



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)

**RESPONSE TO THE SGX-ST'S QUERIES
DATED 16 JANUARY 2023**

The Board of Directors (the “**Board**”) of Dasin Retail Trust Management Pte. Ltd. (the “**Trustee-Manager**”), as trustee-manager of Dasin Retail Trust (the “**Trust**”), wishes to announce the information set out below in response to the queries from the Singapore Exchange Securities Trading Limited (the “**SGX Queries**”) received on 16 January 2023 in relation to the Trust’s unaudited financial statements for the third quarter and nine-month period ended 30 September 2022 and the announcement made by the Trust on SGXNet dated 2 January 2023 on the Trust’s update on the extension of offshore and onshore facilities.

SGX Query 1

- 1) “It is disclosed on page 5 of the unaudited financial statements that an amount of S\$15,085,000 was recognised as loss allowance on receivables for the financial period ended 30 September 2022.

Please disclose:

- a) the reasons for the loss allowance on receivables, including the reasons for delays or non-payment, where applicable;
- b) the Board’s opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables;
- c) the Board’s assessment of the recoverability of the remaining trade and other receivables.”

Trustee-Manager’s response to SGX Query 1

- (a) Over the past three years, due to the COVID-19 pandemic and shifts in the external economic environment, customer consumption habits, consumer confidence, and commercial tenants’ willingness and ability to continue operating despite suffering short-term losses have been impacted. Before the COVID-19 pandemic, rent from tenants was generally received within the contractually agreed time frame. This has unfortunately deteriorated since the onset of the pandemic and the increase in loss allowance account accordingly.

The loss allowance account in respect of trade and other receivables is used to record loss allowance for expected credit losses (“ECL”) in accordance with International Financial Reporting Standards 9 unless the Trust and its subsidiaries (collectively, 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.

The Group uses a uniformity allowance matrix to measure the ECL of trade receivables including third party and related party tenants. The loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The ECL on trade receivables, excluding trade receivables determined to be credit impaired, are determined based on historical credit loss rate and historical payment pattern, adjusted for current conditions and forecast of future economic conditions that may affect the ability of the customer to settle the trade receivables at the reporting date.

The breakdown the debts outstanding and the relevant income generated period of trade receivables as at 30 September 2022 is as follows:

Debt outstanding period or the relevant income generated period	% of the debts (third parties)	% of the debts (related parties)
Less than 6 months	41%	38%
6 – 12 months	30%	33%
More than 12 months	29%	29%
Total	100%	100%

- (b) Based on the actions and methodology undertaken by the management of the Trust which is based on accounting requirement and has been consistently applied, the Board is of the opinion that the methodologies used to determine the value of the impairment of the trade and other receivables are reasonable.
- (c) The Board members are continuously monitoring and require the management team to provide updates on the status of recoverability of trade and receivables throughout the year 2022 and can only determine the final recoverable amount of the remaining trade and other receivables as at 31 December 2022 upon finalisation of the unaudited condensed interim consolidated financial statements for the year ended 31 December 2022 which will be due for publication by 1 March 2023.

SGX Query 2

- 2) “It is disclosed on page 15 of the Trust’s unaudited condensed interim consolidated financial statements for the nine months ended 30 September 2022 that, the Trustee-Manager is in active negotiations with the lenders, which includes discussions with more than one leading Chinese enterprise for potential strategic investment with the objective of leveraging their resources to conclude the Trust’s refinancing effort as announced by the Trust on 19 September 2022.

It is stated in the announcement on 2 January 2023 that, the Offshore Facility 1, Onshore Facility 1, Offshore Facility 2 and Offshore Facility 3 were scheduled to mature on 31 December 2022 and that discussions with lenders for the above Facilities to extend the loan maturity date to 30 April 2023 are progressing, albeit protracted.

- (a) Please provide an update on the Company’s efforts to meet its short-term obligations, in addition to that disclosed for Offshore Facility 1, Onshore Facility 1, Offshore Facility 2 and Offshore Facility 3. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose these debt repayment plans and whether the Company is on track to fulfilling these obligations;
- (b) Please assess the Company’s ability to meet its debt covenants (if any).”

Trustee-Manager's response to SGX Query 2

- (a) The Trustee-Manager continues to explore proposal relating to disposal of certain Trust's assets and partnership with strategic investors. Discussions and negotiations with potential strategic investors are at various stages of the investment process with some have performed their due diligence exercises.

The Trustee-Manager is currently negotiating a MOU with one such party which is a reputable Chinese enterprise in connection with a potential strategic investment. No further announcement is made in respect of these matters as these have not led to material developments and milestones.

In the meantime, the Trustee-Manager has also appointed FTI Consulting (Singapore) Pte Ltd as its advisor to conduct an independent business review ("IBR") of the Group. The primarily purpose of the IBR is to assess and validate the financial position of the Group and these findings will be used as a basis to progress the loan extension discussions with the various lenders of Offshore Facility 1, Onshore Facility 1, Offshore Facility 2, Offshore Facility 3 (the "Facilities"). On this basis, the Trustee-Manager is still in discussions with its lenders to extend the loan maturity for the Facilities to 30 April 2023. The discussions are still continuing, albeit protracted. The Trustee-Manager will make further announcement once the terms have been mutually agreed and finalised.

- (b) The Group met the stipulated debt covenants, namely gearing ratio, interest coverage ratio, property interest coverage ratio and loan to valuation ratio during the period and up to 30 September 2022. The Group is in the process of finalising its financials for the year ended 31 December 2022 and the calculation of the stipulated debt covenants will depend largely on the Group's valuation of its investment properties as at 31 December 2022.

SGX Query 3

3) "In view of the questions above, please address the following queries:

- (a) The Board of Directors' assessment of the Company's ability to operate as a going concern and the base(s) for such a view(s);
- (b) The Board of Directors' opinion as to whether a trading suspension is required pursuant to Listing Rule 1303(3);
- (c) The Board of Directors' confirmation whether sufficient information has been disclosed by the Company to enable trading to continue on an informed basis."

Trustee-Manager's response to Query 3

- (a) The Board of Directors in assessing the Group's ability to operate as a going concern has also taken into consideration the following:
- (i) the Group has sufficient cash and is able to generate positive cash flow from its operations to meet its day-to-day working capital needs;

- (ii) the Group complied with the stated debts covenants relating to bank borrowings as of 30 September 2022; and
 - (iii) the Trust's property portfolio is strategically located in the core cities of the Guangdong-Hong Kong-Macau Greater Bay Area where there are limited competing properties. The portfolio has stable growth potential from its resilient lease structure, diversified tenants and business mix as well as balanced mix of mature and growth assets.
- (b) The Group is in compliance with Listing Rule 1303(3), and based on (3)(a) above, the Group is able to continue operate as a going concern, and therefore, the Board is of the view that trading in the Trust's units should not be suspended.
- (c) The Board is continuously monitoring the Group's operations and receives reports from management in relation to the Group's performance and financial status, and sufficient information has been disclosed by the Group based on such reports. Nothing material has come to the Board's attention that warrants further disclosure to unitholders. In the event of any material developments, the Trustee-Manager will release further announcements as necessary on the matter.

SGX Query 4

- 4) "Please clarify if there are cross-default and/or cross-acceleration provisions in any existing term loan/credit facilities or borrowings. If so, please clarify if the Trust would have the ability to meet such repayment(s) and to operate as a going concern."

Trustee-Manager's response to SGX Query 4

There are cross-default and/or cross-acceleration provisions in the existing term loan facilities.

The Trustee-Manager is continuing to explore proposal relating to the disposal of certain Trust's assets and partnership with strategic investors. Discussions and negotiations with potential strategic investors are at various stages of the investment process with some having already performed their due diligence exercises.

The Group together with FTI Consulting have been in active discussions with the lenders with the intention to formulate a comprehensive and holistic solution.

SGX Query 5

- 5) "Please clarify how the loan repayment will be funded come 30 April 2023."

Trustee-Manager's response to SGX Query 5

The Group is assessing and pursuing various options which include but not limited to (1) investment by strategic investor as mentioned above; (2) selective divestment of investment property; and (3) extend or refinance the Facilities with existing lenders and/or new lenders.

The Group will consider the options recommended by FTI Consulting after the completion of the IBR, which is expected to be completed in February 2023.

The Trustee-Manager will make further announcements on the SGXNET in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual.

In the meantime, the Board wishes to advise unitholders and potential investors to exercise caution when dealing in the units of the Trust. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

On behalf of the Board

Dasin Retail Trust Management Pte. Ltd.

(Company Registration No. 201531845N)

(in its capacity as trustee-manager of Dasin Retail Trust)

Wang Qiu

Chief Executive Director

17 January 2023

IMPORTANT NOTICE

The value of the units of Dasin Retail Trust (the "Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that unitholders of Dasin Retail Trust may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view on future events.