



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 MONITORING OF THE AFFAIRS OF THE TRUST

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 results of recent checks undertaken by the Trustee-Manager with respect to the Sponsor of the Trust, Zhongshan Dasin Real Estate Co., Ltd.¹ (the “**Sponsor**”), and other parties associated with the Trust.

The shareholders of the Sponsor are Mr. Zhang Kaicheng (37.5%), Mr. Zhang Jiucheng (37.5%) and Mr. Zhang Zhongming (25%). Mr. Zhang Kaicheng, Mr. Zhang Jiucheng and Mr. Zhang Zhencheng are brothers (the “Zhang Brothers”). Mr. Zhang Zhongming is the nephew of the Zhang Brothers.

Mr. Zhang Zhenceng is a director of the Trustee-Manager and the largest controlling unitholder of the Trust. Mr. Zhang Zhongming is an alternate director to Mr. Zhang Zhencheng.

The Trustee-Manager has been informed by the Sponsor that Mr. Zhang Zhenceng ceased to hold any shares or position in the Sponsor and its related companies from the date of the initial public offering of the Trust on 20 January 2017.

The Trustee-Manager understands that:

- (a) Pursuant to recent litigation searches undertaken by the Trustee-Manager, from 2020, there have been at least 113 cases involving the Sponsor, of which the Sponsor was the plaintiff in 12 cases, the defendant in 94 cases and was involved in some other capacity in 7 cases. The types of disputes appear to mainly include commercial housing reservation contract disputes, construction project / contract disputes, labor remuneration disputes, sales contract disputes, contract disputes, financial loan contract disputes, decoration contract disputes, advertising contract disputes, service contract disputes. Of the 94 cases in which the Sponsor was the defendant, we only found the amounts in dispute for 49 cases, which total about RMB 1,777,601,061.43.
- (b) There are at least 9 existing equity freezes against the Sponsor’s equity interests in some of its subsidiaries and that the basis for implementing such freezes is mainly loan disputes and construction project contract disputes. The Sponsor previously had another 7 cases of equity freezes which have been lifted.
- (c) Based on the searches conducted by the Trustee-Manager, the equity interests in the Sponsor held by its three shareholders (namely, Zhang Kaicheng, Zhang Jiucheng and Zhang Zhongming) are not frozen. However, Zhang Kaicheng’s and Zhang Jiucheng’s

¹ 中山市大信置业有限公司

shareholding in Zhongshan Dasin Management and Investment Co., Ltd.² (the sole shareholder of Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd.³ (“**Dasin Merchant Investment**”), the master lessee under the terminated master lease agreements with respect to the leased units in Xiaolan Metro Mall and Dasin E-Colour referred to in the announcement dated 7 April 2023) and Zhongshan Dasin Commercial Property Management Co., Ltd.⁴ (the commercial manager of the Group) have been frozen in the course of litigation in China. The aforementioned litigation in China do not include the Trustee-Manager / the Trust.

- (d) Based on preliminary Qichacha checks undertaken by the Trustee-Manager, Zhang Kaicheng is restricted from high consumption due to failure of fulfillment of the legal obligations of his affiliated companies, while there is no restriction from high consumption against Zhang Jiucheng or Zhang Zhongming.
- (e) Based on the online searches, the Sponsor is also listed as “失信被执行人” (List of Defaulted Parties which failed to perform obligations under a judgement) and “限制高消费名单” (list of persons who are restricted from high consumption).
- (f) The checks also showed that two enforcement cases, involving amounts of RMB 208,656,480.00 and RMB 503,717,344.00 respectively, have been commenced against Dasin Merchant Investment in China. The Board is given to understand that these cases were commenced by China Huarong Asset Management Co., Ltd. Guangdong Branch and that Dasin Merchant Investment has not received any court documents.

We wish to add, with respect to the litigation and equity freeze searches referred to above, that we understand information on confidential cases and cases which are still in progress are unavailable to the public. The search database is maintained by the People’s Republic of China (“**PRC**”) Supreme People’s Court (“**SPC**”) and the SPC also depends on the local courts to submit the judgments. Therefore, due to the time lag, it is likely that the SPC’s database may not be fully updated.

The Trustee-Manager has been informed by the Sponsor that, as at the date of this announcement, the Sponsor is not subject to any winding up proceeding and that the shares held by Mr. Zhang Kaicheng, Mr. Zhang Jiucheng and Mr. Zhang Zhongming in the Sponsor are not subject to any freezing orders.

The Trustee-Manager has considered what impact, if any, the aforesaid matters (the “**Salient Matters**”) have on the operations of the Trust. The Trustee-Manager has obtained China law advice that the freezing of equity in a company does not restrict its day-to-day operations though any execution against the equity would likely result in a change in control of the company, which may then indirectly affect the company’s operations.

The Board is of the view that the Salient Matters have not materially affected the day-to-day operations of the Trust. However, in considering the full impact of the Salient Matters, the Board has considered, amongst others, the following matters:

- (a) 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).

² 中山市大信管理投资有限公司

³ 中山市大信新都汇商业投资有限公司

⁴ 中山市大信商用物业管理有限公司

We understand that the aforementioned equity freezes and restriction(s) from high consumption against the Sponsor should not directly impact the indemnities provided by the Sponsor on 26 December 2016 in relation to the Master Lease Agreements for the Xiaolan Metro Mall and Dasin E-Colour.

The Trustee-Manager has sought the Sponsor's comments on, amongst others, whether the litigation and equity freeze searches referred to above are likely to affect the Sponsor's ability to honour its obligations under the indemnities. We have been informed by the Sponsor that the disputes mentioned above do not affect the Sponsor's obligations to the Trust and that, to date, none of the above disputes initiated against the Sponsor will prevent the Sponsor from fulfilling its obligations under the indemnity

- (b) Whether the Salient Matters may indirectly result in negative perceptions of the Trust due to the Trust's close association with the Sponsor, which could have a material adverse effect on the Trust's financial condition and results of operations.

It is difficult to say for certain if the Salient Matters may result in negative perceptions of the Trust due to the Trust's close association with the Sponsor, which could have a material adverse effect on the Trust's financial condition and results of operations. It is possible that the freezing orders and other enforcement action against the Sponsor in China may be interpreted to mean that the Sponsor, and by the Trust's close association with the Sponsor, the Trust as well, are facing financial challenges, whether real or perceived, and may also possibly have impacted how the lenders deal with the Trust and its refinancing efforts. However, there is no clear evidence of this at this juncture.

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

24 April 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.