



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 REGARDING
THE TRUST'S ANNOUNCEMENT DATED 9 AUGUST 2021**

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 12 August 2021 in relation to the announcement made by the Trust on SGXNet dated 9 August 2021 on the Trust’s unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021 (“**1H FY2021**”).

SGX Query

(a) “We refer to the current trade and other receivables amounting to S\$23,694,000.

Please disclose:

- (i) the breakdown of the S\$23,694,000;
- (ii) the nature of the trade and other receivables; and
- (iii) the Board’s assessment of the recoverability of the trade and other receivables.”

Trustee-Manager’s response

- (i) The breakdown of trade and other receivables as at 30 June 2021 (including comparatives for the year ended 31 December 2020 (“**FY2020**”)) is as follows:

| | Group | |
|--|----------------------|----------------------|
| | 1H FY2021 | FY2020 |
| | S\$'000 | S\$'000 |
| <u>Non-current</u> | | |
| Other receivable | 467 | - |
| <u>Current</u> | | |
| Trade receivables ⁽¹⁾ - third parties | 5,736 | 4,257 |
| Impairment loss allowance | (1,643) | (967) |
| | <u>4,093</u> | <u>3,290</u> |
| Trade receivables ⁽¹⁾ - related parties | 6,312 | 633 |
| Impairment loss allowance | (2,050) | (5) |
| | <u>4,262</u> | <u>628</u> |
| Trade receivables (net) | 8,355 | 3,918 |
| Other receivables ⁽²⁾ | 14,078 | 15,514 |
| Impairment loss allowance | - | (2) |
| | <u>14,078</u> | <u>15,512</u> |
| Interest receivables | 71 | 162 |
| Amount due from related parties (non-trade) | 44 | 44 |
| Trade and other receivables | <u>22,548</u> | <u>19,636</u> |
| Contract costs | 146 | 156 |
| Prepayments | 311 | 512 |
| Payment in advance to a vendor | 689 | - |
| | <u>23,694</u> | <u>20,304</u> |

Notes

(1) The trade receivables are mainly from tenants that have good credit records with the Trust and its subsidiaries (collectively, the "Group").

Concentration of credit risk is limited as the Group has many varied tenants and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties.

The Group recognised impairment loss allowance for expected credit losses (ECLs) amounting to S\$3.693 million as at 30 June 2021 (31 December 2020: S\$0.972 million) in accordance with IFRS 9 *Financial Instruments*. In recognising the impairment loss allowance, the Group uses historical credit loss experience and adjust for current conditions and forward-looking factors specific to the debtors and the economic environment, so as to determine the overall allowance for ECL.

(2) Included in other receivables was a recoverable net input value-added tax ("VAT") of approximately S\$13.014 million (31 December 2020: S\$15.021 million).

- (ii) Please refer to (i) above. In addition, the Group's non-current other receivables of S\$0.467 million (31 December 2020: Nil) relate to a finance lease receivable from a tenant for a period of ten-year.
- (iii) The Board has assessed the recoverability of the non-current other receivable and current trade and other receivables under IFRS 9 and is of the opinion that the impairment loss allowance for ECLs in accordance with IFRS 9 *Financial Instruments* has been adequately provided for as at 30 June 2021.

SGX Query

- (b) "Please provide the reason(s) for the significant trade and other payables of S\$33,551,000 when the Group recorded a cash and cash equivalent of S\$123,980,000 as at 30 June 2021."

Trustee-Manager's response

For easy reference, the breakdown of trade and other payables as at 30 June 2021 (and its comparatives) is as follows:

| | Group | |
|--|------------------|----------------|
| | 1H FY2021 | FY2020 |
| | S\$'000 | S\$'000 |
| <u>Non-current</u> | | |
| Trade payables | 1,035 | 7,070 |
| Lease liabilities | 591 | 120 |
| | 1,626 | 7,190 |
| <u>Current</u> | | |
| Trade payables - third parties | 12,548 | 8,849 |
| Trade payables - related parties | 1,963 | 3,000 |
| | 14,511 | 11,849 |
| Accrued operating expenses | 1,394 | 2,000 |
| Amounts due to related parties (non-trade) | 5,079 | 2,591 |
| Amount due to unitholders | 343 | 343 |
| Interest payables | 2,780 | 3,620 |
| Other payables ⁽¹⁾ | 7,706 | 8,042 |
| | 31,813 | 28,445 |
| Receipt in advance from tenants | 1,214 | 1,751 |
| Other taxes | 524 | 926 |
| | 33,551 | 31,122 |

Notes

- (1) Included in other payables was a construction cost payable to a third party of approximately S\$5.863 million (31 December 2020: S\$7.045 million) which is unsecured, interest bearing with fixed interest rate of 4.35% (31 December 2020: 4.35%) per annum and repayable within the next 12 months.
- (2) Trade and other payables as at 30 June 2021 are not due for payment and will be settled in accordance with relevant commercial terms varying from within 30 days to over 90 days from 30 June 2021. Accrued interest payables are settled on the interest payment due date.

SGX Query

- (c) "Given the Group's significant current liabilities of S\$557,197,000 and cash and bank balance of only S\$123,980,000 for 1HFY2021, please disclose the Trustee-Manager's assessment (i) whether the Group's current assets are adequate to meet the Group's short term liabilities of \$557,197,000, including its bases of assessment; and (ii) how the Trust intends to fulfil its significant payment obligations in the next 12 months. Where the Trust has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Trust is on track to fulfilling these obligations."

Trustee-Manager's response

- (i) The current liabilities as at 30 June 2021 were mainly due to re-classification of (i) S\$242,000,000 and USD134,286,000 (S\$180,655,000) offshore syndicated term loan equivalent to S\$422,655,000 in aggregate of the Group, and (ii) RMB375,152,000 (S\$78,143,000) onshore syndicated term loan of the Group, which are due and payable on 19 December 2021.

In considering the payment obligations in the next 12 months, the Trustee-Manager has considered the following:

- (ii) The Group's business fundamentals are reasonably sound throughout the COVID-19 pandemic;
- (iii) As disclosed on page 12 of the unaudited condensed interim consolidated financial statements for the six months period ended 30 June 2021, the Group has sufficient cash and cash equivalents and expects that adequate cashflow will be generated from its operations to meet working capital needs.

The Group generated net cash S\$21.697 million from its operating activities for the six months period ended 30 June 2021;

- (iv) The controlling unitholders of the Trust remain supportive to the Trust and the Group;
- (v) The Group had on 19 July 2021 announced that Mr. Zhang Zhencheng, the Chairman and controlling shareholder of the Trustee-Manager entered into a sale and purchase agreement (the "**SPA**") with New Harvest Investment Limited, an affiliate of Sino-Ocean Capital which is a top domestic real estate fund management company, and an outstanding alternative asset management company in China. Sino-Ocean Capital currently holds approximately 6.36% of the total issued units in the Trust via its affiliate Glory Class Ventures Limited.

Under the terms of the SPA, New Harvest will acquire 70.0% of the total issued and paid up share capital (the "**Sale Shares**") in the Trustee-Manager from Mr. Zhang Zhencheng. Completion of the transfer of Sale Shares is subject to conditions which include, among others, the procurement of all necessary consents, approvals and authorisations as well as the performance and/or compliance with certain undertakings, covenants and agreements. It is currently expected that the transfer of the Sale Shares will be completed in August 2021.

Simultaneous with the transfer of the Sale Shares, Aqua Wealth Holdings Limited ("**Aqua Wealth**"), a controlling unitholder of the Trust, has granted a call option to New Harvest (or any of its designated affiliates) for a period of one (1) year after the completion of the sale of the Sale Shares (the "**Option**") over units in the Trust (the "**Units**") which, in aggregate, shall not exceed the lower of (a) the total Units owned by Aqua Wealth; and (b) 26.0% of the total Units, in each case as of the date when the Option is exercised;

- (vi) The Group met the stipulated financial covenants during the period and up to the date of this announcement;
- (vii) The Group receives continued financial support from the lenders; and

(viii) The Trustee-Manager is in active negotiations with the lenders and the Board believes that the refinancing of the term loans as mentioned in (i) above is achievable within the stipulated timeframes based on the indicative terms discussed with the lenders.

The Board is continuously monitoring the Group's operations and receives reports from management in relation to the Group's performance and financial status, and nothing material has come to the Board's attention that warrants further disclosure to unitholders. In the event of any material developments, the Trustee-Manager will release further announcements as necessary on the matter.

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 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)

Wang Qiu

Chief Executive Officer

16 August 2021

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.