



**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)

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**UPDATE ON CERTAIN MATTERS RELATED TO THE CHINESE SUBSIDIARIES OF  
DASIN RETAIL TRUST**

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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**”), refers to its announcement dated 18 July 2024 relating to the receipt by Mr. Wang Peng (the Acting Chief Executive Officer of the Trustee-Manager (“**Acting CEO**”)) (“**Mr. Wang**”) of letters (the “**Legal Letters**”) from the Chinese legal adviser of Mr. Zhang Zhongming (the alternate Director of Mr. Zhang Zhencheng (“**Mr. Zhang ZC**”)) (“**Mr. Zhang ZM**” and, together with Mr. Zhang ZC, the “**Minority Directors**”) in Mr. Zhang ZM’s capacity as legal representative and executive director of certain of the Chinese subsidiaries of the Trust.

*Further Legal Letters*

The legal adviser of Mr. Zhang ZM, in his capacity as legal representative and executive director of certain of the Chinese subsidiaries of the Trust, has sent seven further legal letters dated 23 July 2024 to Mr. Wang which set out allegations in respect of such subsidiaries similar to the allegations in the Legal Letters.

*Change of Legal Representative and Director*

The change of the legal representative and the 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 “**Relevant Subsidiaries**”) from Mr. Zhang ZM to Mr. Wang has been effected. In connection therewith, new company seals have been made for the Relevant Subsidiaries and the bank authorisations for the Relevant Subsidiaries have been changed.

The change of legal representative and the director of the Relevant Subsidiaries, as well as the other Chinese subsidiaries of the Trust (together with the Relevant Subsidiaries, the “**DRT Chinese Subsidiaries**”) was approved by the members of the Board (other than Mr. Zhang ZC, together with his alternate, Mr. Zhang ZM) (the “**Majority Directors**”) because, among others, there were concerns over (i) the lack of co-operation of the relevant personnel in the Chinese personnel in providing information to the Board and management of the Trustee-Manager, (ii) the efforts of such personnel in relation to the collection of the receivables from associates of Mr. Zhang ZC and (iii) the effectiveness of the internal controls of the DRT Chinese Subsidiaries, including non-compliance with applicable payment approval policy. The Minority Directors disagree with the Majority Directors.

*Allegations by Mr. Zhang ZM*

Further thereto, Mr. Zhang ZM has, on 30 July 2024, written by email (the “**30 July Email**”) to the Board alleging, among others, that the changes of legal representative and director of the Relevant Subsidiaries and the changes to the bank authorisations have been made illegally and in violation of applicable Chinese laws and that he has arranged for the matter to be

reported to the Chinese authorities on 29 July 2024 because Mr. Wang falsely declared in Chinese newspapers and to the relevant Chinese authorities that the company seals and licences were lost. Mr. Zhang ZM further requested the Board to immediately terminate the employment of Mr. Wang and to urgently investigate the matter.

The Majority Directors disagree with the allegations made by Mr. Zhang ZM. The Majority Directors have approved the relevant corporate resolutions to effect the changes and the changes have been made pursuant to such corporate resolutions and with the approval of the relevant authorities in China.

*Response by Mr. Wang*

On 1 August 2024, Mr. Wang responded by email (the “**Response**”) to the 30 July Email stating, among others, that he is of the view that there is currently significant risk involving the funds of the DRT Chinese Subsidiaries for, among others, the following reasons:

*(a) Recent notification by Chinese bank regarding suspected unauthorised external transfers*

A Chinese bank has issued a letter (the “**Bank Letter**”) dated 19 July 2024 to ZXI requesting for a reasonable explanation for nine funds transfers (the “**April Fund Transfers**”) from ZXI to external parties from 16 April 2024 to 19 April 2024 aggregating to RMB4,821,500 that the Chinese bank suspected may have breached the third party account supervision agreement entered into with the Chinese bank on 26 August 2019, failing which the Chinese bank may take further measures, including but not limited to restricting the operation of the bank account and accelerating the due date of loans. Based on the feedback received by Mr. Wang, the Chinese bank has restricted funds transfer from the bank account of ZXI.

These transfers were not notified to the Majority Directors or Mr. Wang and have not been approved by the Board. Despite notification by the Board to Mr. Zhang ZC and Mr. Zhang ZM, the payment approval process of the DRT Chinese Subsidiaries have not been subject to the oversight of the Board and Mr. Wang in accordance with the applicable approval policy of the Trustee-Manager.

*(b) Refusal of Mr. Zhang ZM, in his capacity as legal representative of the DRT Chinese Subsidiaries, to comply with the directions of the Board*

Notwithstanding the resolutions passed by the Board, Mr. Zhang ZM has refused to comply with the resolutions to (i) change the legal representative of the DRT Chinese Subsidiaries, and (ii) terminate the commercial and property management agreements in respect of Doumen Metro Mall (as announced by the Trustee-Manager on 21 June 2024). Among others, Mr Zhang ZM has written to banks to state that he does not recognise the status of the Trustee-Manager to act as trustee-manager for the Trust, the validity of the resolutions passed by the Board and the status of Mr. Wang’s appointment as Acting CEO.

*Reply by Mr. Zhang ZM*

Mr. Zhang ZM has replied to the Response on 1 August 2024 stating, among others, that:

- (a) he requested for the verification of the authenticity and origin of the Bank Letter;
- (b) the April Fund Transfers are ZXI’s normal project payments which occurred in April 2024 and that receiving and responding to such inquiries from lending banks are ordinary course communications between Chinese finance personnel and the lending banks;

- (c) Unitholder resolutions were passed at the Unitholder meeting (the “**19 February EGM**”) on 19 February 2024 to remove the Trustee-Manager as trustee-manager of the Trust and, accordingly, the Trustee-Manager should not make any major changes in the period pending the replacement of the Trustee-Manger; and
- (d) Mr. Wang and the Majority Directors have exceeded their authority by declaring that the 19 February EGM invalid and Mr. Wang had repeatedly disrupted the normal operations of the Trust with various false statements and illegal means and caused damage to the Trust.

*Change of Commercial Manager in respect of Doumen Metro Mall*

The Board refers to the Trustee-Manager’s announcement dated 21 June 2024 relating to the resolution of the Board to terminate the commercial management agreement and property agreement in respect of Doumen Metro Mall. Further thereto, the Board (with Dr. Kong Weipeng and Mr. Lyu Guoling abstaining) have resolved that a commercial management agreement (the “**Commercial Management Agreement**”) in respect of Doumen Metro Mall shall be entered into between 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) (“**ZDDMCM**”) and Sinoocean Commercial Management Co., Ltd. (远洋商业管理有限公司) (the “**Commercial Manager**”) for the Commercial Manager to act as commercial manager and provide certain management, marketing and leasing services in respect of Doumen Metro Mall for a period of two years commencing on 1 August 2024.

Sino-Ocean Group Holding Limited holds an interest in a controlling stake in the Trustee-Manager, and as the Commercial Manager is an associate of Sino-Ocean Group Holding Limited, the Commercial Manager is therefore an “interested person” of the Trust for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited.

The aggregate fees payable and expenses to be reimbursed to the Commercial Manager under the Commercial Management Agreement are estimated to be S\$2.0 million, which is approximately 0.18% of the audited NTA of Dasin Retail Trust as at 31 December 2021.

A market comparison on the fees and terms and conditions of the Commercial Management Agreement was undertaken by the Trustee-Manager, and the Trustee-Manager found the Commercial Management Agreement (including the reimbursable expenses and employee related expenses) to be comparable to the market as the fees plus the reimbursable expenses and employee related expenses are within the range of S-REIT retail comparables.

The Audit and Risk Committee of the Trustee-Manager (with Mr. Lyu Guoliang abstaining) is satisfied that the appointment of the Commercial Manager to provide the services under the Commercial Management Agreement is on normal commercial terms and is not prejudicial to the interests of the Trust and Unitholders (including the minority Unitholders).

*View of Mr. Zhang ZC on the Change of Commercial Manager in respect of Doumen Metro Mall*

Mr. Zhang ZC has written to the Board to state that the commercial management agreement dated 1 July 2022 (the “**Previous Commercial Management Agreement**”) in respect of Doumen Metro Mall between ZDDMCM and Zhongshan Dasin Commercial Property Management Co., Ltd. (Zhuhai Branch) (中山市大信商用物业管理有限公司珠海分公司), an associate of Mr. Zhang ZC, has not been terminated and has been renewed. He also disagreed that the Commercial Management Agreement is on substantially the same terms as the Previous Commercial Management Agreement and that he disagreed with the view of the other members of the Board that the entry into the Commercial Management Agreement

is on normal commercial terms and is not prejudicial to the interests of the Trust and Unitholders (including the minority Unitholders) because, among others, unlike the Previous Commercial Management Agreement, the Commercial Management Agreement (i) imposes liquidated damages (amounting to RMB 5 million) on ZDDMCM (i.e., the DRT Chinese Subsidiary engaging the Commercial Manager) in the event ZDDMCM terminates the Commercial Management Agreement, on top of compensation for all losses suffered by the Commercial Manager (including but not limited to damages incurred due to dismissal of employees and other actual losses caused to the Commercial Manager), as well as the full amount of fees that the Commercial Manager should charge in the year of termination and (ii) provides that, if a third party makes a claim against the Commercial Manager, ZDDMCM shall be responsible for resolving any disputes and shall bear the resulting losses to the Commercial Manager and the third party.

#### *Receipt of Reminder Letter*

On 1 August 2024, a lending bank sent a reminder letter to Zhuhai Xinmingyang Investment Co., Ltd., (珠海新名扬投资有限公司), one of the DRT Chinese Subsidiaries:

- (a) stating that (i) pursuant to the loan agreement entered into with the lending bank, the occupancy rate should not be less than 90% and the audited financial statements must be provided within 120 days after the financial year ended 2023; and (ii) a tenant related to Mr. Zhang ZC and Mr. Zhang ZM engaging in restaurant business in Doumen Metro Mall has not paid rental and management fees for an extended period and, excluding the floor area leased by such tenant, occupancy rate of Doumen Metro Mall is less than 90% and, as at the date of the reminder letter, the audited financial statements for the financial year ended 2023 have not been provided; and
- (b) requesting that ZXI responds in writing with a remediation plan, failing which the lending bank will take measures in accordance with the agreement, including but not limited to, the acceleration of the due date for repayment.

#### *View of the Majority Directors*

The Majority Directors remain of the view that the 19 February EGM is invalid as previously announced by the Trustee-Manager and have instructed Mr. Wang to (i) continue to proceed with the change of legal representative, director and bank authorisations for the other DRT Chinese Subsidiaries and (ii) further investigate the April Fund Transfers and the bank accounts and fund transfers of the DRT Chinese Subsidiaries.

The Majority Directors note that, as of 31 December 2022, trade and other receivables (before derecognition of revenue in accordance with IFRS 16 Leases and accounting for loss allowance) from associates of Mr. Zhang ZC amounted to S\$14,322,002, with S\$6,183,934 and S\$1,563,087 due from Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd. ("**Dasin Merchant Investment**"), the then master lessee of Xiaolan Metro Mall and Dasin E-Colour Mall respectively. Significant amounts remain owing from associates of Mr. Zhang ZC.

The Majority Directors are concerned about whether the DRT Chinese Subsidiaries and the relevant property and commercial managers of the relevant real estate assets are undertaking effective action to collect such receivables and are of the view that the changes to legal representative and director and bank authorisations of the DRT Chinese Subsidiaries and the change to the commercial manager of Doumen Metro Mall are required to safeguard the interest of minority Unitholders.

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

4 August 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.