



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 26 APRIL 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 26 April 2023 in relation to:

(a) the Trust’s announcement dated 7 April 2023, entitled “Termination of master lease agreements for certain units in Xiaolan Metro Mall and Dasin E-Colour and direct entry into lease agreements with tenants” (the “**7 April 2023 Master Lease Announcement**”);

(b) the Trust’s announcement dated 24 April 2023, entitled “Update on monitoring of the affairs of the Trust” (the “**24 April 2023 Update Announcement**”);

(c) the Trust’s announcement dated 24 April 2023; entitled “Preliminary valuation of investment properties as at 31 December 2022” (the “**24 April 2023 Valuation Announcement**”); and

(d) the Trust’s announcement dated 24 April 2023, entitled “Termination of lease agreements with (i) Carrefour China for certain units in Ocean Metro Mall and (ii) GOME for certain units in Shiqi Metro Mall (the “**24 April 2023 Termination Announcement**”).

Unless otherwise defined, capitalised terms used herein shall bear the same meanings as defined in the 7 April 2023 Master Lease Announcement, the 24 April 2023 Update Announcement, the 24 April 2023 Valuation Announcement and the 24 April 2023 Termination Announcement.

SQX Query 1

- 1) “It is disclosed in the Trust’s 7 April 2023 Master Lease Announcement that, ‘The Board has since learned on 8 February 2023 that during the COVID-19 pandemic period, a sponsorship agreement was entered into by a third party related to the Xiaolan Master Lessee with Youyuecheng Store Management to provide rental support to Youyuecheng Store Management for a period of 4 years from 1 January 2021, although the rent amount under the Xiaolan Master Lease between the Xiaolan Master Lessee and the Trust remained unchanged.’ And that, ‘The Trustee-Manager has signed a new lease agreement on 1 April 2023 directly with Youyuecheng Store Management at the rent level that Youyuecheng Store Management has been paying (after netting off the sponsorship fee payable by Dasin Management and Investment) to Dasin Merchant Investment for the units that Youyuecheng Store Management has been renting in Xiaolan Metro Mall.’

Please disclose:

- (i) the identity of the third party related to the Xiaolan Master Lessee and its relationship with the Master lessee, Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd.;
- (ii) the relationship between the Sponsor and Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd, if any;
- (iii) the rationale for the sponsorship agreement and the impact of such sponsorship agreement on the Trust.”

Trustee-Manager’s response to SGX Query 1

- (i) The third party related to the Xiaolan Master Lessee, Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd.¹ (“**Dasin Merchant Investment**”), who entered into the sponsorship agreement with Youyuecheng Store Management to provide rental support to Youyuecheng Store Management for a period of 4 years from 1 January 2021, is Zhongshan Dasin Management and Investment Co., Ltd.² (“**Dasin Management and Investment**”). Dasin Management and Investment is the sole shareholder of Dasin Merchant Investment.
- (ii) With respect to the relationship between the Sponsor of the Trust, Zhongshan Dasin Real Estate Co., Ltd.³, and Dasin Merchant Investment, the 2 companies are associated through Zhang Kaicheng, Zhang Jiucheng and Zhang Zhongming as follows:
 - (a) Shareholding of the Sponsor – Zhang Kaicheng (37.5%), Zhang Jiucheng (37.5%) and Zhang Zhongming (25%).
 - (b) Shareholding of Dasin Merchant Investment – As stated above, Dasin Merchant Investment is 100% owned by Dasin Management and Investment. The shareholders of Dasin Management and Investment are Zhang Kaicheng (37.5%), Zhang Jiucheng (37.5%) and Zhang Zhongming (25%).

Zhang Kaicheng, Zhang Jiucheng and Zhang Zhencheng are brothers (the “Zhang Brothers”). Mr. Zhang Zhongming is the nephew of the Zhang Brothers. In addition, Zhang Zhencheng is a director of the Trustee-Manager of the Trust and the largest controlling unitholder of the Trust. Zhang Zhongming is an alternate director to Zhang Zhencheng.

- (iii) The Board understands from a report provided by the Management on 1 March 2023 that Dasin Management and Investment entrusted its sole shareholder, Dasin Merchant Investment to sign the sponsorship agreement on 24 January 2021 with Youyuecheng Store Management which had rent in arrears since 2020 and expressed difficulty in continuing operating based on the contracted rental rate. The Board also understand that one of the considerations is the difficulty in finding a new tenant for the leased units during the COVID-19 period.

The sponsorship agreement was entered into between Dasin Management and Investment and Youyuecheng Store Management with respect to Youyuecheng Store Management’s sub-lease with Dasin Merchant Investment, and did not involve the Xiaolan Master Lessor, Zhongshan Xiaolan Dasin Xinduhui

¹ 中山市大信新都汇商业投资有限公司

² 中山市大信管理投资有限公司

³ 中山市大信置业有限公司

Commercial Management Co., Ltd. As stated in the 7 April 2023 Master Lease Announcement, the Trust is considering a proposal by Dasin Merchant Investment for the settlement of all outstanding arrears by 31 December 2024.

SQX Query 2

- 2) “In the Trust’s 7 April 2023 Master Lease Announcement, it was disclosed that ‘In view of the aforesaid developments, taking into consideration the fact that rental has been outstanding from as early as February 2021, the Trustee-Manager has decided to terminate both the Xiaolan Master Lease and the E-Colour Master Lease. Dasin Merchant Investment has agreed to the termination, which will take effect from 31 March 2023.’ In the Trust’s 24 April 2023 Termination Announcement, it was disclosed that, ‘Discussions on the early termination of the Carrefour Lease commenced with Carrefour China in the first half of 2021 and Carrefour China has not paid the rent under the Carrefour Lease, amounting to RMB 7.33 million, since the second half of 2021. The Board understands that an in-principle agreement with Carrefour China was eventually reached in March 2023 pursuant to which Carrefour China vacated the leased units.’ And that ‘Between March 2022 and November 2022, 11 reminders notices were issued by Zhongshan Shiqi to GOME for payment. Although some payment was received, rental arrears continued to accrue.”

Please disclose:

- (i) the outstanding receivables arising from the Xiaolan Master Lease, E-Colour Master Lease, Carrefour Lease and GOME Lease respectively;
- (ii) the amount of specific provisions made in respect of the above, where applicable; and
- (iii) the Board’s assessment of the recoverability of the remaining trade and other receivables.”

Trustee-Manager’s response to SGX Query 2

- (i) The outstanding receivables arising from the Xiaolan Master Lease, E-Colour Master Lease, Carrefour Lease and GOME Lease respectively are as follows:
 - (a) Xiaolan Master Lease – As stated in the 7 April 2023 Master Lease Announcement, as of 31 December 2022, the total rental arrears by Dasin Merchant Investment under the Xiaolan Master Lease was RMB 28.47 million. The Trust is considering a proposal by Dasin Merchant Investment for the settlement of all outstanding arrears by 31 December 2024.
 - (b) E-Colour Master Lease – As stated in the 7 April 2023 Master Lease Announcement, as of 31 December 2022, the total rental arrears by Dasin Merchant Investment under the E-Colour Master Lease was RMB 7.61 million. The Trust is considering a proposal by Dasin Merchant Investment for the settlement of all outstanding arrears by 31 December 2024.
 - (c) Carrefour Lease – As stated in the 24 April 2023 Termination Announcement, as of 31 March 2023, the total rental arrears by Carrefour China was RMB 7.33 million. The lessor, Zhongshan Yuanxin, is holding on to a security deposit of RMB 2 million. Carrefour China is seeking a refund of the security deposit as well as reimbursement of renovation costs in the same of RMB 7.5 million. The Trust is considering a proposal from Carrefour China for the settlement of the rental arrears as well as Carrefour China’s claims.

- (d) GOME Lease – As stated in the 24 April 2023 Termination Announcement, as of 15 March 2023, the total rental arrears and utilities fees owing by GOME was RMB 8,403,782.95. The lessor, Zhongshan Shiqi, is holding on to a security deposit of RMB 1,540,462 and there are goods with an estimated value of RMB 5 million remaining in the leased units. The Board understands that Zhongshan Shiqi has commenced legal action against GOME for the rental arrears and outstanding utilities fees as well as to terminate the GOME Lease via legal action. Zhongshan Shiqi intends to lease out the relevant units after taking back the units through the aforesaid legal action.
- (ii) As at 31 December 2022, 100% loss allowance has been made on amounts receivable from Dasin Merchant Investment (under the Xiaolan Master Lease and E-Colour Master Lease) and Carrefour China. In respect of GOME Lease, the outstanding receivables from GOME as at 31 December 2022 was RMB5.8 million in which loss allowance of RMB5.1 million has been made.
- (iii) Please see our response in sub-paragraph (i) above.

SGX Query 3

- 3) “It is disclosed in the 7 April 2023 Master Lease Announcement that, ‘The Trust is considering a proposal by Dasin Merchant Investment for the settlement of all outstanding arrears by 31 December 2024.’, as well as in the 24 April 2023 Update Announcement that, ‘The impact of the Salient Matters on the indemnities provided by the Sponsor on 26 December 2016 to guarantee the obligations of Dasin Merchant Investment under the master lease agreements for the Xiaolan Metro Mall and Dasin E-Colour (which was referred to in the prospectus of the Trust dated 13 January 2017).’

Please disclose the amount of outstanding arrears to be settled and whether this relates to the entire sum owing by Dasin Merchant Investment to the Trust. Please also disclose the actions taken by the Trust to recover the trade and other receivables from Dasin Merchant Investment, including but not limited to the indemnities provided by the Sponsor where applicable.”

Trustee-Manager’s response to SGX Query 3

As stated in the 7 April 2023 Master Lease Announcement and above, as of 31 December 2022, the total rental arrears by Dasin Merchant Investment under the Xiaolan Master Lease and the E-Colour Master Lease was RMB 28.47 million and RMB 7.61 million respectively.

Further rental has also accrued up till the termination of the Xiaolan Master Lease and the E-Colour Master Lease. The Trust is still considering its options with respect to the recovery of all the rental arrears as well as any other claims it may have arising out of and/or in connection with the Xiaolan Master Lease and the E-Colour Master Lease including, but not limited to, any claims it may have under the indemnities provided by the Sponsor.

SGX Query 4

- 4) “It is disclosed in the 24 April 2023 Valuation Announcement that, ‘The Trustee-Manager intends to seek a waiver from the lenders of any breach of the financial covenants as part of the discussions with the lenders to restructure and reschedule the Group’s debt

obligations.’ Please elaborate on the financial covenants breached and disclose an indicative timeline of the discussions.”

Trustee-Manager’s response to SGX Query 4

The financial covenants breached are, as stated in the 24 April 2023 Valuation Announcement, the gearing ratio, loan to valuation ratio and interest coverage ratio which the Trust is obliged to maintain under its Offshore Facilities.

In the previous announcements dated 2, 9, 17 and 19 January 2023 and 1 March 2023, the Board has stated, amongst others, that the Trustee-Manager is in discussions with the lenders for the Offshore Facility 1, Onshore Facility 1, Offshore Facility 2 and Offshore Facility 3 to extend the maturity date of the loans under these facilities to 30 April 2023.

As stated in the Trust’s announcement dated 9 January 2023, the Trustee-Manager has appointed FTI Consulting (Singapore) Pte Ltd (“**FTI Consulting**”) as its advisor to conduct an independent business review (“**IBR**”) of the Group, the primary purpose of which is to assess and validate the financial position of the Group and these findings are used as a basis to progress the loan extension discussions.

As stated in the Trust’s announcement dated 1 March 2023: (a) FTI Consulting circulated a draft report on the independent business review on 16 February 2023 to all lenders (the “**Lenders**”) and has held weekly meetings with the Lenders since 22 February 2023 to seek the Lenders’ comments on the IBR and discuss the available options; (b) the Group is actively pursuing various options which include but are not limited to discussing potential investment or partnership with strategic investor(s), negotiating the restructuring and rescheduling of its debt obligations with all the Lenders with a view to finalising a debt restructuring agreement with all the Lenders by 30 April 2023, and appointing property consultant(s) to market selective investment properties.

As stated in the Trust’s announcement dated 29 April 2023, the Group’s restructuring efforts are still ongoing. More time will be needed to finalise a debt restructuring agreement with all Lenders (including a waiver from the Lenders of any breach of the financial covenants) for, amongst others, the following reasons:

- (i) The consensual restructuring exercise has taken longer than originally anticipated on account of there being a myriad of issues which required the unanimous support of the Lenders in order for the restructuring to carry. The Lender group comprises 20 domestic and offshore financiers.
- (ii) FTI Consulting expects that the negotiation of the term sheet for the debt restructuring (including a longer extension of the maturity dates under the Offshore Facility 1, Onshore Facility 1, Offshore Facility 2 and Offshore Facility 3, as well as Onshore Facility 2 and Onshore Facility 3) can only be concluded in late May 2023 and that the Lenders will require about one month to obtain the necessary internal approval(s) before the debt restructuring agreement can be executed;
- (iii) The Board expects that more time is required to negotiate the memorandum of understanding with the reputable Chinese entity, as announced on 17 January 2023 and 1 March 2023;
- (iv) As stated in the announcement dated 24 April 2023, Jones Lang LaSalle Corporate Appraisal and Advisory Limited provided preliminary independent valuations as at 31 December 2022 for the Group’s investment properties on 31

March 2023. Delays in the valuation of the Trust's retail assets has held back linchpin discussions around a planned orderly disposal of portfolio assets until 19 April 2023.

SGX Query 5

- 5) "Separately, we would appreciate it if the Trust could provide an update on its restructuring plans via SGXNet, given the Trust's disclosure on its intention to extend the loan maturity date to 30 April 2023."

Trustee-Manager's response to SGX Query 5

Please see the response above to SGX Query 4 and the Trust's announcement dated 29 April 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 with 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)

Dr. Kong Weipeng

Chairman and Non-Executive Director

1 May 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.