



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)

UPDATE ON CHINA SUBSIDIARIES OF DASIN RETAIL TRUST

The Board of Directors (the "**Board**") of Dasin Retail Trust Management Pte. Ltd. ("**DRTM**" or the "**Trustee-Manager**"), as trustee-manager of Dasin Retail Trust ("**DRT**" or the "**Trust**"), refers to its announcements dated 18 July 2024 and 4 and 7 August 2024 on matters relating to the China subsidiaries of DRT (the "**China Subsidiaries**").

By of background, Mr. Wang Peng ("**WP**"), the Acting Chief Executive Officer of DRTM, was registered on 23 July 2024 with Zhuhai City Market Supervisory Authority (珠海市市场监督管理局) (the "**Zhuhai Authority**") as the legal representative and executive director of Zhuhai Xinmingyang Investment Co., Ltd (珠海新名扬投资有限公司) ("**ZXI**") and Zhuhai Doumen Dasin Metro-Mall Commercial Management Co., Ltd.(珠海市斗门大信新都汇商业管理有限公司) (together with ZXI, the "**Doumen Subsidiaries**") in replacement of Mr. Zhang Zhongming ("**ZZM**"), the alternate director of Mr. Zhang Zhencheng ("**ZZC**" and together with ZZM, the "**Minority Directors**").

Receipt of Notice of Hearing for Revocation of Registration

A notice of hearing for revocation of registration (撤销登记听证告知书) dated 30 August 2024 (the "**Revocation Notice**") has been issued by the Zhuhai Authority by stating, among others, that:

- (a) the Zhuhai Authority found that WP had requested for the company seals and business licences for the Doumen Subsidiaries from ZZM who did not co-operate to hand over the requested items;
- (b) in the process of registering the changes for the Doumen Subsidiaries, WP stated that the company seals and business licences of the Doumen Subsidiaries were missing when they were in the possession of ZZM;
- (c) accordingly, the approval of the Zhuhai Authority was obtained by improper means and the Zhuhai Authority proposed to:
 - (i) revoke the decision of the Zhuhai Authority to effect the registration of the changes to the legal representative and executive director, the contact person and the person responsible for finance for the Doumen Subsidiaries that were made on 23 July 2024; and
 - (ii) revoke records made on 23 July 2024 by the Zhuhai Authority in respect of the constitutions of the Doumen Subsidiaries; and
 - (iii) the Doumen Subsidiaries and interested persons have the right to request and present at a hearing and that any such request should be made to the Zhuhai Authority within 5 business days of the date of receipt of the Revocation Notice.

WP shall be making a request to the Zhuhai Authority for a hearing.

Email from ZZM

ZZM had emailed the Board on 2 September 2024 alleging, among others that:

- (a) he had previously informed Dr. Kong Weipeng, Mr. Lyu Guoliang, Mr. Tan Huay Lim and Mr. Sonny Tan Hock Sun (together, the “**Majority Directors**”) that the changes of legal representative and director of the Doumen Subsidiaries and the changes to the bank authorisations have been made illegally and in violation of applicable Chinese laws and that he had arranged for the matters to be reported to the relevant Chinese authorities;
- (b) WP had informed the banks to change the authorised signatories to himself and a third party who is not a part of DRT or DRTM and whose identity is unknown to ZZM.
- (c) he had requested the Board to urgently investigate the matter and, if needed, to immediately terminate the employment of WP but the Majority Directors refused;
- (d) the Revocation Notice confirmed that the actions of WP have breached Chinese laws and is a clear basis for the Board to commence an immediate investigation of WP’s unlawful actions in China;
- (e) directors’ resolutions in writing dated 2 September 2024 were signed by the Majority Directors to approve the appointment of Mr. Xu Zhiqun (“**XZQ**”), an employee of an associate of Sino-Ocean Group Holding Limited, as the legal representative and director of the China Subsidiaries (excluding the Doumen Subsidiaries);
- (f) under Chinese laws, the legal representative of a China company possesses broad legal authority and control over the company’s business practices and operations and the proposed appointment of XZQ is reckless and risky and is prejudicial to the interests of the holders (“**Unitholders**”) of units of DRT (“**Units**”);
- (g) the Minority Directors vigorously object to the proposed appointment of XZQ and demand that the Majority Directors retract the appointment; and
- (h) as the application submitted by ZZC’s legal adviser to wind up DRTM will be heard on 6 September 2024, the Majority Directors should not take any action to jeopardise the interests of Unitholders.

Majority Directors’ Response

The Trustee-Manager had, on 28 August 2024 issued a letter of demand to the Minority Directors for breaching their duties owed to the Trustee-Manager and the Trust in their capacity as director and alternate director of the Trustee-Manager in ways including (i) failing to inform the Board and take any action to recover significant amounts of rent in arrears which were owed by Dasin Metro-Mall Merchant Investment Co., Ltd. (which was wholly owned by ZZC’s brothers, Mr. Zhang Kaicheng and Mr. Zhang Jiucheng, and ZZM) to the Trust’s wholly owned subsidiary pursuant to the relevant master lease and (ii) failing to comply with the Trust’s financial control procedures and policies with respect to payment to external parties.

ZZM had refused to comply with the directions of the Board (excluding the Minority Directors) to change the legal representative and executive director of the China Subsidiaries. Further, as announced on 15 August 2024, the Trustee-Manager is unable to instruct an independent valuer to carry out the valuation of the retail malls held by the DRT, which were to be valued as at 31 December 2023 and 30 June 2024, as Trustee-Manger had not been provided with

the rent-rolls of the retail malls by the China Subsidiaries. In addition, since the third quarter of 2023, the relevant personnel of the China Subsidiaries have ceased to provide certain information, documents, report on transactions and balances with related parties, financial reports and accounting analyses requested by the Singapore finance team of the Trustee-Manager for the purpose of preparing the quarterly consolidated financial statements of DRT for the nine months ended 30 September 2023 and the subsequent financial periods.

As announced by the Trustee-Manager on 4 August 2024, (i) the Majority Directors and WP were not aware of certain bank transfers aggregating to RMB4,821,500 made by a China Subsidiary prior to the receipt of an enquiry letter from a China bank requesting for a reasonable explanation of such transfers; and (ii) the non-payment of rental and management fees for an extended period by a tenant related to the Minority Directors engaging in restaurant business in Doumen Metro Mall has caused a lending bank to send a reminder letter to a China Subsidiary indicating that this has caused the occupancy rate to fall below the level required by the relevant loan agreement.

The Majority Directors are of the opinion that the above shows that there are severe governance concerns if ZZM is not removed as legal representative and executive director of the China Subsidiaries. Given the aggressive pursuit of legal proceedings by ZZC and his related persons against the Majority Directors and WP, it is extremely difficult to find suitable candidates who are willing to act as legal representative and executive director of the China Subsidiaries. If WP were to be appointed as legal representative and executive director of the other China Subsidiaries, it is likely that he will be further embroiled in additional legal proceedings initiated by the Minority Directors and he will not have sufficient time to perform his duties as Acting Chief Executive Officer of DRT.

The Trustee-Manager shall be engaging a Chinese legal adviser to advise on the implications of the Revocation Notice.

Winding Up Application by ZZC

In connection with HC/CWU 133/2024, the winding up application commenced by ZZC against the Trustee-Manager, two of the lender banks have each issued a letter to the Trustee-Manager stating, among others, that:

- (a) it is important for the Trustee-Manager to be able to perform its obligations and that requires having sufficient control over the relevant assets and bank accounts;
- (b) the lender bank supports the steps taken by the Board to improve corporate governance and transparency, such as the appointment of a new chief executive officer, the change of commercial manager to Sinocean Commercial Management Co., Ltd., the replacement of the company seals and the changes to the financial controller, bank signatories and legal representative;
- (c) the lender bank is concerned with ZZC's application to place the Trustee-Manager into winding up and the convening of the extraordinary general meeting of Unitholders scheduled on 9 September 2024 as these developments (i) appear likely to significantly delay the progress of the restructuring and (ii) adversely impact the lenders and other stakeholders if ZZC were to regain management control of DRT should the Trustee-Manager be liquidated.

The Majority Directors are of the view that the Minority Directors are conflicted in matters referred to in this announcement. Accordingly, this announcement has not been reviewed by the Minority Directors prior to its publication and the opinion of the Majority Directors set out in this announcement should not be taken to represent the views of the Minority Directors.

The Trustee-Manager will make further announcement on SGXNet in the event there are any material developments which warrant disclosure, in compliance with its obligations pursuant to the Listing Manual of Singapore Exchange Securities Trading Limited.

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.

By Order 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

3 September 2024

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 Singapore Exchange Securities Trading Limited (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.