



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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## TRUSTEE-MANAGER'S STATEMENT ON THE PROPOSED RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

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The Board of Directors (the “**Board**”) of Dasin Retail Trust Management Pte. Ltd. (the “**Trustee-Manager**” or “**DRTM**”), as trustee-manager of Dasin Retail Trust (the “**Trust**” or “**DRT**”), refers to (i) DRTM’s announcement dated 20 June 2024 (the “**20 June Announcement**”) relating to the receipt by DRTM on 20 June 2024 of a letter dated 13 June 2024 (the “**Requisition Notice**”) signed by, among others, Aqua Wealth Holdings Limited (“**Aqua Wealth**”), Mr. Feng Guomin, Mr. Chui Ka Chun Michael, and Mr. Zhang Shenming (“**ZSM**”) stating that they are exercising their right to requisition for an extraordinary general meeting (the “**EGM**”) of holders (“**Unitholders**”) of units of the Trust (“**Units**”) to vote on the resolutions set out in the Requisition Notice and (ii) DRTM’s announcements dated 14 and 31 July 2024, and 3 and 7 August 2024.

For the information of the Unitholders, a Schedule (the “**Schedule**”) prepared by the requisitionists (the “**Requisitionists**”) setting out a summary of the proposed amendments to the Trust Deed (the “**Proposed Trust Deed Amendments**”) is attached for the information of the Unitholders. Terms used in this announcement shall bear the same meanings ascribed to them in the Schedule unless the context requires otherwise.

*Please note that the Trustee-Manager assumes no responsibility for any of the contents of the Schedule, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Schedule. The views expressed in the Schedule should not be construed in any way as representing the views of the Trustee-Manager.*

*The Board (other than Mr. Zhang Zhencheng (“**ZZC**”), together with his alternate, Mr. Zhang Zhongming (“**ZZM**”) and together with ZZC, the “**Minority Directors**”) (the “**Majority Directors**”) are of the view that ZZC and ZZM are conflicted in matters relating to the Requisition Notice for the reasons further elaborated below. 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 Majority Directors wish to set out their opinion on the Requisition Notice and the Proposed Trust Deed Amendments as follows:

(a) **Relationship of Certain Requisitionists with ZZC**

The Majority Directors note that:

- (i) based on the Register of Directors’ Unitholdings and the Register of Substantial Unitholdings maintained by the Trustee-Manager, (i) the entire share capital of Aqua Wealth is held in trust for the Zhang Family Trust, of which ZZC is the

settlor of the Zhang Family Trust and the beneficiaries comprise relatives of ZYC and his sister-in-law, (ii) the power to make investment decisions on behalf of the Zhang Family Trust is conferred solely on an investment committee, of which ZYC is the sole member and (iii) accordingly, ZYC is deemed to be interested in the Units held by Aqua Wealth;

- (ii) ZYC has previously declared to the Trustee-Manager that Mr. Feng Guomin is an employee of an associate (as defined in the Listing Rules (Mainboard) (the “**Listing Rules**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) of ZYC; and
- (iii) ZSM is the nephew of ZYC and is a beneficiary of the Zhang Family Trust. As announced by the Trustee-Manager on 14 July 2024, based on the records examined by the Trustee-Manager, ZSM does not appear to be a Unitholder. To date, ZSM has not replied to the request by the Trustee-Manager to clarify his purported Unitholding.

Accordingly, of the 101,173,413 Units purported held by the Requisitionists (including ZSM), 100,676,813 Units (representing more than 99.5% of the said Units) are held by persons connected with ZYC and his associates. Based on the Register of Directors’ Unitholdings and the Register of Substantial Unitholdings maintained by the Trustee-Manager, ZYC currently has direct and deemed interests in 382,398,426 Units (representing more than 47% of the issued Units).

(b) **The Proposed Trust Deed Amendments (other than Amendment 8)**

The Majority Directors are of the opinion that (i) the Proposed Trust Deed Amendments (other than Amendment 8) (the “**Substantive Amendments**”) are unprecedented and (ii) severely limit the ability of the Trustee-Manager to manage and safeguard the assets of DRT and effectively transfers control over the management of key aspects of DRT to ZYC (in his capacity as Unitholder) as a consequence of the Unitholdings of ZYC and the persons connected to ZYC, thus potentially adversely affect the interests of the minority Unitholders as elaborated below.

- i. *Conflict of Interests of (i) ZYC and ZSM as Legal Representative and Director of Special Purpose Vehicles and (ii) Commercial and Property Managers arising from Interested Person Transactions*

Amendments 1 and 2 would effectively mean that the directors of the Special Purpose Vehicles (and, by extension, the Special Purpose Vehicles) would possibly not be subject to the control of DRTM and that a general meeting of Unitholders would have to be convened every time there is an appointment or removal of such directors.

DRT has multiple interested person transactions (“**IPTs**”) with ZYC. For the financial year ended 31 December 2021, excluding the fees payable to DRTM and transactions of less than S\$100,000, the aggregate value of IPTs was approximately S\$24,835,000 (as disclosed on pages 200 and 201 of the Annual Report of DRT for the financial year ended 31 December 2021). As background, ZYC has been the sole director of the Special Purpose Vehicles incorporated in Singapore (the “**Singapore SPVs**”) until June 2024 and ZSM is the legal representative and executive director of the Special Purpose Vehicles (the “**PRC SPVs**”) incorporated in the People’s Republic of China (the “**PRC**”) until the legal representative and executive director of certain of the PRC SPVs have been changed in July 2024. Notwithstanding that certain of the Special Purpose Vehicles engaged in IPTs with the associates of ZYC, ZYC had previously

approved payments made to his associates notwithstanding the conflicts of interests and also other external parties in breach of DRTM's internal payment processes and procedures.

The Majority Directors had passed resolutions to change the composition of the boards of directors of the Singapore SPVs by appointing two additional directors to such boards in June 2024 and had also resolved to appoint Mr. Wang Peng (“**WP**”), the Acting CEO of DRTM, to be legal representative and executive director of the PRC SPVs in place of ZZM. Both ZZC and ZZM have sought to resist the attempts of the Board to change the legal representative and/or director of the Special Purpose Vehicles and these matters have recently culminated in the PRC legal adviser of ZZM issuing letters to WP and a complaint being made by ZZM to the PRC authorities in relation to the changes of legal representative and executive director and bank authorisations of two of the PRC SPVs as announced by DRTM on 18 July 2024, and 4 and 7 August 2024.

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 ZZC amounted to S\$14,322,002, which included S\$6,184,234 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 of DRT respectively. Significant amounts remain owing from associates of ZZC and the Majority Directors are concerned about whether the PRC SPVs and the relevant property and commercial managers of the PRC real estate assets are undertaking any concrete action to collect such receivables. Further, during the time Dasin Merchant Investment defaulted on its obligations to pay rent to DRT, a sub-lessee, Youyuecheng, continued to pay rent to Dasin Merchant Investment as disclosed in the announcement by DRTM dated 7 April 2023.

As announced by DRTM on 24 April 2023, based on litigation searches undertaken by DRTM at around that time, the sponsor of DRT, Zhongshan Dasin Real Estate Co., Ltd. (the “**Sponsor**”), an associate of ZZC, was embroiled in multiple legal proceedings in China, there were multiple equity freezes against the Sponsor and there were also enforcement cases against Dasin Merchant Investments, as well as other facts which indicate that the Sponsor group was under financial stress.

The Majority Directors also note that the current commercial and property managers of the relevant real estate assets of DRT are ZZC's associates and that Amendment 7 also seeks to subject to the appointment and removal of commercial and property managers to the direction of Unitholders. The Majority Directors are of the view that (i) the recovery of the outstanding receivables against ZZC's associates is necessary to safeguard the assets of DRT, (ii) there is a severe conflict of interests in these matters in respect of ZZC and (iii) there is no assurance that he will act in the best interests of the minority Unitholders. As announced by the DRTM on 4 August 2024, the Majority Directors (with Dr. Kong Weipeng and Mr. Lyu Guoliang abstaining) had resolved to change commercial manager in respect of Doumen Metro Mall from ZZC's associate to Sinoocean Commercial Management Co., Ltd. (远洋商业管理有限公司) (“**SOCMCL**”), as associate of Sino-Ocean Group Holding Limited (“**SOGHL**”). ZZC is disputing the change and has issued a cease and desist letter requesting for, among others, the unwinding of the commercial management agreement entered into with SOCMCL.

The Majority Directors further note that, to date, DRTM 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 DRTM had not been provided with the rent-rolls of the retail malls by the PRC SPVs.

Since the third quarter of 2023, the relevant personnel of the PRC SPVs 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 DRTM 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 DRTM 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 PRC SPV prior to the receipt of an enquiry letter from a PRC 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 PRC SPV indicating that this has caused the occupancy rate to fall below the level required by the relevant loan agreement.

Whether a business trust is externally managed or internally managed, the key issue is to protect the interests of the Unitholders as a whole. In this case, the conflicts of interests issues involving ZYC and his associates could adversely affect all other Unitholders.

If the Substantive Amendments are passed, ZYC will be put in a position where he could effectively control the decisions in respect to material matters where he has a severe conflict of interests;

ii. *Conflict of Interests of ZYC because of Legal Proceedings*

The current pending legal proceedings in Singapore courts involving DRTM are:

1. The claim and winding up application against DRTM made by Ms. Wang Qiu, the former Chief Executive Officer of DRTM (who was previously a long time employee of the Sponsor's group of companies in which ZYC has an interest and whose employment with DRTM was terminated with cause) ("**WQ**") (as announced by DRTM on 2, 17 and 26 February 2024 and 5 and 15 March 2024);
2. The claim and winding up application made against DRTM by Mr. Zhang Guiming (the nephew of ZYC) (as announced on 2 and 20 February 2024 and 15 March 2024);
3. The winding up application against DRTM made by ZYC (as announced on 28 May 2024 and 28 June 2024); and
4. The claim made by ZYC against Mr. Tan Huay Lim, in which DRTM is also a defendant (as announced on 27 May 2023).

ZYC is the claimant in two of these proceedings and he has long standing relationships with the other claimants in the other two proceedings. In addition, the Minority Directors have also issued legal letters against the Majority Directors

and WP as announced by DRTM on 3 May 2024, 18 July 2024, and 4 and 7 August 2024.

Amendment 7 would effectively make any appointment of legal advisers by DRTM to defend itself against ZZC and the other claimants or in connection with any legal proceedings to recover outstanding receivables against ZZC's associates subject to ZZC's approval through his and his connected persons' Unitholdings. Further, the requirement to convene an extraordinary general meeting of Unitholders to appoint advisers would impose substantial additional time and expense in the appointment of such advisers and effectively act as an impediment against such appointments;

iii. *Alteration of Corporate Governance Framework under the Business Trusts Act and the Listing Rules*

The business trusts regime in Singapore and the continuing listing requirements of the Listing Rules are premised on the governance of the business trusts primarily through supervision and direction of the boards of directors of the trustee-manager, which are subject to requirements regarding composition of such boards (such as in relation to independence), where the trustee-manager is subject to statutory obligations to act in the best interests of all the unitholders as a whole and to prioritise such interests. Unitholders are not subject to any fiduciary obligations in respect of how they choose to vote their units.

By removing control of the board of directors of the Special Purpose Vehicles from the Trustee-Manager and shifting such control to persons appointed by ZZC through his Unitholding, the governance structure envisaged by the Business Trusts Act 2004 and the Listing Rules (including having the benefit of having the independent directors perform their duty to act in the best interest of the Unitholders as a whole) will effectively be compromised.

As things currently stand, the Majority Directors already face obstructions in managing the operations of the PRC SPVs and have serious concerns over the internal controls of the PRC SPVs. The Substantive Amendments will have the effect of further eroding the ability of the Trustee-Manager to manage the PRC SPVs and impair the ability of the Board to comply with the continuing obligations of DRT;

iv. *Disruption of Restructuring Efforts*

DRT is currently in financial distress and DRTM has been engaging in restructuring discussions with DRT's lenders for well over a year. ZZC has been disruptive of DRTM's attempts to agree to the draft restructuring term sheet with the lenders, including by initiating proceedings against Mr. Tan Huay Lim (as announced by DRTM on 27 May 2023), procuring the issuance of legal letters to all of the other Majority Directors (as announced by DRTM on 3 May 2024).

As announced by DRTM previously, discussions were previously undertaken with a reputable Chinese state-owned entity (the "SOE") in relation to a memorandum of understanding (the "MOU") that, if implemented, could have resulted in significant progress in the restructuring efforts for DRT. On 6 and 28 June 2023, there were meetings with the SOE in relation to the MOU attended by the lenders, members of the Board and the Management. During the meeting on 28 June 2023, the SOE expressed its dissatisfaction at the actions taken by ZZC, which were detrimental to the MOU, and stated that the SOE would not proceed further on the MOU and would cease negotiations on the same (as

announced on 6 July 2023). The trading price of the Units is now significantly lower than the proposed issue price of the Units to the SOE. DRTM is claiming against WQ that, (i) with the investment of the SOE, DRT would have benefited by an increase in capital, which potentially could have amounted to S\$58.28 million, due to the acquisition of new properties that the SOE would have sold to DRT in consideration for acquiring an interest in DRT and/or an injection of capital in DRT and (ii) DRT also lost the opportunity to turn around its finances by completing the refinancing process whereby the SOE would have taken the lead to refinance DRT's loan facilities with a new syndicated loan and potentially bring in other investors. Accordingly, having ZZC control the restructuring efforts through the Substantive Amendments may not be conducive to the achievement of a successful consensual debt restructuring; and

v. *Increased Operating Costs and Time*

DRT is currently in a position of tight cashflow because the onshore lenders of DRT has not allowed cash to be repatriated out of the PRC to DRT and, although New Harvest Investment Limited has been advancing funds for DRTM expenses in Singapore, ZZC has not provided his *pro rata* financial contribution based on his shareholding in DRTM. Requiring DRT to hold general meetings of Unitholders in additional circumstances would (i) further deplete the limited funds available to pay DRT expenses and (ii) drain the time and other resources required to manage matters of DRT.

(c) **Amendment 8:**

The Majority Directors agree with the Requisitionists that the proposed Amendment 8 is in line with the amendment to Section 20(1)(a) of the Business Trusts Act 2004 of Singapore (the "**Business Trusts Act**") taking effect from 12 March 2024. However, the Majority Directors also note that:

- (i) Clause 1.8 of the Trust Deed provides that "[f]or the avoidance of doubt, in the event of a conflict between any provision of [the Trust] Deed and Relevant Laws, Regulations and Guidelines, the Relevant Laws, regulations and Guidelines shall prevail"; and
- (ii) Section 20(1) of the Business Trusts Act provide that it applies "[d]espite any provision in the trust deed of a registered business trust".

Accordingly, regardless of whether Amendment 8 is effected, Section 20(1) of the Business Trusts Act shall apply to the removal of the Trustee-Manager as trustee-manager of the Trust.

(d) **Effect of Conflict of Interests**

The Majority Directors note that:

- (i) Clause 17.2.2 of the Trust Deed provides that DRTM covenants that "a director of [DRTM] shall not vote on any Units held by him in respect of any contract or arrangement or any other proposal whatsoever being proposed for [DRT] in which he has any personal material interest, directly or indirectly"; and
- (ii) Rule 748(5) of the Listing Rules provide that "[t]he custodian, investment manager, any of their connected persons and any director of the investment fund and investment manager, is prohibited from voting their own shares at, or being

part of a quorum for, any meeting to approve any matter in which they have a material interest”.

As the Substantive Amendments would effectively transfer control over the conduct of DRT matters in which ZZC and his associates have a material interest from the Board to ZZC and his connected persons through their Unitholdings or impede the conduct of such matters, the Majority Directors have instructed DRTM's legal adviser to assist with the preparation of an originating application to be filed by the DRTM under Order 32 of the Rules of Court 2021 of Singapore to seek a declaration on whether any Unitholders are required to abstain from voting on the resolutions proposed by the Requisitionists.

The Trustee-Manager will make further announcements through SGXNet if there are any further material developments which require disclosure in compliance with its obligations under the Listing Manual.

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

15 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.