

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2021

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 2021, and 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 116 to 196.

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, 2004 ("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 2021 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 Singapore Standards on Auditing ("SSAs"). 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 *Going concern* to the financial statements, which indicates that as at 31 December 2021, the Group and the Trust were in a negative working capital position with net current liabilities of \$663,169,000 and \$719,864,000 respectively. These conditions, along with other matters as set forth in Note 2.2 *Going concern*, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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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>Valuation of investment properties</p> <p>The Group owns a portfolio of investment properties comprising 7 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 <i>Investment Property</i> which requires all the investment properties to be measured at fair value.</p> <p>The Group has engaged external independent valuers ("external valuers") 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 external valuer has highlighted in their valuation reports that the outbreak of the Novel Coronavirus (COVID-19) has caused much disruption to economic activities around the world, including China. At the date of their reports, China's economy saw signs of gradual recovery and it is anticipated that disruption to business activities will steadily reduce. While the external valuers saw stability in both the market activities and sentiment in this market sector, they remain cautious due to uncertainty for the pace of global economic recovery in the midst of COVID-19. Accordingly, the external valuers recommend that the valuation of the property be kept under frequent review.</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"> • tested the design and implementation of the relevant key controls over the valuation of investment properties. • obtained an understanding and evaluated the Group's process of appointment and determination of the scope of work of the external valuers, as well as their process of reviewing, and accepting the external valuers' investment property valuations. • assessed the external valuers' competence and capabilities and read their terms of engagement with the Group to determine that there were no matters that affected the external valuers' independence and objectivity or scope limitations imposed upon them. • discussed with the external valuers to understand the valuation methods and key assumptions used in valuing the investment properties and the market evidence used by the external valuers that support their valuation. • involved our internal valuation specialist to assist us in evaluating the appropriateness of the valuation methods and key assumptions used by the external valuers 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. <p>Based on our procedures, we noted that the valuation methods and key assumptions used by the external valuers in the valuations to be within a reasonable range of our expectations.</p> <p>We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.</p>

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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 SSAs 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 SSAs, 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.

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

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.
- (d) Conclude on the appropriateness of the Trustee-Manager'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 Mr. Toh Yew Kuan Jeremy.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore
8 April 2022