustee-Manager of any changes to any of the Master Lease Agreements (as defined in the Prospectus dated 13 January 2017);
- (v) exercising oversight over the undertakings of the Trustee-Manager under the Master Lease Undertakings (as defined in the Prospectus dated 13 January 2017) (including the disclosures required in the annual financial statements and annual reports of the Trust pursuant to the Master Lease Undertakings);
- (w) in relation to the security deposits received from the Master Lessee pursuant to the Master Lease Agreements, overseeing
  - (i) the withdrawal or utilisation of the security deposits by the Trust during the terms of the Master Lease Agreements, including assessing the Trust's ability to repay the security deposits at the end of the terms of the Master Lease Agreements; and
  - (ii) where the security deposits fall below the equivalent of 12 months' rent due to, among others, utilisation of the security deposits to satisfy late payment of rentals, that the Master Lessee makes up the shortfall.
- (x) undertaking such other functions as may be agreed to by the Audit and Risk Committee and the Board.

## INDEPENDENT AUDITOR

The independent auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

**For and on behalf of the Board of Directors of the Trustee-Manager,  
Dasin Retail Trust Management Pte. Ltd.**

**Zhang Zhencheng**  
*Director*

**Zhang Zhongming**  
*Director*

26 March 2019

## Statement by the Trustee-Manager

In our opinion, as the Directors of the Trustee-Manager,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Trust as set out on pages 101 to 165 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018, and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

- the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed dated 15 January 2016 (date of constitution), supplemented by a first supplemental deed dated 27 December 2016;
- the interested person transactions are not detrimental to the interests of all the Unitholders of the Trust as a whole based on the circumstances at the time of the transaction; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement authorised these financial statements for issue.

**For and on behalf of the Board of Directors of the Trustee-Manager,  
Dasin Retail Trust Management Pte. Ltd.**

**Zhang Zhencheng**  
*Director*

**Zhang Zhongming**  
*Director*

26 March 2019

## Statement by the Chief Executive Officer of the Trustee-Manager

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

**Li Wen**  
*Chief Executive Officer*

26 March 2019

# Independent Auditor's Report to the Unitholders of Dasin Retail Trust

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Dasin Retail Trust (the "Trust") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2018, the consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 101 to 165.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A ("the Act"), and the International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018 and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report to the Unitholders of Dasin Retail Trust

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters	How the scope of our audit responded to the key audit matters
<p><b>Valuation of investment properties</b></p> <p>The Group owns a portfolio of investment properties comprising 4 retail properties located in the People's Republic of China.</p> <p>The investment properties represent the single largest category of assets on the Statement of Financial Position.</p> <p>The Group has adopted the fair value model under IAS 40 Investment Property which requires all the investment properties to be measured at fair value.</p> <p>The Group has engaged external independent valuer ("External Valuer") to perform the fair value assessment of the investment properties.</p> <p>The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation method, use of subjective assumptions and various unobservable inputs. The valuations are sensitive to key assumptions, including discount rates, terminal rates, term yields and reversionary rates. A change in these key assumptions will have an impact on the valuation.</p> <p>The valuation methods and the key assumptions used are disclosed in note 4 to the financial statements.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> <li>• obtained an understanding and evaluated the Group's process of appointment and determination of the scope of work of the external valuer, as well as their process of reviewing, and accepting the external valuer's investment property valuations.</li> <li>• assessed the external valuer's competence and capabilities and read their terms of engagement with the Group that there were no matters that affected the external valuer independence and objectivity or scope limitations imposed upon them.</li> <li>• discussed with the external valuer to understand the valuation methods and key assumptions used in valuing the investment properties and the market evidence used by the external valuer that support their valuation.</li> <li>• involved our internal valuer to assist us in evaluating the appropriateness of the valuation methods and key assumptions used by the external valuer for the respective investment properties. Taking into account the nature of each investment property, we benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we considered whether these assumptions are consistent with the current market environment.</li> </ul> <p>Based on our procedures, we noted that the valuation methods and key assumptions used by the external valuer in the valuations to be within a reasonable range of our expectations.</p> <p>We have also checked the adequacy and appropriateness of the disclosures made in the financial statements.</p>

# Independent Auditor's Report to the Unitholders of Dasin Retail Trust

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE TRUSTEE-MANAGER AND DIRECTORS OF THE TRUSTEE-MANAGER FOR THE FINANCIAL STATEMENTS

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the directors of the Trustee-Manager include overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Independent Auditor's Report to the Unitholders of Dasin Retail Trust

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of the Trust, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tay Hwee Ling.

**Deloitte & Touche LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
26 March 2019

# Statements of Financial Position

AS AT 31 DECEMBER 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Non-current assets</b>					
Investment properties	4	1,478,716	1,552,035	–	–
Plant and equipment	5	274	269	–	–
Intangible assets	6	273	–	–	–
Interests in subsidiaries	7	–	–	528,063	524,959
Financial derivatives	8	1,020	517	1,020	517
		<b>1,480,283</b>	<b>1,552,821</b>	<b>529,083</b>	<b>525,476</b>
<b>Current assets</b>					
Trade and other receivables	9	6,211	7,336	228	46
Financial investments	10	23,750	36,589	–	–
Cash and bank balances	11	69,192	40,672	11,729	12,181
		<b>99,153</b>	<b>84,597</b>	<b>11,957</b>	<b>12,227</b>
<b>Total assets</b>		<b>1,579,436</b>	<b>1,637,418</b>	<b>541,040</b>	<b>537,703</b>
<b>Non-current liabilities</b>					
Loans and borrowings	12	314,898	482,226	239,483	403,913
Financial derivatives	8	–	173	–	173
Deferred tax liabilities	13	276,051	283,425	–	–
Other payables	14	60	–	–	–
		<b>591,009</b>	<b>765,824</b>	<b>239,483</b>	<b>404,086</b>
<b>Current liabilities</b>					
Loans and borrowings	12	185,613	810	184,824	–
Trade and other payables	14	11,585	7,051	27,828	6,073
Security deposits		13,592	13,188	–	–
Current tax liabilities		1,689	1,654	–	–
		<b>212,479</b>	<b>22,703</b>	<b>212,652</b>	<b>6,073</b>
<b>Total liabilities</b>		<b>803,488</b>	<b>788,527</b>	<b>452,135</b>	<b>410,159</b>
<b>Net assets</b>		<b>775,948</b>	<b>848,891</b>	<b>88,905</b>	<b>127,544</b>
Represented by:					
<b>Unitholders' funds</b>	15	<b>775,948</b>	<b>848,891</b>	<b>88,905</b>	<b>127,544</b>
<b>Units in issue ('000)</b>	16	<b>558,906</b>	<b>553,793</b>	<b>558,906</b>	<b>553,793</b>
<b>Net asset value per unit attributable to Unitholders (\$)</b>		<b>1.39</b>	<b>1.53</b>	<b>0.16</b>	<b>0.23</b>

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

# Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	Group 2017 \$'000
<b>Revenue</b>	18	<b>71,288</b>	57,696
Property related tax		(3,796)	(3,361)
Property and commercial management fees		(1,420)	(1,190)
Other property operating expenses	19	(8,749)	(6,585)
<b>Total property operating expenses</b>		<b>(13,965)</b>	(11,136)
<b>Net property income</b>		<b>57,323</b>	46,560
Trustee-Manager's fees	20		
- Base management fee		(4,046)	(3,169)
- Trustee fee		(324)	(253)
Other trust expenses		(1,846)	(7,795)
Exchange (loss)/gain		(3,285)	5,700
Other income		676	344
Finance income		2,043	831
Finance costs		(27,621)	(23,751)
Net finance costs	21	(25,578)	(22,920)
<b>Net income</b>		<b>22,920</b>	18,467
Net change in fair value of investment properties	4	(22,130)	14,047
<b>Profit before income tax</b>		<b>790</b>	32,514
Income tax expense	22	(12,264)	(13,658)
<b>(Loss)/Profit for the year</b>	23	<b>(11,474)</b>	18,856
<b>Attributable to:</b>			
Unitholders of the Trust		(11,474)	18,856
<b>Distributable income attributable to Unitholders</b>			
(Loss)/Profit for the year		(11,474)	18,856
Distribution adjustments		32,690	(847)
<b>Amount available for distribution</b>	24	<b>21,216</b>	18,009
<b>Distribution per unit (cents)</b>			
- With Distribution Waiver		7.22	7.16
- Without Distribution Waiver		3.81	3.25
<b>Earnings per unit (cents)</b>	25		
- Basic		(2.07)	3.42
- Diluted		(2.07)	3.42

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

# Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2018

	2018 \$'000	Group 2017 \$'000
<b>(Loss)/Profit for the year</b>	<b>(11,474)</b>	18,856
<b>Other comprehensive income for the year, net of tax</b>		
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences – foreign operations, net of tax	<b>(44,938)</b>	(6,475)
	<b>(44,938)</b>	(6,475)
<b>Total comprehensive income for the year</b>	<b>(56,412)</b>	12,381
<b>Total comprehensive income attributable to:</b>		
Unitholders of the Trust	<b>(56,412)</b>	12,381

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

# Consolidated Statement of Changes in Unitholders' Funds

YEAR ENDED 31 DECEMBER 2018

	Units in issue \$'000	Statutory surplus reserves \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>As at 1 January 2017</b>	13,716	57	439,459	(20,670)	25,575	458,137
Profit for the year	–	–	–	–	18,856	18,856
<b>Other comprehensive income:</b>						
Foreign currency translation differences – foreign operations, net of tax	–	–	–	(6,475)	–	(6,475)
<b>Total other comprehensive income for the year</b>	–	–	–	(6,475)	–	(6,475)
<b>Total comprehensive income for the year</b>	–	–	–	(6,475)	18,856	12,381
<b>Transactions with Unitholders:</b>						
<b>Contributions by and distribution to Unitholders</b>						
Capital contribution arising from acquisition of PRC property and rental management companies of Shiqi Metro Mall	–	–	241,160	–	–	241,160
Distribution to Unitholders (note 16)	(7,444)	–	–	–	–	(7,444)
Issue of units – Initial Public Offering (note 16)	146,415	–	–	–	–	146,415
Issue expenses <sup>(1)</sup> (note 16)	(5,180)	–	–	–	–	(5,180)
Units issued and to be issued as payment for Trustee-Manager's fees (note 1.1)	3,422	–	–	–	–	3,422
<b>Total transactions with Unitholders</b>	137,213	–	241,160	–	–	378,373
<b>As at 31 December 2017</b>	150,929	57	680,619	(27,145)	44,431	848,891

<sup>(1)</sup> In 2017, the non-audit fees paid to the external auditors relating to the IPO reporting accountant fees amounted to approximately \$1,046,000, out of which \$348,000 was included in the issue expenses in the statement of changes in unitholders' funds, and \$698,000 was expensed as transaction costs incurred on public listing of Trust (see note 23).

# Consolidated Statement of Changes in Unitholders' Funds (Cont'd)

YEAR ENDED 31 DECEMBER 2018

	Units in issue \$'000	Statutory surplus reserves \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>As at 1 January 2018</b>	<b>150,929</b>	<b>57</b>	<b>680,619</b>	<b>(27,145)</b>	<b>44,431</b>	<b>848,891</b>
Loss for the year	-	-	-	-	(11,474)	(11,474)
<b>Other comprehensive income:</b>						
Foreign currency translation differences – foreign operations, net of tax	-	-	-	(44,938)	-	(44,938)
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,938)</b>	<b>-</b>	<b>(44,938)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,938)</b>	<b>(11,474)</b>	<b>(56,412)</b>
<b>Reserves to be set aside under PRC laws</b>	<b>-</b>	<b>224</b>	<b>-</b>	<b>(79)</b>	<b>(145)</b>	<b>-</b>
<b>Transactions with Unitholders:</b>						
<b>Contributions by and distribution to Unitholders</b>						
Distribution to Unitholders						
- Tax-exempt income	-	-	-	-	(4,329)	(4,329)
- Capital (note 16)	(16,612)	-	-	-	-	(16,612)
Units issued and to be issued as payment for Trustee-Manager's fees (note 1.1)	4,410	-	-	-	-	4,410
<b>Total transactions with Unitholders</b>	<b>(12,202)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,329)</b>	<b>(16,531)</b>
<b>As at 31 December 2018</b>	<b>138,727</b>	<b>281</b>	<b>680,619</b>	<b>(72,162)</b>	<b>28,483</b>	<b>775,948</b>

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

# Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	Group 2017 \$'000
<b>Operating activities</b>			
Profit before income tax		790	32,514
Adjustments for:			
Depreciation of plant and equipment		87	91
Recognition of rental income on a straight-line basis over the lease term		(1,939)	(3,819)
Finance costs		27,621	23,751
Finance income		(2,043)	(831)
Trustee-Manager's fees paid/payable in units		4,410	3,422
Net change in fair value of derivative financial instruments		(676)	(344)
Net change in fair value of investment properties		22,130	(14,047)
Unrealised exchange differences on loans and borrowings		2,854	(7,378)
<b>Operating cash flows before working capital changes</b>		<b>53,234</b>	<b>33,359</b>
<b>Changes in working capital:</b>			
Trade and other receivables		1,155	8,360
Trade and other payables		4,927	(2,298)
<b>Cash generated from operations</b>		<b>59,316</b>	<b>39,421</b>
Income tax paid		(9,123)	(5,816)
<b>Net cash flows from operating activities</b>		<b>50,193</b>	<b>33,605</b>
<b>Investing activities</b>			
Net cash outflow from acquisition of subsidiaries		–	(520,995)
Interest received		1,732	793
Payment of right-of-use assets		(52)	–
Purchase of plant and equipment		(6)	(63)
Capital expenditure on investment properties		(2,904)	–
Purchase of intangible assets		(273)	–
Net withdrawal/(placement) of financial investments		12,839	(33,671)
<b>Net cash flows from/(used in) investing activities</b>		<b>11,336</b>	<b>(553,936)</b>
<b>Financing activities</b>			
Distribution to Unitholders		(20,941)	(7,444)
Increase in cash pledged		(4,295)	(20,393)
Finance costs paid		(15,853)	(11,800)
Issuance of units		–	146,415
Payment of transaction costs on issuance of units		–	(5,180)
Payment of transaction costs on new bank borrowings		–	(27,567)
Proceeds from borrowings		7,000	512,236
Repayment of borrowings		(821)	(110,249)
Repayment of advances from related party		–	77,700
Repayment of entrusted loans		–	(30,161)
<b>Net cash (used in)/from financing activities</b>		<b>(34,910)</b>	<b>523,557</b>

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

# Consolidated Statement of Cash Flows (Cont'd)

YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	Group 2017 \$'000
<b>Net increase in cash and cash equivalents</b>		<b>26,619</b>	3,226
Cash and cash equivalents at the beginning of the year		<b>20,203</b>	16,545
Effect of foreign exchange rate changes on cash and cash equivalents		<b>(1,841)</b>	432
<b>Cash and cash equivalents at the end of the year</b>	11	<b>44,981</b>	20,203

## Notes:

### Significant non-cash and other transactions

- (i) The Trustee-Manager's trustee fee and base management fee for the year ended 31 December 2018 was \$4,370,000 (2017: \$3,422,000) as disclosed in notes 16 and 20 to the financial statements. \$3,297,000 (2017: \$2,319,000) was paid during the year through the issuance of 3,808,000 (2017: 2,838,000) Units. The remaining \$1,073,000 (2017: \$1,103,000) was paid subsequent to the year end through the issuance of 1,257,000 (2017: 1,349,000) Units. During the year, a performance fee of \$40,000 (2017: Nil) was paid by the Trust by issuance of 48,000 (2017: Nil) units of the Trust. At the end of the financial year, having considered the Trust's full year performance, no performance fee was payable by the Trust to the Trustee-Manager. Accordingly, the performance fee of \$40,000 was reversed and the amount was refunded by the Trustee-Manager to the Trust in cash subsequent to the year end. The Trustee-Manager is 99% owned by Mr. Zhang Zhencheng, a director of the Trustee-Manager.
- (ii) Net cash outflow on acquisition of subsidiaries is provided below:

	Group 2017 \$'000
Investment properties	608,108
Trade and other receivables	8,564
Cash and cash equivalents	5,499
Deferred tax liabilities	(122,055)
Trade and other payables	(7,921)
Current tax liabilities	(1,094)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>491,101</b>
Excess of fair value of net assets acquired over purchase consideration	(241,160)
<b>Purchase consideration</b>	<b>249,941</b>
Purchase consideration paid	276,553
Cash of the acquired subsidiaries	(5,499)
<b>Net cash outflow</b>	<b>520,995</b>

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

# Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors of the Trustee-Manager on 26 March 2019.

## 1. GENERAL

Dasin Retail Trust (the "Trust") is a Singapore-domiciled business trust constituted pursuant to the trust deed dated 15 January 2016 (as supplemented by a first supplemental deed dated 27 December 2016) (collectively the "Trust Deed") entered into by Dasin Retail Trust Management Pte. Ltd. as trustee-manager of the Trust (the "Trustee-Manager"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee-Manager is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was registered with the Monetary Authority of Singapore ("MAS") on 13 January 2017, and was formally admitted to the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 January 2017 (the "Listing Date"). The Trust is principally regulated by the Securities and Futures Act, Chapter 289 of Singapore and the Business Trusts Act, Chapter 31A of Singapore.

The address of the registered office of the Trustee-Manager is 8 Marina Boulevard #14-02 Marina Bay Financial Centre Tower 1 Singapore 018981.

The financial statements of the Trust as at and for the year ended 31 December 2018 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Trust are to invest in, own or develop land, uncompleted developments and income-producing real estate in the Greater China (comprising PRC, Hong Kong and Macau), used primarily for retail purposes, as well as real estate-related assets with an initial focus on retail malls.

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

### 1.1 Trustee-Manager's fees

#### (i) Management fee

The Trustee-Manager is entitled to receive a base fee calculated at a rate in accordance with the formula below:

- Base fee
  - (a) 0.25% per annum of the value of the Trust Property, if the value of the Trust Property is less than or equal to \$10.0 billion; or
  - (b) 0.25% per annum of the value of the Trust Property up to \$10.0 billion plus 0.20% per annum of the value of the Trust Property which exceeds \$10.0 billion, if the value of the Trust Property is greater than \$10.0 billion.

For the purposes of calculating the base fee only, the value of the Trust Property shall not include the value of the investments in vacant land and uncompleted property developments by the Trust.

#### • Performance fee

The Trustee-Manager is entitled to receive a performance fee of 25.0% of the difference in distribution per unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance management fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

No performance fee is payable for the financial year 2017. For the purpose of computing the performance fee for the financial year 2018, the DPU for 2018 was compared against the corresponding projected DPU as set out in the Prospectus.

# Notes to the Financial Statements

## 1. GENERAL (CONT'D)

### 1.1 Trustee-Manager's fees (cont'd)

(ii) Trustee fee

The Trustee-Manager is entitled to receive a trustee fee of 0.02% per annum of the value of the Trust Property, excluding out of pocket expenses and GST.

(iii) Acquisition fee

The Trustee-Manager is entitled to receive acquisition fee of 0.75% for acquisitions from Interested Person and 1.0% for all other acquisitions of the acquisition price plus any other payments in addition to the acquisition price made to the vendor.

(iv) Divestment fee

The Trustee-Manager is entitled to receive divestment fee of 0.5% of the sale price plus any other payments received in addition to the sale price from the purchaser.

The Trustee-Manager may elect to receive the management fees, trustee fees, acquisition fees and/or divestment fees in cash or Units or a combination of cash and/or Units (as it may in its sole discretion determine). The Trustee-Manager has elected to receive 100% of the Trustee Fee, Base Fee and Performance Fee in the form of Units for 2017 and 2018.

### 1.2 Commercial Manager

(i) Commercial management fee and reimbursement of expenses

The Commercial Manager is entitled to receive commercial management fee of 1% of the monthly gross revenue of the properties and reimbursement of expenses as incurred for each property. The commercial management fee and reimbursement of expenses are payable to the Commercial Manager in the form of cash.

(ii) Lease-up commission

The Commercial Manager is entitled to receive a one-time fee of two months' gross rent for newly completed buildings or buildings undergoing major asset enhancement and/or renovation works.

This lease-up commission is payable to the Commercial Manager in the form of cash.

### 1.3 Property Manager

Property management fee and reimbursement of expenses

The Property Manager is entitled to receive property management fee of 1% of the monthly gross revenue of the properties and reimbursement of expenses incurred for each property. The property management fee and reimbursement of expenses are payable to the Property Manager in the form of cash.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

# Notes to the Financial Statements

## 2. BASIS OF PREPARATION (CONT'D)

### 2.3 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Trustee-Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Information about critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements includes deferred taxation on investment properties under note 13.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – valuation of investment properties;
- Note 8 – valuation of financial instruments.

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties;
- Note 8 – financial instruments; and
- Note 29 – acquisition of subsidiaries.

# Notes to the Financial Statements

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Changes in accounting policies

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2018:

- IFRS 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in IAS 40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016; and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for IFRS 9 as disclosed below.

#### IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted the principles under IFRS 9 from 1 January 2018.

Changes in accounting policies resulting from the adoption of the principles under IFRS 9 have been generally applied by the Group as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 is presented, as previously reported under IAS 39 *Financial Instruments: Recognition and Measurements*.

Arising from this election, the Group is exempted from providing disclosures required by IFRS 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of IFRS 9. Instead, disclosure under IFRS 7 relating to items within the scope of IAS 39 are provided for the comparative period.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss ("FVTPL").

The impact upon adoption of the principles under IFRS 9, including the corresponding tax effects, are described below.

#### *Classification of financial assets and financial liabilities*

IFRS 9 contains these principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification of financial assets using the principles under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing principles of IAS 39 for the classification and measurement of financial liabilities.

# Notes to the Financial Statements

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Changes in accounting policies (cont'd)

The following table and accompanying notes below explain the original measurement categories using the principles under IAS 39 and the new measurement categories using the principles under IFRS 9 for each class of the Group's and the Trust's financial assets as at 1 January 2018.

			1 January 2018	
	Original classification using the principles under IAS 39	New classification using the principles under IFRS 9	Original carrying amount using the principles under IAS 39 \$'000	New carrying amount using the principles under IFRS 9 \$'000
<b>Group</b>				
<b>Financial assets</b>				
Trade and other receivables	Loans and receivables	Amortised cost	7,336	7,336
Financial investments	Loans and receivables	Amortised cost	36,589	36,589
Cash and cash equivalents	Loans and receivables	Amortised cost	40,672	40,672
<b>Total financial assets</b>			<b>84,597</b>	<b>84,597</b>
<b>Trust</b>				
<b>Financial assets</b>				
	Net investment in subsidiaries			
Loans to subsidiaries		Amortised cost	524,959	524,959
Trade and other receivables	Loans and receivables	Amortised cost	46	46
Cash and cash equivalents	Loans and receivables	Amortised cost	12,181	12,181
<b>Total financial assets</b>			<b>537,186</b>	<b>537,186</b>

For an explanation of how the Group classifies and measures financial assets and related gains and losses using the principles under IFRS 9, see note 3.3(ii).

The adoption of the principles under IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities and derivative financial instruments.

#### *Impairment of financial assets*

IFRS 9 replaces the "incurred loss" model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised costs. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The adoption of the new impairment model under IFRS 9 does not result in additional allowance for impairment.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of consolidation

#### (i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

#### (i) Business combinations (cont'd)

The Group measures goodwill the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. When the acquisition transaction is with owners in their capacity as owners, a bargain purchase gain is recognised as a direct addition to capital or equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiaries.

#### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

### 3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see note 3.2(ii)) which are recognised in other comprehensive income ("OCI").

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the NCI.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the Group's net investment in a foreign operation are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the foreign operation is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to profit or loss as part of gain or loss on disposal.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments

#### (i) Initial recognition

##### *Non-derivative financial assets and financial liabilities*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

##### *Non-derivative financial assets – Policy applicable from 1 January 2018*

On initial recognition, a financial asset is classified as measured at amortised cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets at FVTPL**

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets: Business model assessment – Policy applicable from 1 January 2018*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flow through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

*Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

*Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018*

#### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

#### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Non-derivative financial assets – Policy applicable before 1 January 2018*

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

#### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans from a subsidiary, trade and other receivables and financial investments excluding prepayments, and cash and bank balances.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

*Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses*

The Group has the following non-derivative financial liabilities: trade and other payables, security deposits and loans and borrowings. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

#### (iii) Derecognition

##### **Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carry amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle liability simultaneously.

#### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded in cash and cash equivalents.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

#### **Other non-trading derivatives**

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

### 3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurement.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year.

Any increase or decrease on revaluation is credited or charged to profit or loss as a net change in fair value of the investment properties.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between the net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

### 3.5 Plant and equipment

#### (i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Plant and equipment (cont'd)

#### (ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Motor vehicles	-	5 years
Furniture, fittings and equipment	-	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### 3.6 Intangible assets

#### Computer software licence

Computer software licence is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the licence term or the estimated useful life of 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Costs associated with maintaining the software are expensed when incurred.

### 3.7 Impairment

#### (i) Non-derivative financial assets

*Policy applicable from 1 January 2018*

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Impairment (cont'd)

#### (i) Non-derivative financial assets (cont'd)

##### **Simplified approach**

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### **General approach**

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### **Measurement of ECLs**

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### **Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Impairment (cont'd)

#### (i) Non-derivative financial assets (cont'd)

##### **Presentation of allowance for ECLs in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

##### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### *Policy applicable before 1 January 2018*

A financial asset not carried at FVTPL is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the profit or loss, to the extent that the carrying amount of the interest at the date the impairment is reversed does not exceed what the amortised cost would have been had the impact not been recognised.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Impairment (cont'd)

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.8 Unitholders' funds

Unitholders' funds represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the Trust are deducted directly against the Unitholders' funds.

### 3.9 Employee benefits

#### (i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as incurred.

#### (ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Employee benefits (cont'd)

#### (iii) Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised in the profit or loss when employees have rendered service entitling them to the contributions.

### 3.10 Distribution policy

The Trust's distribution policy is to distribute 100% of its amount available for distribution to Unitholders for the period from 20 January 2017 ("Listing Date") to 31 December 2017 and financial year ended 31 December 2018. Thereafter, the Trustee-Manager will distribute at least 90% of the Trust's amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Trustee-Manager. Distribution to Unitholders will be made semi-annually based on the half-yearly results of the Trust.

### 3.11 Revenue recognition

#### (i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on an earned basis. No contingent rental is recognised if there are uncertainties due to the possible return of the amounts received.

#### (ii) Other income

Other income pertains to carpark revenue, advertising revenue, tenant promotional fee and other income attributable to the operation of the Properties. Such services are of short duration and is recognised when the services are rendered.

#### (iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases

At inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

#### (i) As a lessee

The Group recognises a right-to-use (ROU) asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated using the straight-line method over the shorter of lease term or the useful life of the underlying asset from the commencement of the lease. The ROU asset is subject to testing for impairment if there is an indicator for impairment. The lease liability is measured at amortised cost using the effective interest method. The Group uses its incremental onshore borrowing rate as the discount rate.

The ROU asset is included in the caption plant and equipment, and the lease liability is included in the captions current and non-current trade and other payables.

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

### 3.13 Expenses

#### (i) Property expenses

Property expenses are recognised on an accrual basis.

#### (ii) Trustee-Manager's management fee (base and performance fees) and trustee fee, Property Manager's property management fee and Commercial Manager's commercial management fees

These are recognised on an accrual basis based on the applicable formula stipulated in note 1.

### 3.14 Finance income and finance costs

Finance income comprises interest income recognised in the profit or loss as it accrues, using the effective interest method.

Finance costs which comprise interest expense on borrowings and expense incurred in connection with borrowings are recognised in the profit or loss, using the effective interest method over the period of the borrowings.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Taxation

Tax expenses comprises current and deferred tax. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit; and
- temporary differences related to investments in subsidiaries to the extent that the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the prevailing corporate tax rate.

Dividend received by the Trust from its subsidiary in Singapore is exempt from Singapore income tax under Section 13(1)(za) of the Singapore Income Tax Act, Chapter 134 of Singapore on the dividend income from its subsidiary in Singapore. This is provided the subsidiary is a tax resident of Singapore.

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.16 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the profit or loss attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the profit or loss attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

### 3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers ("CODMs"). The CODMs has been identified as the chief executive officer and the chief financial officer of the Trustee-Manager.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financial derivative assets/liabilities, other receivables, cash and bank balances, trade and other payables, and interest-bearing borrowings.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and capital expenditure on investment properties.

### 3.18 New standards and interpretations not yet adopted

A number of new standards and interpretations and, amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however the Group has not early applied the new or amended standards in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are effective for annual periods beginning after 1 January 2018:

#### Applicable to 2019 financial statements

- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to IAS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)

None of these amendments had a material effect on the Group's financial statements.

# Notes to the Financial Statements

## 4. INVESTMENT PROPERTIES

	Group	
	2018 \$'000	2017 \$'000
At 1 January	<b>1,552,035</b>	934,692
Addition during the year	–	608,108
Capital expenditure	<b>2,904</b>	–
	<b>1,554,939</b>	1,542,800
Lease incentives	<b>1,939</b>	3,819
Changes in fair value	<b>(22,130)</b>	14,047
Translation differences on consolidation	<b>(56,032)</b>	(8,631)
At 31 December	<b>1,478,716</b>	1,552,035

Investment properties comprise retail properties that are held mainly for use by tenants under operating leases.

On 19 June 2017, the Group acquired 100% of the equity interest in Sheng Xin Holdings Pte. Ltd. and its subsidiaries. Sheng Xin Holdings Pte. Ltd. and its two Singapore subsidiaries are investment holding companies while the other two PRC subsidiaries comprise a property company and rental management company of Shiqi Metro Mall.

The following retail properties of the Group are stated at fair value based on valuations expressed in RMB performed by independent professional valuers as at the reporting date and converted into Singapore dollar at the exchange rate prevailing on the reporting date.

Investment Properties	Term of lease (years)	Lease expiry	2018		2017	
			RMB'000	\$'000	RMB'000	\$'000
Shiqi Metro Mall	24	27 July 2041	<b>3,030,500</b>	<b>454,152</b>	3,032,000	623,239
Xiaolan Metro Mall	28	1 April 2043	<b>2,293,000</b>	<b>62,884</b>	2,386,500	490,555
Ocean Metro Mall	31	21 February 2046	<b>1,825,000</b>	<b>361,460</b>	1,810,000	372,053
Dasin E-Colour	30	28 July 2045	<b>317,500</b>	<b>600,220</b>	322,000	66,188
			<b>7,466,000</b>	<b>1,478,716</b>	7,550,500	1,552,035

Contingent rents, representing income based on sales achieved by certain tenants, recognised in the statement of profit or loss during the year amounted to \$7,769,000 (2017: \$7,670,000).

# Notes to the Financial Statements

## 4. INVESTMENT PROPERTIES (CONT'D)

### *Fair value*

Investment properties are stated at fair value based on valuation as at 31 December 2018 and 31 December 2017 performed by Colliers International (Hong Kong) Limited, an independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Trustee-Manager reviews the key valuation parameters and underlying data including discount, capitalisation and terminal yield rates adopted by the valuer and is of the view that the valuation methods and estimates are reflective of the current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuer has considered valuation techniques including the income capitalisation and discounted cash flows approaches in arriving at the open market value as at the reporting date.

The income capitalisation approach assesses the value of a property by capitalising the current passing rental income and estimates reversionary rental income of the property. The discounted cash flows method involves the estimation and projection of an income stream over a period and discounting the income stream with a risk adjusted discount rates to arrive at the market value.

There has been no change to the valuation technique during the year.

### *Level 3 fair values*

The following table shows the significant unobservable inputs used in the valuation models:

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows approach	Discount rate of 6.25% per annum (2017: 6.25% per annum)  Terminal rate of 4.25% (2017: 4.25%)	The fair value increases as discount rates and terminal rates decreases.
Income capitalisation approach	Term yield from 3.50% to 4.50% (2017: from 3.50% to 4.50%)  Reversionary rates from 4.50% to 5.00% (2017: from 4.50% to 5.00%)	The fair value increases as term yield and reversionary rate decreases.

### *Security*

The investment properties are pledged as security to secure credit facilities (note 12).

# Notes to the Financial Statements

## 5. PLANT AND EQUIPMENT

	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Right-Of-Use \$'000	Total \$'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2017	409	48	–	457
Additions during the year	–	63	–	63
Translation difference on consolidation	(4)	(2)	–	(6)
At 31 December 2017	405	109	–	514
Additions during the year	–	6	149	155
Translation difference on consolidation	(19)	(4)	–	(23)
At 31 December 2018	386	111	149	646
<b>Less: Accumulated depreciation</b>				
At 1 January 2017	130	27	–	157
Charge for the year	76	15	–	91
Translation difference on consolidation	(1)	(2)	–	(3)
At 31 December 2017	205	40	–	245
Charge for the year	75	12	51	138
Translation difference on consolidation	(6)	(4)	(1)	(11)
At 31 December 2018	274	48	50	372
<b>Carrying amounts</b>				
At 1 January 2017	279	21	–	300
At 31 December 2017	200	69	–	269
At 31 December 2018	112	63	99	274

The right-of-use asset relates to the lease of an office premises for three years.

# Notes to the Financial Statements

## 6. INTANGIBLE ASSETS

	Computer software licence \$'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2017, 31 December 2017 and 1 January 2018	–
Additions during the year	273
Translation difference on consolidation	–
At 31 December 2018	<u>273</u>
<b>Less: Accumulated amortisation</b>	
At 1 January 2017, 31 December 2017 and 1 January 2018	–
Additions during the year	–
Translation difference on consolidation	–
At 31 December 2018	<u>–</u>
<b>Carrying amounts</b>	
At 1 January 2017 and 31 December 2017	–
At 31 December 2018	<u>273</u>

## 7. INTERESTS IN SUBSIDIARIES

	Trust	
	2018 \$'000	2017 \$'000
Unquoted equity, at cost	– <sup>(a)</sup>	– <sup>(a)</sup>
Quasi-capital loans <sup>(b)</sup>	<b>528,063</b>	524,959
	<b>528,063</b>	524,959

<sup>(a)</sup> Less than \$1,000

<sup>(b)</sup> The quasi-capital loans are unsecured and interest-free loans to a subsidiary for acquisition of the investment properties of the Group, where settlement is neither planned nor likely to occur in the foreseeable future. As the loans are, in substance, a part of the Trust's net investments in the subsidiaries, they are stated at cost, less accumulated impairment losses.

# Notes to the Financial Statements

## 7. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group	
			2018 %	2017 %
<b>(i) Direct subsidiary</b>				
Singapore Dasin Commercial Holdings Pte. Ltd. <sup>(2)</sup> ("Singapore Dasin Commercial Holdings")	Investment holding	Singapore	<b>100</b>	100
<b>(ii) Indirect subsidiaries</b>				
<b>Subsidiaries of Singapore Dasin Commercial Holdings</b>				
Yi Xin Investments Pte. Ltd. <sup>(2)</sup> ("Yi Xin Investments")	Investment holding	Singapore	<b>100</b>	100
Lan Xin Investments Pte. Ltd. <sup>(2)</sup> ("Lan Xin Investments")	Investment holding	Singapore	<b>100</b>	100
Yuan Xin Investments Pte. Ltd. <sup>(2)</sup> ("Yuan Xin Investments")	Investment holding	Singapore	<b>100</b>	100
Yi Xin Management Pte. Ltd. <sup>(2)</sup> ("Yi Xin Management")	Investment holding	Singapore	<b>100</b>	100
Lan Xin Management Pte. Ltd. <sup>(2)</sup> ("Lan Xin Management")	Investment holding	Singapore	<b>100</b>	100
Sheng Xin Holdings Pte. Ltd. <sup>(2)</sup> ("Sheng Xin Holdings")	Investment holding	Singapore	<b>100</b>	100
<b>Subsidiary of Yi Xin Investments</b>				
Zhongshan Xinteng Commercial Management Co., Ltd. <sup>(1)</sup> (中山市信腾商业管理有限公司 <sup>(3)</sup> ) ("Xinteng Commercial")	Property investment (Dasin E-Colour)	People's Republic of China	<b>100</b>	100
<b>Subsidiary of Lan Xin Investments</b>				
Zhongshan Xinrui Commercial Management Co., Ltd. <sup>(1)</sup> (中山市信瑞商业管理有限公司 <sup>(3)</sup> ) ("Xinrui Commercial")	Property investment (Xiaolan Metro Mall)	People's Republic of China	<b>100</b>	100
<b>Subsidiary of Yuan Xin Investments</b>				
Zhongshan Yuanxin Commercial Property Management Co., Ltd. <sup>(1)</sup> (中山市远信商用物业管理有限公司 <sup>(3)</sup> ) ("Yuanxin Commercial")	Property investment and rental management (Ocean Metro Mall)	People's Republic of China	<b>100</b>	100

# Notes to the Financial Statements

## 7. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group	
			2018 %	2017 %
<b>(ii) Indirect subsidiaries (cont'd)</b>				
<b>Subsidiary of Yi Xin Management</b>				
Zhongshan Yicai Dasin Xinduhui Commercial Management Co., Ltd. <sup>(1)</sup> (中山市溢彩大信新都汇商业管理有限公司 <sup>(3)</sup> ) ("Yicai Dasin Xinduhui")	Rental management (Dasin E-Colour)	People's Republic of China	<b>100</b>	100
<b>Subsidiary of Lan Xin Management</b>				
Zhongshan Xiaolan Dasin Xinduhui Commercial Management Co., Ltd. <sup>(1)</sup> (中山市小榄大信新都汇商业管理有限公司 <sup>(3)</sup> ) ("Xiaolan Dasin Xinduhui")	Rental management (Xiaolan Metro Mall)	People's Republic of China	<b>100</b>	100
<b>Subsidiaries of Sheng Xin Holdings</b>				
Sheng Xin Management Pte. Ltd. <sup>(2)</sup> ("Sheng Xin Management")	Investment holding	Singapore	<b>100</b>	100
Sheng Xin Properties Pte. Ltd. <sup>(2)</sup> ("Sheng Xin Properties")	Investment holding	Singapore	<b>100</b>	100
<b>Subsidiary of Sheng Xin Management</b>				
Zhongshan Shiqi Dasin Xinduhui Commercial Management Co., Ltd. <sup>(1)</sup> (中山市石岐大信新都汇商业管理有限公司 <sup>(3)</sup> ) ("Shiqi Dasin Xinduhui")	Rental management (Shiqi Metro Mall)	People's Republic of China	<b>100</b>	100
<b>Subsidiary of Sheng Xin Properties</b>				
Zhongshan Xin Kong Commercial Management Co., Ltd. <sup>(1)</sup> (中山市信控商业管理有限公司 <sup>(3)</sup> ) ("Xinkong Commercial")	Property investment (Shiqi Metro Mall)	People's Republic of China	<b>100</b>	100

(1) Audited by a member firm of Deloitte & Touche Tohmatsu Limited for consolidation purposes only.

(2) Audited by Deloitte & Touche LLP.

(3) The English names of those companies established in the PRC are for reference only and have not been registered.

# Notes to the Financial Statements

## 8. FINANCIAL DERIVATIVES

	Group and Trust	
	2018 \$'000	2017 \$'000
Financial derivative assets	1,020	517
Financial derivative liabilities	-	(173)

The following are the contractual maturities of financial derivative assets and liabilities, including estimated interest payments:

	Carrying amount \$'000	Contractual cash flow \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000
<b>Group and Trust</b>					
<b>Financial derivative assets</b>					
<b>2018</b>					
Interest rate swaps	1,020	2,835	1,662	1,173	-
<b>2017</b>					
Interest rate swaps	517	2,562	1,218	1,344	-
<b>Financial derivative liabilities</b>					
<b>2017</b>					
Interest rate swaps	(173)	2,909	1,455	1,454	-

As at reporting date, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table also indicates the periods in which the cash flows associated with derivatives that are expected to occur and impact the profit or loss.

## Notes to the Financial Statements

### 9. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables – third parties	872	907	–	–
Trade receivables – related parties	293	355	–	–
	<b>1,165</b>	1,262	–	–
Other receivables	4,540	5,666	–	–
Interest receivables	349	38	55	38
Amount due from subsidiaries (non-trade)	–	–	122	–
Amount due from related parties (non-trade)	42	–	42	–
Trade and other receivables	<b>6,096</b>	6,966	<b>219</b>	38
Prepayments	115	370	9	8
	<b>6,211</b>	7,336	<b>228</b>	46
Current	<b>6,211</b>	7,336	<b>228</b>	46

Included in other receivables was a recoverable net input value-added tax (“VAT”) of approximately \$4,416,000 (2017: \$5,387,000).

Concentration of credit risk relating to trade and other receivables is limited as the Group has many varied tenants and a credit policy of obtaining security deposits from tenants for the lease of units in the Group’s investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

There was no impairment losses made during the year (2017: Nil) as the ECL is not significant.

#### *Impairment losses*

The ageing of trade and other receivables (including amount due from related parties) at the reporting date is:

	Gross		Impairment	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Group</b>				
Not past due	5,404	6,497	–	–
Past due 1 - 30 days	282	265	–	–
Past due 31 - 60 days	27	109	–	–
Past due 61 - 90 days	18	51	–	–
More than 90 days past due	16	6	–	–
	<b>5,747</b>	6,928	–	–

# Notes to the Financial Statements

## 9. TRADE AND OTHER RECEIVABLES (CONT'D)

### TRUST

The ageing of the trade and other receivables of the Trust at the reporting date are not past due.

The majority of the trade receivables are mainly from tenants that have good credit records with the Group. The impairment losses account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

#### Before 1 January 2018

The Group's historical experience in the collection of trade and other receivables falls within the recorded impairment losses. The Trustee-Manager believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade and other receivables, based on historical payment behaviours and the security deposits held.

## 10. FINANCIAL INVESTMENTS

Financial investments of the Group as at 31 December 2018 and 2017 relate to investments in RMB denominated principal-protected income fund managed by the Bank of China in the People's Republic of China. The income fund invests in various short-term quoted and unquoted debt instruments and the financial investments earns fixed rate of interests ranging from 3.0% to 3.3% (2017: 3.2% to 4.0%) per annum with tenure ranging from 1 to 3 months (2017: from 1 to 8 months). Such financial investments are classified as financial assets at amortised cost and are measured at amortised cost.

## 11. CASH AND BANK BALANCES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Bank balances	<b>60,628</b>	32,267	<b>3,165</b>	3,776
Fixed deposits with financial institutions	<b>8,564</b>	8,405	<b>8,564</b>	8,405
Cash and bank balances in statements of financial position	<b>69,192</b>	40,672	<b>11,729</b>	12,181
Less: Restricted cash	<b>(24,211)</b>	(20,469)	<b>(8,564)</b>	(8,405)
Cash and cash equivalents in statement of cash flows	<b>44,981</b>	20,203	<b>3,165</b>	3,776

Fixed deposits have original maturities of one month or less.

Restricted cash represent bank balances of certain subsidiaries and the Trust pledged as security to obtain credit facilities (see note 12).

## 12. LOANS AND BORROWINGS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Secured bank loans (see notes below)	<b>509,976</b>	503,394	<b>431,940</b>	421,584
Less: Unamortised transactions costs	<b>(9,465)</b>	(20,358)	<b>(7,633)</b>	(17,671)
	<b>500,511</b>	483,036	<b>424,307</b>	403,913
Current	<b>185,613</b>	810	<b>184,824</b>	–
Non-current	<b>314,898</b>	482,226	<b>239,483</b>	403,913
	<b>500,511</b>	483,036	<b>424,307</b>	403,913

## Notes to the Financial Statements

### 12. LOANS AND BORROWINGS (CONT'D)

#### *Terms and debt repayment schedule*

Terms and conditions of the outstanding interest-bearing secured bank loans are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value \$'000	Carrying amount \$'000
<b>2018</b>				
<b>Group</b>				
RMB secured floating rate term loan (onshore)	4.28	2019-2021	78,036	76,204
USD secured floating rate term loan (offshore)	2.58-3.94	2019-2021	182,940	179,502
SGD secured floating rate term loan (offshore)	2.14-3.29	2019-2021	242,000	237,805
SGD revolving credit facility	2.55-2.94	2019	7,000	7,000
			<b>509,976</b>	<b>500,511</b>
<b>Trust</b>				
USD secured floating rate term loan (offshore)	2.58-3.94	2019-2021	182,940	179,502
SGD secured floating rate term loan (offshore)	2.14-3.29	2019-2021	242,000	237,805
SGD revolving credit facility	2.55-2.94	2019	7,000	7,000
			<b>431,940</b>	<b>424,307</b>
<b>2017</b>				
<b>Group</b>				
RMB secured floating rate term loan (onshore)	4.28	2018-2021	81,810	79,123
USD secured floating rate term loan (offshore)	2.24-3.23	2019-2021	179,584	171,887
SGD secured floating rate term loan (offshore)	1.96-2.68	2019-2021	242,000	232,026
			<b>503,394</b>	<b>483,036</b>
<b>Trust</b>				
USD secured floating rate term loan (offshore)	2.24-3.23	2019-2021	179,584	171,887
SGD secured floating rate term loan (offshore)	1.96-2.68	2019-2021	242,000	232,026
			<b>421,584</b>	<b>403,913</b>

# Notes to the Financial Statements

## 12. LOANS AND BORROWINGS (CONT'D)

### *Security*

The Group has a Renminbi ("RMB") 394,000,000 (\$78,036,000) onshore syndicated term loan (the "Onshore Facility") and a Singapore Dollar ("SGD") 242,000,000 and United States Dollar ("USD") 134,286,000 (\$182,941,000) offshore syndicated term loan equivalent to \$424,941,000 in aggregate (the "Offshore Facilities").

The Onshore Facility is secured by legal mortgage over the investment properties of the Group with carrying amount of \$1,478,716,000 (2017: \$1,552,035,000) and a pledge over the sales proceeds, rental income and receivables derived from these properties. The Onshore Facility is a 4.5-year term loan facility.

The Offshore Facilities are secured by way of first ranking charges over the entire issued share capital of each of the Singapore holding companies and first ranking pledges over the entire issued share capital/equity interest of each of the PRC property companies and rental management companies.

The all-in-interest rate of the Onshore Facility and Offshore Facilities for 2018 was 5.5% and 5.4% (2017: 5.2% and 4.6%) respectively.

In addition to the above facilities, the Group has Revolving Credit Facilities of \$20,703,000 (2017: \$10,278,000) as at 31 December 2018. The Group has drawn down \$7,000,000 (2017: \$Nil) of the Revolving Credit Facility as at 31 December 2018. The facility was obtained mainly for the purpose of financing the general working capital of the Group. The credit facility is secured by the restricted cash of RMB70,000,000 (\$13,864,000) (2017: RMB50,000,000 (\$10,278,000)) from a subsidiary in PRC.

Subsequent to the year end, the Trust extended the tenure of the first tranche comprising \$106,634,000 and USD52,404,000 (\$71,391,000) of the Offshore Facilities due on 19 January 2019 by another two years to 19 January 2021.

# Notes to the Financial Statements

## 12. LOANS AND BORROWINGS (CONT'D)

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings \$'000	Interest payable \$'000	Total \$'000
<b>Balance at 1 January 2017</b>	106,539	–	106,539
<b>Changes from financing cash flows</b>			
Finance costs paid	–	(11,800)	(11,800)
Payment of transaction costs on loans and borrowings	(27,567)	–	(27,567)
Proceeds from loans and borrowings	512,236	–	512,236
Repayment of loans and borrowings	(110,249)	–	(110,249)
<b>Total changes from financing cash flows</b>	<b>374,420</b>	<b>(11,800)</b>	<b>362,620</b>
<b>Non-cash changes</b>			
The effect of changes in foreign exchange rates and translation differences on consolidation	(8,785)	–	(8,785)
Amortisation of capitalised borrowing costs	10,862	–	10,862
Interest expense	–	12,889	12,889
<b>Total non-cash changes</b>	<b>2,077</b>	<b>12,889</b>	<b>14,966</b>
<b>Balance at 31 December 2017 and 1 January 2018</b>	<b>483,036</b>	<b>1,089</b>	<b>484,125</b>
<b>Changes from financing cash flows</b>			
Finance costs paid	–	(15,853)	(15,853)
Proceeds from loans and borrowings	7,000	–	7,000
Repayment of loans and borrowings	(821)	–	(821)
<b>Total changes from financing cash flows</b>	<b>6,179</b>	<b>(15,853)</b>	<b>(9,674)</b>
<b>Non-cash changes</b>			
The effect of changes in foreign exchange rates and translation differences on consolidation	447	(15)	432
Amortisation of capitalised borrowing costs	10,849	–	10,849
Interest expense	–	16,766	16,766
<b>Total non-cash changes</b>	<b>11,296</b>	<b>16,751</b>	<b>28,047</b>
<b>Balance at 31 December 2018</b>	<b>500,511</b>	<b>1,987</b>	<b>502,498</b>

# Notes to the Financial Statements

## 13. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the financial year is as follows:

	At 1 January 2017 \$'000	Statement of profit or loss (Note 22) \$'000	Acquisition of subsidiaries (Note 29) \$'000	Translation difference \$'000	At 31 December 2017 \$'000	Statement of profit or loss (Note 22) \$'000	Translation difference \$'000	At 31 December 2018 \$'000
<b>Group</b>								
<b>Deferred tax liabilities</b>								
Investment properties	153,751	8,017	122,055	(1,240)	282,583	2,632	(10,374)	274,841
Deferred income tax expenses	616	(633)	–	(14)	(31)	23	1	(7)
Tax on undistributed profits	319	554	–	–	873	387	(43)	1,217
	<u>154,686</u>	<u>7,938</u>	<u>122,055</u>	<u>(1,254)</u>	<u>283,425</u>	<u>3,042</u>	<u>(10,416)</u>	<u>276,051</u>

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the group's deferred taxation on investment properties, the management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

Deferred tax assets have not been recognised in respect of the following item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2017 \$'000	Group 2018 \$'000
Tax losses		<u>26,118</u>
		20,243

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

## Notes to the Financial Statements

### 14. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables – third parties	<b>2,602</b>	27	<b>86</b>	–
Trade payables – related parties	<b>287</b>	–	–	–
Trade payables	<b>2,889</b>	27	<b>86</b>	–
Accrued operating expenses	<b>1,924</b>	2,625	<b>263</b>	242
Amount due to a subsidiary (non-trade)	–	–	<b>25,044</b>	4,247
Amounts due to related parties (non-trade)	<b>900</b>	283	<b>681</b>	66
Amount due to unitholders	<b>343</b>	343	<b>343</b>	343
Interest payables	<b>1,987</b>	1,089	<b>1,292</b>	1,089
Other payables	<b>157</b>	163	<b>119</b>	–
Receipt in advance from tenants	<b>2,952</b>	1,658	–	–
	<b>11,152</b>	6,188	<b>27,828</b>	5,987
Other taxes	<b>493</b>	863	–	86
	<b>11,645</b>	7,051	<b>27,828</b>	6,073
Non-current	<b>60</b>	–	–	–
Current	<b>11,585</b>	7,051	<b>27,828</b>	6,073
	<b>11,645</b>	7,051	<b>27,828</b>	6,073

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

The amounts due to related parties (non-trade) is unsecured, interest-free and repayable on demand.

Included in other payables was a lease liability of the Group of \$104,000 (2017: Nil) related to the right-of-use assets (note 5). Contractual undiscounted cash flows of the lease liabilities of the Group related to right-of-use assets are disclosed in note 30(c).

### 15. UNITHOLDERS' FUNDS

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Units in issue		<b>138,727</b>	150,929	<b>138,727</b>	150,929
Statutory surplus reserve	(i)	<b>281</b>	57	–	–
Capital reserve	(ii)	<b>680,619</b>	680,619	–	–
Foreign currency translation reserve	(iii)	<b>(72,162)</b>	(27,145)	–	–
Accumulated profit/(losses)		<b>28,483</b>	44,431	<b>(49,822)</b>	(23,385)
		<b>775,948</b>	848,891	<b>88,905</b>	127,544

#### (i) Statutory surplus reserve

The subsidiaries incorporated in PRC are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of PRC to the statutory reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its unitholders.

Statutory reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the unitholders, provided that the balance after such conversion is not less than 25% of the registered capital.

# Notes to the Financial Statements

## 15. UNITHOLDERS' FUNDS (CONT'D)

### (ii) Capital reserve

Capital reserve represents the excess of the fair value of the net assets of the PRC property and rental management companies of the investment properties acquired over the consideration transferred.

### (iii) Foreign currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and
- (b) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

## 16. UNITS IN ISSUE

	2018		2017	
	Number of units 000	\$'000	Number of units 000	\$'000
<b>Trust</b>				
<b>Units in issue</b>				
At 1 January	552,444	149,826	366,587	13,716
Units issued arising from:				
- Initial Public Offering	-	-	183,019	146,415
- Trustee-Manager's fees paid in Units	5,205	4,441	2,838	2,319
Issue expenses	-	-	-	(5,180)
Distribution to Unitholders	-	(16,612)	-	(7,444)
	<b>557,649</b>	<b>137,655</b>	552,444	149,826
<b>Units to be issued</b>				
Trustee-Manager's fees payable in units	1,257	1,072	1,349	1,103
Total issued and issuable units as at 31 December	<b>558,906</b>	<b>138,727</b>	553,793	150,929

Units issued during the year ended 31 December 2018 are as follows:

- (a) On 19 March 2018, the Trust issued 1,349,264 Units at an issue price of \$0.81753 per unit as payment of the Trustee Fee and the Base Fee component of the Trustee-Manager's Management Fee for the period from 1 October 2017 to 31 December 2017;
- (b) On 20 June 2018, the Trust issued 1,317,295 Units at an issue price of \$0.87521 per unit as payment of the Trustee Fee, and the Base Fee and Performance Fee components of the Trustee-Manager's Management Fee for the period from 1 January 2018 to 31 March 2018;
- (c) On 30 August 2018, the Trust issued 1,285,066 Units at an issue price of \$0.86684 per unit as payment of the Trustee Fee and the Base Fee component of the Trustee-Manager's Management Fee for the period from 1 April 2018 to 30 June 2018;
- (d) On 3 December 2018, the Trust issued 1,253,546 Units at an issue price of \$0.85481 per unit as payment of the Trustee Fee and the Base Fee component of the Trustee-Manager's Management Fee for the period from 1 July 2018 to 30 September 2018.

# Notes to the Financial Statements

## 16. UNITS IN ISSUE (CONT'D)

Units issued during the year ended 31 December 2017 were as follows:

- (e) On 19 January 2017, the Trust issued 183,018,900 Units at an issue price of \$0.80000 per unit as its initial public offering;
- (f) On 8 December 2017, the Trust issued 632,806 Units at an issue price of \$0.81075 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 20 January 2017 ("Listing Date") to 31 March 2017;
- (g) On 8 December 2017, the Trust issued 881,294 Units at an issue price of \$0.80512 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 1 April 2017 to 30 June 2017; and
- (h) On 8 December 2017, the Trust issued 1,323,251 Units at an issue price of \$0.82900 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 1 July 2017 to 30 September 2017.

The issue prices for items (a) to (d) and (f) to (h) were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the trustee fee and management fees accrue.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;

Each of Aqua Wealth and Bounty Way has on 13 January 2017 provided the Trustee-Manager a Distribution Waiver Undertaking pursuant to which each of Aqua Wealth and Bounty Way has agreed to waive a portion of its entitlement to distributions from the Trust over a period of approximately five years, commencing from the Listing Date (the "Distribution Waiver Period") to 31 December 2021.

Distribution Waiver Period	Aggregate number of Aqua Wealth and Bounty Way Units not entitled to Distributions	% of total number of Units on Listing Date
Listing Date to 31 December 2017	302,283,481	55.0%
1 January 2018 to 31 December 2018	263,811,038	48.0%
1 January 2019 to 31 December 2019	247,322,848	45.0%
1 January 2020 to 31 December 2020	192,362,214	35.0%
1 January 2021 to 31 December 2021	82,440,948	15.0%

- participate in the winding up or liquidation of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any Trust Property (or any part thereof) or any real estate, any interest in any asset and real estate-related Trust Property (or any part thereof); and
- attend all Unitholders' meetings. The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of not less than two Unitholders and constitutes not less than five-percent in number of Unitholders, whichever is higher; or not less than two Unitholders and hold in aggregate not less than 10% of the total voting rights of all the Unitholders having at the date of calling of the meeting a right to vote at general meetings of the Unitholders of the registered business trust) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

# Notes to the Financial Statements

## 16. UNITS IN ISSUE (CONT'D)

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Trustee-Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event that the liabilities of the Trust exceed its assets.

## 17. TOTAL UNITHOLDERS' DISTRIBUTION

Unitholders' distribution for the year is accounted for as distribution from operations and distribution from Unitholders' contributions:

### (a) Distribution from operations

This refers to distribution made by the Trust that is represented by income received or receivable during the financial year, as the case may be, net of expenses. Such income comprises mainly the following:

- dividend from subsidiaries in PRC paid out of dividend declared by the subsidiaries.

The above income originates from income derived by the subsidiaries in PRC in respect of the current financial year.

### (b) Distribution from Unitholders' contributions

This refers to the amount of distribution made by the Trust for the financial year where the underlying cash is not, or may not be, received or receivable as income by the Trust during that period. Distribution is calculated based on:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the Trust after that year;
- adjustment for changes in fair value and the related deferred taxation of investment properties;
- adjustment for amortisation of capitalised transaction costs and commitment fee expense;
- adjustment for depreciation of plant and equipment;
- adjustment for fair value changes of derivative financial instruments;
- adjustment for rental income recognised on a straight-line basis;
- adjustment for trust expenses that are paid in Units and certain unrealised expenses;
- adjustment for cash allocated for interest and principal repayments for loan facilities;
- adjustment for unrealised exchange differences; and
- adjustment for non-recurring expenses.

### *Income available for distribution to Unitholders at end of the year*

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Trustee-Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

Distributions for the period from 1 January 2018 to 30 June 2018 had been paid on 20 September 2018. Distributions for the period from 1 July 2018 to 31 December 2018 will be paid within 90 days of the end of the distribution period, in accordance with the provisions of the Trust Deed.

## Notes to the Financial Statements

### 18. REVENUE

	Group	
	2018 \$'000	2017 \$'000
Rental income	<b>62,911</b>	50,422
Other operating income	<b>8,377</b>	7,274
	<b>71,288</b>	57,696

Other operating income includes carpark revenue, advertising revenue, tenant promotional fee and other income attributable to the operation of the investment properties. Such services are of short duration and is recognised when the services are rendered. Payment is due when services are rendered except when credit term is granted.

### 19. OTHER PROPERTY OPERATING EXPENSES

	Note	Group	
		2018 \$'000	2017 \$'000
Advertising and promotion		<b>1,010</b>	1,269
Cleaning services		<b>1,960</b>	1,371
Depreciation of plant and equipment	5	<b>138</b>	91
Repair and maintenance		<b>3,074</b>	1,117
Staff costs		<b>466</b>	342
Utilities		<b>1,778</b>	1,493
Others		<b>323</b>	902
		<b>8,749</b>	6,585

### 20. TRUSTEE-MANAGER'S FEES

	Group	
	2018 \$'000	2017 \$'000
Management fee - base fee	<b>4,046</b>	3,169
Trustee fee	<b>324</b>	253
	<b>4,370</b>	3,422

The Trustee-Manager's management and trustee fees for the year ended 31 December 2018 was \$4,370,000 (2017: \$3,422,000). \$3,297,000 (2017: \$2,319,000) was paid during the year through the issuance of 3,808,000 (2017: 2,838,000) Units, at Unit prices ranging from \$0.85481 to \$0.87521 (2017: \$0.80512 to \$0.82900) per Units. The remaining \$1,073,000 (2017: \$1,103,000) was paid through the issuance of 1,257,000 (2017: 1,349,000) Units at a unit price of \$0.85342 (2017: \$0.81753) subsequent to the year end. During the year, a performance fee of \$40,000 (2017: Nil) was paid by the Trust by issuance of 48,000 (2017: Nil) units of the Trust. At the end of the financial year, having considered the Trust's full year performance, no performance fee was payable by the Trust to the Trustee-Manager. Accordingly, the performance fee of \$40,000 was reversed and the amount was refunded by Trustee-Manager to the Trust in cash subsequent to the year end. The Trustee-Manager is 99% owned by Mr. Zhang Zhencheng, a director of the Trustee-Manager.

# Notes to the Financial Statements

## 21. FINANCE INCOME AND FINANCE COSTS

	Group	
	2018 \$'000	2017 \$'000
Finance income:		
- banks	2,043	831
Finance costs:		
- bank loans and borrowings	(27,615)	(23,751)
- interest on lease liabilities	(6)	-
Net finance costs recognised in statement of profit or loss	<b>(25,578)</b>	<b>(22,920)</b>

## 22. INCOME TAX EXPENSE

	Note	Group	
		2018 \$'000	2017 \$'000
<b>Current taxation</b>			
Current year		8,335	5,432
Withholding tax		887	288
		<b>9,222</b>	<b>5,720</b>
<b>Deferred taxation</b>			
Origination of temporary differences	13	3,042	7,938
<b>Income tax expense</b>		<b>12,264</b>	<b>13,658</b>

### Reconciliation of effective tax rate

	Group	
	2018 \$'000	2017 \$'000
Profit before income tax	790	32,514
Tax calculated using Singapore tax rate of 17%	134	5,527
Adjustments:		
Effect of different tax rates in foreign jurisdictions	4,402	4,198
Income not subject to tax	(1,448)	(2,868)
Expenses not deductible for tax purposes	6,421	4,198
Deferred tax assets not recognised	1,481	1,792
Utilisation of previously unrecognised tax losses	-	(30)
Undistributable earnings of PRC subsidiaries	387	553
Withholding tax	887	288
	<b>12,264</b>	<b>13,658</b>

## Notes to the Financial Statements

### 23. (LOSS)/PROFIT FOR THE YEAR

The following items have been included in arriving at the (loss)/profit for the year:

	Group	
	2018 \$'000	2017 \$'000
Audit fees paid/payable to:		
- auditors of the Trust	263	304
- other auditors	22	6
Facility agent and security agent fees	100	102
Professional fees	474	494
Transaction costs incurred on public listing of Trust	-	5,818
Stamp duty	-	497
Unclaimable GST expenses on Trustee-Manager's fees	498	163
Investor relations	218	69

Included in professional fees were fee relating to valuation, tax, internal audit and compliance fees.

In 2017, non-audit fees paid to the external auditors relating to the IPO reporting accountant fees amounted to approximately \$1,046,000, out of which \$698,000 was expensed as transaction costs incurred on public listing of Trust (above), and \$348,000 was included in the issue expenses in the statement of changes in unitholders' funds.

### 24. AMOUNT AVAILABLE FOR DISTRIBUTION

	Group	
	2018 \$'000	2017 \$'000
(Loss)/Profit for the year attributable to Unitholders	(11,474)	18,856
Net adjustments (Note A)	32,690	(847)
Amount available for distribution	21,216	18,009
Amount available for distribution to Unitholders at 1 January	10,438	-
Amount available for distribution for the current year	21,216	18,009
Total amount available for distribution	31,654	18,009
Distribution to Unitholders:		
Distribution of 3.01 cents per Unit for the period from 1 January 2017 to 30 June 2017	-	(7,444)
Distribution of 4.15 cents per Unit for the period from 1 July 2017 to 31 December 2017	(10,438)	-
Distribution of 3.59 cents per Unit for the period from 1 January 2018 to 30 June 2018	(10,503)	-
	(20,941)	(7,444)
Less: Amount to be distributed in future periods	-	(127)
Amount available for distribution to Unitholders at 31 December	10,713	10,438

## Notes to the Financial Statements

### 24. AMOUNT AVAILABLE FOR DISTRIBUTION (CONT'D)

	Group	
	2018 \$'000	2017 \$'000
<b>Note A</b>		
Net distribution adjustments comprises:		
Amortisation of capitalised transaction costs	10,849	10,862
Commitment fee expense	–	1,571
Deferred income tax expense	3,042	7,938
Depreciation of plant and equipment	87	91
Net change in fair value of derivative financial instruments	(676)	(344)
Net change in fair value of investment properties	22,130	(14,047)
Recognition of rental income on a straight line basis over the lease term	(1,939)	(3,819)
Transaction costs incurred on public listing of Trust	–	5,818
Trustee-Manager's fees paid/payable in units	4,410	3,422
Unrealised foreign exchange loss/(gain)	2,855	(7,378)
Interest income on financial investments	(23)	–
Loan repayment	(796)	–
Other adjustments	(7,249)	(4,961)
	<b>32,690</b>	<b>(847)</b>

The Trustee-Manager declared a distribution of 3.63 cents (2017: 4.15 cents) per Unit to unitholders in respect of the period from 1 July 2018 to 31 December 2018 (2017: 1 July 2017 to 31 December 2017), amounting to \$10,713,000 (2017: \$10,438,000).

Included in other adjustments are amounts set aside for future repayment of interest and related costs of loan facilities.

### 25. EARNINGS PER UNIT

	Group	
	2018 \$'000	2017 \$'000
(Loss)/Profit for the year	<b>(11,474)</b>	18,856

#### Basic earnings per unit

The calculation of basic earnings per unit is based on weighted average number of Units during the year and (loss)/profit for the year after taxation before distribution.

	Group	
	2018 Number of units 000	2017 Number of units 000
Issued Units		
- As at beginning of the year	552,444	366,587
- Initial Public Offering	–	183,019
- Trustee-Manager's trustee and management fees paid in Units	2,316	1,778
Weighted average number of issued Units at the end of the year	<b>554,760</b>	551,384

# Notes to the Financial Statements

## 25. EARNINGS PER UNIT (CONT'D)

### Diluted earnings per unit

The calculation of diluted earnings per Unit is based on weighted average number of Units during the year and (loss)/profit for the year after taxation before distribution.

	Group	
	2018 Number of units 000	2017 Number of units 000
Issued/Issuable Units		
- As at beginning of the year	552,444	366,587
- Initial Public Offering	-	183,019
- Trustee-Manager's trustee and management fees paid/payable in Units	3,573	3,127
Weighted average number of issued and issuable Units at the end of the year	<b>556,017</b>	552,733

Diluted earnings per share is the same as basic earnings per share as the effects of potential ordinary shares is anti-dilutive for year 2018.

## 26. IMMEDIATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

For financial reporting purposes under IFRS 10 *Consolidated Financial Statements*, the immediate holding company of the Trust is Aqua Wealth Holdings Limited, a company incorporated in the British Virgin Islands. Aqua Wealth Holdings Limited, is an indirect wholly-owned subsidiary of the Zhang Family Trust. Zhang Family Trust is the ultimate controlling party of the Trust that holds the Units owned by Aqua Wealth Holdings Limited for the benefit for its beneficiaries, being Mr. Zhang Chon Meng, son of Mr. Zhang Zhencheng and Mr. Zhang Gui Ming, nephew of Mr. Zhang Zhencheng.

## 27. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Trustee-Manager, being Dasin Retail Trust Management Pte. Ltd. is 99% owned by Mr. Zhang Zhencheng. The Commercial Manager, being Zhongshan Commercial Property Management Co., Ltd. is a subsidiary of Zhongshan Dasin Real Estate Co., Ltd. (the "Sponsor") of the Trust. The Property Manager, being Zhongshan Jixin Property Management Co., Ltd., Shiqi Branch, became an associated company of the Sponsor of the Trust on 8 July 2018 when the Sponsor acquired an effective equity interest of 33% of the Property Manager.

In the normal course of the operations of the Trust, the Trustee-Manager's management fees and the trustee's fees have been paid or are payable to the Trustee-Manager. The commercial management fees and reimbursement of expenses have been paid or are payable to the Commercial Manager. The property management fees and reimbursement of expenses have been paid or are payable to the Property Manager.

# Notes to the Financial Statements

## 27. RELATED PARTY TRANSACTIONS (CONT'D)

### Other related party transactions

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions for the financial year based on agreed terms between the parties:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fees paid/payable to Trustee-Manager				
- base management fee	<b>4,046</b>	3,169	<b>4,046</b>	3,169
- trustee fee	<b>324</b>	253	<b>324</b>	253
Commercial management fees paid/payable to a related party				
- management fee	<b>690</b>	534	-	-
- lease-up commission	<b>112</b>	-	-	-
- reimbursement expenses	<b>1,343</b>	1,680	-	-
Property management fees paid/payable to a related party				
- management fee	<b>341</b>	-	-	-
- reimbursement expenses	<b>5224</b>	-	-	-
Lease rental received/receivable from related parties				
- lease rental income	<b>15,265</b>	9,839	-	-
- reimbursement expenses	<b>1,956</b>	1,659	-	-
Lease rental paid/payable	<b>62</b>	-	-	-
Other revenue from related parties	<b>1,598</b>	1,037	-	-
Other property operating expenses paid/payable to related parties	<b>16</b>	-	-	-
Dividend income from a subsidiary	-	-	<b>5,800</b>	1,200
Advances to subsidiaries	-	-	<b>122</b>	-
Loans to a subsidiary	-	-	-	522,559
Loan from a subsidiary	-	-	<b>30,399</b>	4,200

## 28. OPERATING SEGMENTS

The Group has 4 reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the Chief Operating Decision-Makers ("CODMs") review internal management reports on a monthly basis. The CODMs has been identified as the chief executive officer and the chief financial officer of the Trustee-Manager.

All of the Group's reportable segments are investment properties located in PRC used primarily for retail purposes. The reporting segments are as follows:

- Shiqi Metro Mall
- Xiaolan Metro Mall
- Ocean Metro Mall
- Dasin E-Colour

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Trust's financial assets and liabilities and its expenses. Segment capital expenditure is the total cost incurred during the year to improve segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables in the following pages.

## Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Shiqi Metro Mall		Xiaolan Metro Mall		Ocean Metro Mall		Dasin E-Colour		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues:										
- Gross rental income	23,466	11,994	23,278	22,212	13,555	13,393	2,612	2,823	62,911	50,422
- Others	2,834	1,496	2,626	2,761	2,331	2,418	586	599	8,377	7,274
<b>Gross revenue</b>	<b>26,300</b>	<b>13,490</b>	<b>25,904</b>	<b>24,973</b>	<b>15,886</b>	<b>15,811</b>	<b>3,198</b>	<b>3,422</b>	<b>71,288</b>	<b>57,696</b>
<b>Segment net property income</b>	<b>21,917</b>	<b>11,009</b>	<b>21,878</b>	<b>21,435</b>	<b>11,204</b>	<b>11,712</b>	<b>2,324</b>	<b>2,404</b>	<b>57,323</b>	<b>46,560</b>
<b>Finance income</b>	<b>456</b>	<b>59</b>	<b>615</b>	<b>484</b>	<b>700</b>	<b>156</b>	<b>168</b>	<b>43</b>	<b>1,939</b>	<b>742</b>
<b>Finance costs</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>3,974</b>	<b>4,421</b>	<b>4,388</b>	<b>-</b>	<b>-</b>	<b>4,427</b>	<b>8,362</b>
<b>Segment assets</b>	<b>630,689</b>	<b>641,705</b>	<b>488,425</b>	<b>518,898</b>	<b>388,515</b>	<b>393,325</b>	<b>69,554</b>	<b>70,778</b>	<b>1,577,183</b>	<b>1,624,706</b>
<b>Segment liabilities</b>	<b>249,941</b>	<b>254,556</b>	<b>208,521</b>	<b>213,933</b>	<b>261,976</b>	<b>263,215</b>	<b>51,272</b>	<b>50,773</b>	<b>771,710</b>	<b>782,477</b>
<b>Other segment items:</b>										
Depreciation and amortisation	51	-	9	8	78	83	-	-	138	91
Net change in fair value of investment properties	1,653	(10,726)	22,027	(7,074)	(2,341)	2,899	791	854	22,130	(14,047)

# Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue, profit before income tax, assets and liabilities and other material items

	2018 \$'000	2017 \$'000
<b>Revenue</b>		
Total revenue for reporting segments	<b>71,288</b>	57,696
<b>Total profit before income tax</b>		
Total profit for reportable segments before income tax	<b>32,567</b>	52,896
Unallocated amounts:		
- Other corporate expenses	<b>(31,777)</b>	(20,382)
Profit before income tax	<b>790</b>	32,514
<b>Assets</b>		
Total assets for reportable segments	<b>1,577,183</b>	1,624,706
Other unallocated amounts	<b>2,253</b>	12,712
Consolidated assets	<b>1,579,436</b>	1,637,418
<b>Liabilities</b>		
Total liabilities for reportable segments	<b>771,710</b>	782,477
Other unallocated amounts	<b>31,778</b>	6,050
Consolidated liabilities	<b>803,488</b>	788,527

	Reportable segment totals \$'000	Unallocated amounts \$'000	Consolidated totals \$'000
<b>Other material items 2018</b>			
Finance income	1,939	104	2,043
Finance costs	4,427	23,194	27,621

### Other material items 2017

Finance income	742	89	831
Finance costs	8,362	(15,389)	23,751

### Geographical segments

All of the Group's investment properties are used for retail purposes and are located in PRC.

### Major tenant

Tenant who contributed revenue of 10% or more to the Group is considered major tenant. Revenue from two (2017: one) tenants of the Group represents approximately \$8,531,000 and \$7,771,000 (2017: \$7,158,000) each of the Group's total revenue. One of the major tenants of 2018 is a related party of the Sponsor, and one of the directors of the Trustee-Manager is a director of one of the entities of the group of the other major tenant.

# Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONT'D)

### Disaggregation of revenue

In the following table, revenue is disaggregated by type of tenants of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four reportable segments.

	Shiqi Metro Mall \$'000	Xiaolan Metro Mall \$'000	Ocean Metro Mall \$'000	Dasin E-Colour \$'000	Total \$'000
<b>2018</b>					
<b>Trade sector</b>					
Departmental store	5,101	4,986	3,093	–	13,180
Fashion	2,087	4,264	1,679	113	8,143
Food and Beverage	3,553	4,193	2,918	759	11,423
General retail	3,184	3,419	526	258	7,387
Home furnishings	2,787	780	884	–	4,451
IT and electronics	3,298	1,653	41	–	4,992
Leisure and entertainment	826	1,095	1,242	823	3,986
Services	305	704	159	584	1,752
Sports and fitness	231	39	1,059	–	1,329
Supermarket/Hypermarket	1,313	1,406	945	–	3,664
Others	3,615	3,365	3,340	661	10,981
<b>Gross revenue</b>	<b>26,300</b>	<b>25,904</b>	<b>15,886</b>	<b>3,198</b>	<b>71,288</b>
	Shiqi Metro Mall \$'000	Xiaolan Metro Mall \$'000	Ocean Metro Mall \$'000	Dasin E-Colour \$'000	Total \$'000
<b>2017</b>					
<b>Trade sector</b>					
Departmental store	2,617	2,983	3,134	–	8,734
Fashion	1,062	4,189	1,465	97	6,813
Food and Beverage	1,928	3,923	2,945	668	9,464
General retail	1,526	3,067	470	308	5,371
Home furnishings	1,394	1,550	881	–	3,825
IT and electronics	1,722	1,563	41	–	3,326
Leisure and entertainment	170	1,813	1,342	850	4,175
Services	365	706	139	622	1,832
Sports and fitness	52	76	927	–	1,055
Supermarket/Hypermarket	674	1,430	1,115	–	3,219
Others	1,980	3,673	3,352	877	9,882
<b>Gross revenue</b>	<b>13,490</b>	<b>24,973</b>	<b>15,811</b>	<b>3,422</b>	<b>57,696</b>

# Notes to the Financial Statements

## 29. ACQUISITION OF SUBSIDIARIES

On 19 June 2017, the Group acquired 100% of the equity interest in Sheng Xin Holdings Pte. Ltd. and its subsidiaries for a purchase consideration of \$249,941,000 (RMB1,224,000,000). Sheng Xin Holdings Pte. Ltd. and its two Singapore subsidiaries are investment holding companies while two PRC subsidiaries are a property company and rental management company of Shiqi Metro Mall. From 19 June 2017 to 31 December 2017, Sheng Xin Holdings Pte. Ltd. and its subsidiaries contributed revenue of \$13,490,000 and net profit of \$16,246,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2017, the Group's consolidated revenue would increase by \$9,989,000 and consolidated net profit would increase by \$4,019,000. The gain on bargain purchase that resulted from the excess of the fair value of assets acquired and liabilities assumed over the purchase consideration or the gain on bargain purchase of Sheng Xin Holdings Pte. Ltd. and its subsidiaries of about \$241,160,000. As the acquisition was from the owners in their capacity as owners, the gain on bargain purchase is recognised as a direct addition to capital or equity.

The Group incurred acquisition-related costs of \$497,000 on stamp duties incurred directly due to the acquisition transaction. These costs have been included in "other trust expenses".

The effect of acquisitions of subsidiaries and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition was set out below:

	Note	Group 2017 \$'000
Investment properties		608,108
Trade and other receivables		8,564
Cash and cash equivalents		5,499
Deferred tax liabilities	13	(122,055)
Trade and other payables		(7,921)
Current tax liabilities		(1,094)
<b>Net identifiable assets acquired and liabilities assumed</b>		<b>491,101</b>
Excess of fair value of net assets acquired over purchase consideration recognised as capital reserve		(241,160)
<b>Purchase consideration</b>		<b>249,941</b>

### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment properties	<p><i>Income capitalisation method and discounted cash flow method:</i></p> <p>The income capitalisation method capitalises an income stream into a present value using a single-year capitalisation rate. The discounted cash flow method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.</p>

The fair value of the investment property was based on independent valuation undertaken by Collier International (Hong Kong) Limited (based on the average of the values derived by the Discounted Cash Flow and Term and Reversion valuation methods).

At the date of acquisition, included in current assets are trade and other receivables of \$8,564,000. This amount has been collected during the year.

## Notes to the Financial Statements

### 30. COMMITMENTS

(a) Capital commitments

	Group	
	2018 \$'000	2017 \$'000
Payable:		
- contracted but not provided for	<b>248</b>	–

(b) The Group leases out its investment properties. Operating lease rentals are receivable accordingly to lease agreements. These lease agreements are cancellable with no enforceable rights to receive rental of unexpired terms upon early termination, with rental deposits being non-refundable to the tenants as follows:

	Group	
	2018 \$'000	2017 \$'000
Receivable:		
- within 1 year	<b>49,611</b>	46,167
- after 1 year but within 2 years	<b>39,627</b>	35,379
- after 2 years but within 3 years	<b>31,851</b>	29,367
- after 3 years but within 4 years	<b>25,623</b>	24,787
- after 4 years but within 5 years	<b>24,416</b>	21,388
- after 5 years	<b>69,792</b>	76,188
	<b>240,920</b>	233,276

(c) The Group leases an office and the maturity analysis of the contractual undiscounted cash flows is presented as follows:

	Group	
	2018 \$'000	2017 \$'000
Payable:		
- within 1 year	<b>53</b>	–
- after 1 year but within 2 years	<b>55</b>	–
	<b>108</b>	–

### 31. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### Capital management

The Group's objectives when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest service coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of Directors of the Trustee-Manager reviews the Group and the Trust's debt and capital management and financing policy regularly so as to optimise the Group and the Trust's funding structure. The Board of Directors also monitors the Group and the Trust's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### *Capital management (cont'd)*

The Group is subject to the aggregate leverage limit as set out in the Trust Deed and facilities agreement (note 12) ("Leverage Limit"). The Leverage Limit stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of the Trust should not exceed 60.0% of the value of the Trust Property after the Trust is listed on the SGX-ST. The Leverage Limit of the facilities agreement stipulates that the total liabilities exclude deferred tax liabilities shall not exceed 45% of the total consolidated total assets. The Group's aggregate leverage limit did not exceed 45.0% during the year, and was 33% as at 31 December 2018 (2017: 31%).

There were no changes in the Group's approach to capital management during the financial year.

### *Financial risk management*

#### *Overview*

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group-wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

#### *Credit risk*

While it is necessary to assume a certain level of tenant credit risks to remain competitive in the PRC, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits in respect of the leases. Appropriate risk mitigating actions are in place to manage trade receivables.

The Group establishes impairment losses that represents the ECL in respect of financial assets. The impairment losses account comprises (i) the lifetime ECL for trade receivables using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of condition at the reporting date, including the time value of money where appropriate; (ii) 12-month ECL for all other instruments when there is default events on a financial instrument that are possible within the 12 months after the reporting date; and (iii) the lifetime ECL which is recognised when there is a significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The impairment losses account in respect of financial assets is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the impairment losses account is written off against the carrying amount of the impaired financial asset.

The Group uses a provision matrix to measure the ECL of trade receivables collectively, which comprise a very large number of small balances.

Financial investments are managed by a bank which is regulated. As the financial investments are principal-protected by a bank in the PRC, the credit risk is limited to the default of the bank, with a maximum exposure equal to the carrying value of these investments.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Group considers that its financial investments and cash and fixed deposits have low credit risk based on the external credit ratings of the counterparties.

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### Financial risk management (cont'd)

#### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements and derivative instrument that settles on a net basis:

	Carrying amount \$'000	Contractual cash flow \$'000	Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000
<b>31 December 2018</b>					
<b>Group</b>					
Loans and borrowings	500,511	525,499	194,658	330,841	–
Financial derivative instruments	(1,020)	2,835	1,662	1,173	–
Trade and other payables	11,152	11,152	11,152	–	–
Security deposits	13,592	13,592	13,592	–	–
	<b>524,235</b>	<b>553,078</b>	<b>221,064</b>	<b>332,014</b>	<b>–</b>
<b>Trust</b>					
Loans and borrowings	424,307	439,484	190,508	248,976	–
Financial derivative instruments	(1,020)	2,835	1,662	1,173	–
Trade and other payables	27,828	27,828	27,828	–	–
	<b>451,115</b>	<b>470,147</b>	<b>219,998</b>	<b>250,149</b>	<b>–</b>
<b>31 December 2017</b>					
<b>Group</b>					
Loans and borrowings	483,036	528,664	10,600	518,064	–
Financial derivative instruments	(344)	5,471	2,672	2,798	–
Trade and other payables	6,188	6,188	6,188	–	–
Security deposits	13,188	13,188	13,188	–	–
	<b>502,068</b>	<b>553,510</b>	<b>32,648</b>	<b>520,862</b>	<b>–</b>
<b>Trust</b>					
Loans and borrowings	403,913	434,528	6,263	428,265	–
Financial derivative instruments	(344)	5,471	2,672	2,798	–
Trade and other payables	5,987	5,987	5,987	–	–
	<b>409,556</b>	<b>445,985</b>	<b>14,922</b>	<b>431,063</b>	<b>–</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

In addition, the Group maintains the following debt facilities and programme as at 31 December 2018.

Chinese Renminbi ("RMB") denominated facility:

- RMB394,000,000 4.5-year secured term loan facilities

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### *Financial risk management (cont'd)*

#### *Liquidity risk (cont'd)*

\$ denominated facilities:

- \$106,634,000 2-year secured term loan facilities
- \$102,445,000 3-year secured term loan facilities
- \$32,921,000 4-year secured term loan facilities
- \$20,703,000 revolving credit facilities

United States dollar ("US\$") denominated facilities:

- US\$52,404,000 2-year secured term loan facilities
- US\$61,968,000 3-year secured term loan facilities
- US\$19,914,000 4-year secured term loan facilities

As at 31 December 2018, the Group has fully drawn down its term loan facilities. In addition, the Group has Revolving Credit Facilities of \$21 million (2017: \$10 million), and has drawn down \$7 million as at 31 December 2018 (2017: \$Nil).

#### *Interest rate risk*

The Trustee-Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

As at 31 December 2018, the Group has interest rate swaps ("IRS") with notional contract amount of \$170 million (2017: \$169 million). The Group pays a fixed rate interest and receives a variable rate equal to the Swap Offer Rate ("SOR") on the notional contract amount. The Group classifies the IRS as fair value hedges through statement of profit or loss to hedge the exposure in interest rate fluctuations on certain of its term loans.

The term loans and the underlying IRS have the same terms and conditions.

The Trustee-Manager proactively seeks to minimise the level of interest rate risk by hedging certain amounts of the Group's borrowings at fixed rates. As at 31 December 2018, the Group has hedged approximately 33% (2017: 34%) of its borrowings at fixed rates. Excluding the RMB denominated loan and revolving credit facilities, which are not hedged, the Group has hedged approximately 40% (2017: 40%) of its borrowings at fixed rates.

#### *Cash flow sensitivity analysis for variable rate instruments*

Effects of a 100 basis point ("bp")\* movement in interest rate at the reporting date would increase/(decrease) statement of profit or loss and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

\* 100 basis point is equivalent to 1 percentage point

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### Financial risk management (cont'd)

#### Interest rate risk (cont'd)

	Statements of profit or loss		Unitholders' funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
<b>Group and Trust</b>				
<b>31 December 2018</b>				
Interest rate swaps	1,705	(1,705)	-	-
Variable rate instruments	(5,100)	5,100	-	-
Cash flow sensitivity (net)	<b>(3,395)</b>	<b>3,395</b>	-	-
<b>31 December 2017</b>				
Interest rate swaps	1,691	(1,691)	-	-
Variable rate instruments	(5,034)	5,034	-	-
Cash flow sensitivity (net)	<b>(3,343)</b>	<b>3,343</b>	-	-

#### Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the US\$ and RMB.

As the Trust intends to be a long-term investor in PRC, the Trustee-Manager has taken a view not to hedge the RMB equity exposure arising from its investments in PRC unless certain risks are specifically identified. The Trustee-Manager's strategy is to achieve a natural hedge through local RMB financing and any non-RMB denominated loan will be hedged into RMB where possible, to protect the going concern of the Trust in the event of large currency fluctuation. However, the Trustee-Manager will hedge the RMB cash flow from operations if it is determined with certainty that they are to be remitted back to Singapore for distribution purposes.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	US\$ \$'000	RMB \$'000	Total \$'000
<b>Group</b>			
<b>2018</b>			
Cash and bank balances	3,888	70	3,958
Financial derivative assets	778	-	778
Loans and borrowings	(182,940)	-	(182,940)
Trade and other payables	(707)	-	(707)
	<b>(178,981)</b>	<b>70</b>	<b>(178,911)</b>
<b>2017</b>			
Cash and bank balances	7,216	6,203	13,419
Financial derivative assets	517	-	517
Loans and borrowings	(179,584)	-	(179,584)
Trade and other payables	(566)	-	(566)
	<b>(172,417)</b>	<b>6,203</b>	<b>(166,214)</b>

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### Financial risk management (cont'd)

#### Foreign currency risk (cont'd)

	US\$ \$'000	RMB \$'000	Total \$'000
<b>Trust</b>			
<b>2018</b>			
Loans to subsidiaries	169,156	–	169,156
Cash and bank balances	3,827	–	3,827
Financial derivative assets	778	–	778
Loans and borrowings	(182,940)	–	(182,940)
Trade and other payables	(707)	–	(707)
	<b>(9,886)</b>	<b>–</b>	<b>(9,886)</b>
<b>2017</b>			
Loans to subsidiaries	166,053	–	166,053
Cash and bank balances	7,161	–	7,161
Financial derivative assets	517	–	517
Loans and borrowings	(179,584)	–	(179,584)
Trade and other payables	(566)	–	(566)
	<b>(6,419)</b>	<b>–</b>	<b>(6,419)</b>

#### Sensitivity analysis

A 10% strengthening of Singapore dollar against the US\$ and RMB at the reporting date would increase/ (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Statements of profit or loss	
	Group \$'000	Trust \$'000
<b>2018</b>		
US\$	17,898	989
RMB	(7)	–
<b>2017</b>		
US\$	17,242	642
RMB	(620)	–

A 10% weakening of Singapore dollar against the US\$ and RMB would have had equal but opposite effect on the US\$ and RMB to the amounts shown above, on the basis that all other variables remain constant.

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

There were no transfers between the levels during the year.

Group	Note	Financial assets at amortised cost \$'000	Carrying amount			Fair value			Total \$'000
			Derivative financial instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>2018</b>									
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	9	6,096	-	-	6,096	-	-	-	-
Financial investments	10	23,750	-	-	23,750	-	-	-	-
Cash and bank balances	11	69,192	-	-	69,192	-	-	-	-
		<b>99,038</b>	<b>-</b>	<b>-</b>	<b>99,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets measured at fair value</b>									
Financial derivative assets	8	-	1,020	-	1,020	-	1,020	-	1,020
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	14	-	-	11,152	11,152	-	-	-	-
Security deposits		-	-	13,592	13,592	-	-	-	-
Loans and borrowings	12	-	-	500,511	500,511	-	509,413	-	509,413
		<b>-</b>	<b>-</b>	<b>525,255</b>	<b>525,255</b>	<b>-</b>	<b>509,413</b>	<b>-</b>	<b>509,413</b>

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### Accounting classifications and fair values (cont'd)

Group	Note	Carrying amount			Fair value			Total \$'000
		Loans and receivables \$'000	Derivative financial instruments \$'000	Other financial liabilities within scope of IAS 39 \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	
<b>2017</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables	9	6,966	-	-	6,966	-	-	-
Financial investments	10	36,589	-	-	36,589	-	-	-
Cash and bank balances	11	40,672	-	-	40,672	-	-	-
		<u>84,227</u>	<u>-</u>	<u>-</u>	<u>84,227</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets measured at fair value</b>								
Financial derivative assets	8	-	517	-	517	-	517	517
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	14	-	-	6,188	6,188	-	-	-
Security deposits		-	-	13,188	13,188	-	-	-
Loans and borrowings	12	-	-	483,036	483,036	-	501,808	501,808
		<u>-</u>	<u>-</u>	<u>502,412</u>	<u>502,412</u>	<u>-</u>	<u>501,808</u>	<u>501,808</u>
<b>Financial liabilities measured at fair value</b>								
Financial derivative liabilities	8	-	173	-	173	-	173	173

## Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

## Accounting classifications and fair values (cont'd)

	Note	Financial assets at amortised cost \$'000	Carrying amount			Fair value			Total \$'000
			Derivative financial instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Trust</b>									
<b>2018</b>									
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	9	219	-	-	219	-	-	-	-
Cash and bank balances	11	11,729	-	-	11,729	-	-	-	-
		<u>11,948</u>	<u>-</u>	<u>-</u>	<u>11,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets measured at fair value</b>									
Financial derivative assets	8	-	1,020	-	1,020	-	1,020	-	1,020
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	14	-	-	27,828	27,828	-	-	-	-
Loans and borrowings	12	-	-	424,307	424,307	-	431,144	-	431,144
		<u>-</u>	<u>-</u>	<u>452,135</u>	<u>452,135</u>	<u>-</u>	<u>431,144</u>	<u>-</u>	<u>431,144</u>

## Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

## Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value				
		Loans and receivables \$'000	Derivative financial instruments \$'000	Other financial liabilities within scope of IAS 39 \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Trust</b>									
<b>2017</b>									
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	9	38	-	-	38	-	-	-	-
Cash and bank balances	11	12,181	-	-	12,181	-	-	-	-
		12,219	-	-	12,219	-	-	-	-
<b>Financial assets measured at fair value</b>									
Financial derivative assets	8	-	517	-	517	-	517	-	517
<b>Financial assets not measured at fair value</b>									
Trade and other payables	14	-	-	5,987	5,987	-	-	-	-
Loans and borrowings	12	-	-	403,913	403,913	-	419,665	-	419,665
		-	-	409,900	409,900	-	-	-	-
<b>Financial liabilities measured at fair value</b>									
Financial derivative liabilities	8	-	173	-	173	-	173	-	173

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### *Estimation of fair value*

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Trust.

### *Financial derivatives*

The fair values of non-deliverable interest rates are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the Group entity and counterparties when appropriate.

### *Interest-bearing borrowings*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities (including non-trade amounts due from subsidiaries, trade and other receivables, cash and bank balances, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities are discounted to determine their fair values.

### *Interest rates used in determining fair values*

The interest rates used to discount estimated cash flows, where applicable, are based on the Swap Offer Rate, London Interbank Offered Rate and Bank of China base interest rate as at 31 December 2018 and 2017 plus an adequate constant credit spread, and are as follows:

	2018 % p.a	2017 % p.a.
Interest-bearing borrowings	<b>3.06-4.40</b>	2.33-4.28

### *Offsetting financial assets and financial liabilities*

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Trust's statements of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as loans and receivables, financial assets at amortised cost and financial liabilities are not disclosed in the tables below unless they are offset in the statements of financial position.

The Trust's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. In certain circumstances, for example when a termination event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

# Notes to the Financial Statements

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### *Offsetting financial assets and financial liabilities (cont'd)*

Under the agreements signed, the Trust and its counterparties neither have a legal obligation nor intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. In addition, the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in the agreements. Accordingly, the ISDA agreements do not meet the criteria for offsetting and the derivatives financial instruments presented below are not offset in the Statement of Financial Position.

*Financial assets and liabilities subject to offsetting and enforceable master netting arrangement under termination events*

	Gross amounts of recognised financial instruments \$'000	Gross amount of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position \$'000	Net amounts \$'000
<b>2018</b>					
There are none for the current year.					
<b>2017</b>					
<b>Financial assets</b>					
Interest rate swaps	517	–	517	(173)	344
<b>Financial liabilities</b>					
Interest rate swaps	(173)	–	(173)	517	344

# Statistics of Unitholdings

AS AT 15 MARCH 2019

## Issued and Fully Paid-Up Units

558,906,106 units (Voting rights: one vote per unit)

The Trust does not hold any treasury Units and there is no subsidiary holdings.

**Market Capitalisation of S\$483.5 million (based on closing price of S\$0.865) as at 15 March 2019**

## TOP 20 UNITHOLDERS

As listed in the Register of Unitholders

	<b>Name of Unitholder</b>	<b>No. of Units</b>	<b>%</b>
1	DBS NOMINEES (PRIVATE) LIMITED	408,649,897	73.12
2	RAFFLES NOMINEES (PTE.) LIMITED	64,168,400	11.48
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	41,683,434	7.46
4	PHILLIP SECURITIES PTE LTD	14,635,400	2.62
5	DB NOMINEES (SINGAPORE) PTE LTD	12,000,000	2.15
6	DASIN RETAIL TRUST MANAGEMENT PTE LTD	6,299,775	1.13
7	EAN KENG SI BUDDHIST TEMPLE	1,000,000	0.18
8	CHUI KA CHUN MICHAEL OR JIANG SIMING	787,100	0.14
9	CITIBANK NOMINEES SINGAPORE PTE LTD	500,600	0.09
10	CHUA LEONG HAI @CHUA LEANG HAI	500,000	0.09
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	381,300	0.07
12	LEE ENG KHIAN	364,000	0.07
13	MERRILL LYNCH (SINGAPORE) PTE. LTD.	281,800	0.05
14	UOB KAY HIAN PRIVATE LIMITED	245,000	0.04
15	LEE YEW WING	150,000	0.03
16	ABN AMRO CLEARING BANK N.V.	149,700	0.03
17	JOSEPH ONG SENG HONG	146,000	0.03
18	BPSS NOMINEES SINGAPORE (PTE.) LTD.	144,200	0.03
19	RHB SECURITIES SINGAPORE PTE. LTD.	137,300	0.02
20	LEE KENG HOON	130,000	0.02
	<b>Total</b>	<b>552,353,906</b>	<b>98.83</b>

# Statistics of Unitholdings

AS AT 15 MARCH 2019

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	0	0.0	0	0.0
100 - 1,000	190	21.49	177,600	0.03
1,001 - 10,000	516	58.37	1,803,400	0.32
10,001 - 1,000,000	172	19.46	9,488,200	1.70
1,000,001 and Above	6	0.68	547,436,906	97.95
<b>Grand Total</b>	<b>884</b>	<b>100</b>	<b>558,906,106</b>	<b>100.00</b>

Pursuant to Listing Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities is at all times held by the public.

Based on the information made available to the Trustee-Manager as at 15 March 2019, approximately 23.70% of Dasin Retail Trust's units are held in public hands.

## SUBSTANTIAL UNITHOLDERS

Name of Substantial Unitholder	Direct Interest	Deemed Interest
Mr. Zhang Zhencheng <sup>(1)</sup>	–	370,066,306
Aqua Wealth Holdings Limited	335,557,772	–
DBS Trustee Limited <sup>(2)</sup>	–	335,557,772
Mr. Zhang Chon Meng <sup>(3)</sup>	–	335,557,772
Mr. Zhang Gui Ming <sup>(4)</sup>	–	335,557,772
Bounty Way Investments Limited <sup>(5)</sup>	28,208,759	–
China Orient Asset Management (International) Holding Limited	52,100,000	–
Wise Leader Assets Ltd <sup>(6)</sup>	–	52,100,000
Dong Yin Development (Holdings) Limited <sup>(6)</sup>	–	52,100,000
China Orient Asset Management Co., Ltd <sup>(6)</sup>	–	52,100,000

(1) Mr. Zhang Zhencheng owns 99% of Dasin Retail Trust Management Pte.Ltd. directly, and is accordingly deemed to be interested in the Units of Dasin Retail Trust held by Dasin Retail Trust Management Pte. Ltd. Mr. Zhang Zhencheng is also deemed to be interested in the Units held by Aqua Wealth Holdings Limited ("Aqua Wealth"), a family trust that is known as the Zhang Family Settlement (the "Zhang Family Trust"), of which Mr. Zhang Zhencheng is the settlor and Mr Zhang Chon Meng, son of Mr. Zhang Zhencheng and Mr. Zhang Gui Ming, nephew of Mr. Zhang Zhencheng are the two beneficiaries, and the power to make investment decisions is conferred solely on an investment committee, of which Mr. Zhang Zhencheng is the sole member.

(2) DBS Trustee Limited ("DBS Trustee") holds the entire issued share capital of Aqua Wealth as the trustee of a family trust that is known as the Zhang Family Settlement (the "Zhang Family Trust"), of which Mr. Zhang Zhencheng is the settlor and Mr. Zhang Chon Meng, son of Mr. Zhang Zhencheng and Mr. Zhang Gui Ming, nephew of Mr. Zhang Zhencheng are the two beneficiaries of the Zhang Family Trust. DBS Trustee is therefore deemed to be interested in the interest held by Aqua Wealth.

(3) Mr. Zhang Chon Meng is one of the two beneficiaries of the Zhang Family Trust and is therefore deemed to be interested in the interest held by Aqua Wealth.

(4) Mr. Zhang Gui Ming is one of the two beneficiaries of the Zhang Family Trust and is therefore deemed to be interested in the interest held by Aqua Wealth.

(5) Bounty Way Investments Limited ("Bounty Way") holds 28,208,759 units of the Trust. Mr. Zhang Zhencheng owns 100% of the equity interest in Bounty Way. Therefore, Mr. Zhang Zhencheng is deemed to be interested in Bounty Way's direct interest in the Trust.

(6) China Orient Asset Management Co., Ltd ("COAMC") is a company incorporated in the PRC and is one of the state-owned asset management companies in the PRC. COAMC is the holding company of Dong Yin Development (Holdings) Limited ("Dong Yin"), a company incorporated in Hong Kong. Dong Yin is the indirect holding company of China Orient Asset Management (International) Holding Limited ("COAMI"), a company incorporated in Hong Kong through its direct 50% shareholding and indirectly through its wholly-owned subsidiary Wise Leader Assets Ltd ("Wise Leader"), a company incorporated in the BVI. Each of COAMC, Dong Yin and Wise Leader are deemed to be interested in the units in DRT held by COAMI by virtue of Sections 4(4) and 4(5) of the Securities and Futures Act, Chapter 289 of Singapore.

# Statistics of Unitholdings

AS AT 8 MARCH 2019

## UNITHOLDINGS OF THE DIRECTORS OF THE TRUSTEE-MANAGER AS AT 21 JANUARY 2019

	Direct Interest	Deemed Interest
Mr. Zhang Zhencheng <sup>(1)</sup>	–	368,809,053
Mr. Zhang Zhongming <sup>(2)</sup>	–	3,966,200
Dr. Cao Yong	–	–
Mr. Sun Shu	–	–
Mr. Tan Huay Lim <sup>(3)</sup>	–	312,500

(1) Mr. Zhang Zhencheng owns 99% of Dasin Retail Trust Management Pte.Ltd. directly, and is accordingly deemed to be interested in the Units of Dasin Retail Trust held by Dasin Retail Trust Management Pte. Ltd. Mr. Zhang Zhencheng is also deemed to be interested in the Units held by Aqua Wealth Holdings Limited, a family trust where the power to make investment decisions is conferred solely on an investment committee, of which Mr. Zhang Zhencheng is the sole member. Mr. Zhang Zhencheng owns 100% of the equity interest in Bounty Way Investments Limited ("Bounty Way"). Therefore, Mr. Zhang Zhencheng is also deemed to be interested in Bounty Way's direct interest in Dasin Retail Trust.

(2) Mr. Zhang Zhongming is deemed to be interested in Units of Dasin Retail Trust held by a family trust, where his spouse has the power to make investment decisions.

(3) Mr. Tan Huay Lim is deemed to be interested in the 312,500 units in the Trust held by a nominee company.

# Additional Information

## INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2018, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (excluding transactions of less than \$100,000 each) are as follows:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions during the financial year under review under Unitholders' mandate pursuant to Rule 920 (excluding transactions of less than \$100,000) \$'000
<b>Dasin Retail Trust Management Pte. Ltd.</b>		
– Trustee-Manager's trustee fee <sup>(1)(2)</sup>	324	N.A.
– Trustee-Manager's base management fee <sup>(1)(2)</sup>	4,046	N.A.
<b>Zhongshan Dasin Real Estate Co., Ltd (the Sponsor) and its subsidiaries or associates</b>		
– Commercial management fee <sup>(2)</sup>		
– management fee	690	N.A.
– lease-up commission <sup>(8)</sup>	112	N.A.
– reimbursement of expenses <sup>(7)</sup>	1,342	N.A.
– Property management fee <sup>(3)</sup>		
– management fee	341	N.A.
– reimbursement of expenses <sup>(7)</sup>	5,436	N.A.
– Other income <sup>(8)</sup>	969	N.A.
– Commercial management and property management agreement <sup>(6)</sup>	8,314	N.A.
<b>Zhongshan Dasin Management and Investment Co., Ltd and its subsidiaries</b>		
– Other income <sup>(8)</sup>	241	N.A.
– Reimbursement of expenses <sup>(7)</sup>	827	N.A.
<b>Mr Zhang Kunming<sup>(4)</sup></b>		
– Lease of office premises <sup>(6)</sup>	201	N.A.
<b>Zhongshan Jianmei Household Co., Ltd.<sup>(5)</sup></b>		
– Lease agreement <sup>(6)</sup>	8,942	N.A.
– Reimbursement of expenses <sup>(7)</sup>	348	N.A.
<b>Jian Mei Furniture Co., Ltd. (Dongqu Branch)<sup>(5)</sup></b>		
– Other income <sup>(8)</sup>	100	N.A.
– Reimbursement of expenses <sup>(7)</sup>	101	N.A.
<b>Zhongshan Jianmei Jane Eyre Home Furnishing Co., Ltd, Xiaolan Branch<sup>(5)</sup></b>		
– Lease agreement <sup>(6)</sup>	7,709	N.A.

N.A. = Not applicable

## Additional Information

- (1) For the purposes of Rule 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the units (based on the volume weighted average traded price for all trades done on the Singapore Exchange Securities Trading Limited (the "SGX-ST") in the ordinary course of trading for the last ten business days immediately preceding and including the last day of each quarter end, being the latest business day of each the financial quarter) issued to the Trustee-Manager for its management fees and trustee fees, was used to determine the amount of the aggregate asset management fees and trustee fees paid to the Trustee-Manager for the year from 1 January 2018 to 31 December 2018.
- (2) The entry into and fees and charges payable by DRT to the Trustee-Manager under the Trust Deed, and to the Commercial Manager under the Commercial Management Agreements, each of which constitutes or will, when entered into, constitute an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon purchase for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect DRT. However, any renewal of the agreements will be subject to Rules 905 and 906 of the Listing Manual.
- (3) The Property Manager, Zhongshan Jixin Property Management Co., Ltd., Shiqi Branch became an associated company of the Sponsor of the Trust on 8 July 2018 when the Sponsor acquired an effective equity interest of 33% of the Property Manager.
- (4) Mr Zhang Kunming is an interested person of the Sponsor, or if the context requires, Mr Zhang Kunming is an immediate family member of one of the shareholders of the Sponsor.
- (5) Mr Zhang Zhongming, the Deputy Chairman (who is also a non-executive director) has 30% equity interest in these companies.
- (6) For the purpose of the disclosure, the full contract sum was used where an interested person transaction had a fixed term and contract value, while the annual amount incurred and accrued was used where an interested person transaction had an indefinite term or where the contract sum was not specified.
- (7) For the purpose of the disclosure, the reimbursement expenses related to expenses paid by the interested persons on behalf of the Trust during the financial year.
- (8) For the purpose of the disclosure, the lease-up commission expense and other income are transactions during the financial year.

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) or other material transactions entered into during the financial year under review.

The above interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Trust and its minority unitholders.

Please also see Related Party Transactions in Note 27 of the financial statements.

### Subscription of DRT Units

Dasin Retail Trust issued Units totaling 5,157,000 units during the year, and 1,257,000 units subsequent to 31 December 2018 as consideration in satisfaction for the payment of the Trustee-Manager's base management fee and trustee fee for the fourth quarter ended 31 December 2017 (which were accrued for as at 31 December 2017) and the financial year ended 31 December 2018. In addition, 48,000 units were issued by the Trust to the Trustee-Manager relating to the performance fee of the Trustee-Manager in respect of the first quarter ended 31 March 2018. However, having considered the Trust's full year performance for the year ended 31 December 2018, no performance fee was payable by the Trust to the Trustee-Manager. Accordingly, the performance fee of \$40,000 was reversed and the amount was refunded by the Trustee-Manager to the Trust in cash subsequent to the year end.

# Notice of Annual General Meeting



(Business Trust Registration Number: 2017001)  
(a business trust constituted on 15 January 2016 under the laws of the Republic of Singapore)

MANAGED BY

## **DASIN RETAIL TRUST MANAGEMENT PTE. LTD.**

(Company Registration Number: 201531845N)  
(as Trustee-Manager of Dasin Retail Trust)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the unitholders of DASIN RETAIL TRUST (“**Dasin Retail Trust**”, and the unitholders of Dasin Retail Trust, “**Unitholders**”) will be held at The Westin Singapore 12 Marina View, Asia Square Tower 2 Singapore 018961, Level 3 on 18 April 2019 at 2.30 p.m. (Singapore time) and any adjournment thereof (the “**Annual General Meeting**”) to transact the following business:

### **AS ORDINARY BUSINESS**

(Resolution 1)

1. To receive and adopt the Report of the Trustee-Manager issued by Dasin Retail Trust Management Pte. Ltd. (the “Trustee-Manager”), the Statement by the Trustee-Manager and the Financial Statements of Dasin Retail Trust for the financial year ended 31 December 2018 and the Auditors’ Report thereon.

(Resolution 2)

2. To re-appoint Messrs Deloitte & Touche LLP as the Auditor of Dasin Retail Trust to hold office until the conclusion of the next Annual General Meeting of Dasin Retail Trust, and to authorise the Trustee-Manager to fix its remuneration.

### **AS SPECIAL BUSINESS**

3. To consider and, if thought fit, to pass with or without any modifications, the following resolutions as an Ordinary Resolution:

(Resolution 3)

That pursuant to Clause 5 of the trust deed constituting Dasin Retail Trust dated 15 January 2016, as supplemented by a first supplemental deed dated 27 December 2016 (the “Trust Deed”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the “Business Trusts Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Trustee-Manager be authorised and empowered to:

- (a) (i) issue units in Dasin Retail Trust (“Units”) whether by way of rights, bonus or otherwise; and/or  
(ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issuance of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

# Notice of Annual General Meeting

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed 50.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed 20.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the Business Trusts Act for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of Dasin Retail Trust or (ii) the date by which the next Annual General Meeting of Dasin Retail Trust is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issuance of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Trustee-Manager and any of its Directors, Chief Executive Officer and Chief Financial Officer be and is/ are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interest of Dasin Retail Trust to give effect to the authority conferred by this Resolution.

BY ORDER OF THE BOARD

Dasin Retail Trust Management Pte. Ltd.  
as Trustee-Manager of Dasin Retail Trust

Lun Chee Leong  
Company Secretary

03 April 2019

# Notice of Annual General Meeting

## EXPLANATORY NOTES:

### Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Trustee-Manager, effective until the conclusion of the next Annual General Meeting of Dasin Retail Trust, or the date by which the next Annual General Meeting of Dasin Retail Trust is required by applicable regulations to be held or such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding the aggregate of 50.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any), of which up to 20.0% may be issued other than on a pro rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time Ordinary Resolution 3 in item 3 above is passed, after adjusting for (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

### Notes:

1. A Unitholder is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one (1) proxy, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two (2) proxies and does not specify the number of Units to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
3. A corporation which is a Unitholder may, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 no later than 16 April 2019 at 2.30p.m., being forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing and administration by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents and service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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**DASIN RETAIL TRUST**  
**大信商用信托**

(a business trust constituted on 15 January 2016 under the laws of the Republic of Singapore)

Managed by Dasin Retail Trust Management Pte. Ltd.  
(Company Registration Number: 201531845N)  
(as Trustee-Manager of Dasin Retail Trust)

# Proxy Form

## Annual General Meeting

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.) of  
\_\_\_\_\_ (Address) being \*a Unitholder/Unitholders of Dasin Retail Trust,  
hereby appoint

Name:	NRIC/Passport:	Proportion of Unitholdings	
		No. of Unit	%
Address:			

\*and/or

Name:	NRIC/Passport:	Proportion of Unitholdings	
		No. of Unit	%
Address:			

Or failing \*him/her/them, the Chairman of the Annual General Meeting (the "AGM") as \*my/our \*proxy/proxies to attend and vote for \*me/us on my/our behalf at the AGM of Dasin Retail Trust to be held at The Westin Singapore 12 Marina View, Asia Square Tower 2 Singapore 018961, Level 3 on Thursday, 18 April 2019 at 2:30 p.m. and any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion as \*he/she/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For#	Against#
1.	To receive and adopt the Report of the Trustee-Manager, the Statement by the Trustee-Manager and the Financial Statements of Dasin Retail Trust for the financial year ended 31 December 2018 and the Auditors' Report.		
2.	To re-appoint Messrs Deloitte & Touche LLP as Auditors of Dasin Retail Trust to hold office until the conclusion of the next AGM of Dasin Retail Trust, and to authorise the Trustee-Manager to fix its remuneration.		
3.	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments, subject to the limits specified in that resolution.		

\* Delete appropriately

# if you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" each resolution within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Units held

\_\_\_\_\_  
Signature(s) of Unitholder(s) /  
Common Seal of Corporate Unitholder

**Important: Please read the notes to the proxy form.**

Notes:

1. A Unitholder of Dasin Retail Trust ("Unitholder") entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one (1) proxy, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two (2) proxies and does not specify the number of Units to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register (as defined under Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Dasin Retail Trust, he/she should insert that number of Units. If the Unitholders has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
4. The Proxy Form must be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointments of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form.

1st fold

AFFIX  
STAMP

**Dasin Retail Trust Management Pte. Ltd.**  
**(As Trustee-Manager of Dasin Retail Trust)**  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

2nd fold

7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy of such power of authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager shall be entitled and bound:
  - (a) to reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by CDP to Dasin Retail Trust; and
  - (b) to accept as the maximum number of votes which in aggregate that Unitholder and his proxy or proxies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at forty-eight (48) hours before the time of the relevant meeting as certified by the CDP to Dasin Retail Trust, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
10. No instrument appointing a proxy or proxies shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Unitholder.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

**Personal Data Privacy**

By submitting an instrument appointing a proxy or proxies, the Unitholder accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 3 April 2019.



**DASIN RETAIL TRUST  
MANAGEMENT PTE. LTD.**  
(As Trustee-Manager of Dasin Retail Trust)

8 Marina Boulevard #14-02  
Marina Bay Financial Centre Tower 1  
Singapore 018981

Tel (65) 65098626  
Fax (65) 65098625

Email [ir@dasintrust.com](mailto:ir@dasintrust.com)  
Website [www.dasintrust.com](http://www.dasintrust.com)