



(a real estate investment trust constituted on 5 August 2015  
under the laws of the Republic of Singapore)

## ANNOUNCEMENT

### UPDATE ON THE PROPOSED DIVESTMENT AND THE FINANCING OBLIGATIONS OF EC WORLD REIT

EC World Asset Management Pte. Ltd., in its capacity as manager of EC World Real Estate Investment Trust (“**EC World REIT**”, and as manager of EC World REIT, the “**Manager**”), refers to:

- (a) the announcement dated 3 October 2022 (the “**Divestment Announcement**”) in relation to the proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the “**Proposed Divestment**”);
- (b) the update announcement dated 20 November 2022 in relation to the Proposed Divestment;
- (c) the update announcements dated 22 November 2022 and 23 November 2022 both of which were in relation to the financing obligations of EC World REIT;
- (d) the circular to unitholders of EC World REIT (“**Unitholders**”) dated 24 November 2022 in relation to the Proposed Divestment (the “**Circular**”); and
- (e) the update announcement dated 26 December 2022 in relation to the financing obligations of EC World REIT (the “**Update Announcement**”).

*Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Circular.*

The Manager wishes to make the following clarifications in response to the following queries from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

**1. Given the Group's total liabilities of S\$1,058,036,000 and cash and cash equivalents of only S\$104,254,000, please disclose the Board's assessment on:-**

**(i) Whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$810,000,000, including its bases of assessment;**

As at 30 September 2022:<sup>1</sup>

- the aggregated borrowings of the ECW Group amount to S\$669,029,325, of which S\$659,162,630 is the current portion of the existing borrowings of the ECW Group (the "**Current Borrowings**");
- the Current Borrowings amount of S\$659,162,630 has been included in the current liabilities of the ECW Group of S\$809,999,823;
- the current assets of the ECW Group amount to S\$593,862,432;
- accordingly, the ECW Group is in a net current liabilities position of S\$216,137,391; and
- within the Current Borrowings, S\$561,262,630 represents current portion of the Existing Onshore Bank Loans and Existing Offshore Bank Loans (collectively, the "**Existing Bank Loans**", and the current portion of the Existing Bank Loans, the "**Current Existing Bank Loans**").

Notwithstanding this, the financial statements for the nine-months period ended 30 September 2022 ("**3Q FY2022**") were prepared on a going concern basis, as the Manager is in the process of divestment of two of the ECW Group's assets to repay at least 25% of the Existing Bank Loans (the "**Mandatory Repayment**"), and is also working with lead banks on the term sheets to refinance the remaining 75% of the Existing Bank Loans (the "**April 2023 Outstanding Loans**"). At this juncture, the Manager expects that the Existing Bank Loans will be repaid and/or refinanced before they become due for repayment.

Based on the expectation that the Current Existing Bank Loans of S\$561,262,630 will be repaid and/or refinanced by 30 April 2023 and will thereby be adjusted from the current liabilities, it is estimated that the ECW Group will be in the net current assets position of S\$141,824,499 immediately after (1) Completion of the Proposed Divestment; (2) payment of the Relevant Mandatory Prepayment Amount<sup>2</sup> to the Lenders; and (3) completion of the refinancing of the April 2023 Outstanding Loans, taking into account the ECW Group's 3Q FY2022 financial information announced on 9 November 2022, the Equity Consideration and the Relevant Transaction Costs disclosed in the Circular. Based on all of above, the Manager has assessed that the ECW Group's current assets are adequate to meet its short term liabilities.

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<sup>1</sup> The following loan figures exclude unamortised upfront fees.

<sup>2</sup> The Relevant Mandatory Prepayment Amount is the amount to be repaid to the lenders under the Existing Bank Loans in the event of Completion of the Proposed Divestment. "**Relevant Mandatory Prepayment Amount**" means, in respect of the Transaction, the higher of: (i) an amount which is 25.0% of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group; and (ii) an amount equal to the Relevant Percentage (as defined herein) of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group. "**Relevant Percentage**" means, in respect of the Transaction, the percentage of the market value of the total consolidated assets of the Target Companies sold, transferred or disposed of pursuant to the Transaction as it bears to the market value of the total consolidated assets of the ECW Group immediately prior to the Completion, as calculated by the facility agent (acting on the instructions of the lenders of the ECW Group).

**(ii) How the Company intends to fulfil its significant payment obligations which will be due for repayment by 31 December 2022 and 30 April 2023. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations;**

***Mandatory Repayment obligations due by 31 December 2022***

As disclosed in the Update Announcement, due to the latest COVID-19 situation in the PRC which has caused delay to the process of Completion of the Proposed Divestment, EC World REIT is in discussions with the Lenders on a debt repayment plan in relation to the Mandatory Repayment (the “**Repayment Plan**”). It is intended that under the Repayment Plan, the Sponsor will provide funding to enable ECW to pay the Lenders a portion of the Mandatory Repayment by 31 December 2022, with the payment for the remaining Mandatory Repayment to be deferred to a date falling within the first quarter of 2023. The Lenders are in the process of obtaining the relevant internal approval for the Repayment Plan. The Manager expects there to be an outcome by 31 December 2022 and will update the Unitholders with the details relating to the Repayment Plan in due course. As mentioned in the Update Announcement, notwithstanding the above, in the event that the Manager and the Lenders are unable to agree on a debt repayment plan by 31 December 2022, EC World REIT would be in breach of its Mandatory Repayment obligations, triggering an event of default under the Existing Offshore Bank Loans and Existing Onshore Bank Loans.

EC World REIT intends to fund the Mandatory Repayment amount using the Equity Consideration to be paid by the Purchasers on or before Completion. As the Purchasers have informed the Manager that they do not expect to be able to complete the Proposed Divestment by 31 December 2022, the Parties currently expect Completion to take place by 31 January 2023 (or such other date as may be agreed among the Parties) instead.

***April 2023 Outstanding Loans due by 30 April 2023***

With respect to the April 2023 Outstanding Loans, the Manager is in discussions with the existing lenders of EC World REIT in relation to the term sheets for the refinancing of the loans. The Circular stated that the negotiation of the abovementioned term sheets was expected to be completed by 31 December 2022, but the Manager no longer expects this to be the case given that discussions with the Lenders are currently focused on the Repayment Plan in relation to the Mandatory Repayment although the Lenders are concurrently progressing the abovementioned term sheets. The Manager will update the Unitholders when there is material development in this respect. In any event, the refinancing of the April 2023 Outstanding Loans is expected to be completed by 30 April 2023.

**(iii) As disclosed on page 8 of the 3Q FY2022 financial statements, nine of the Group’s subsidiaries have given an unconditional and irrevocable guarantee for the onshore loans. To disclose whether these subsidiaries will be able to fulfil their obligations if the Company’s disposal of STAGE 1 PROPERTIES OF BEI GANG LOGISTICS AND CHONGXIAN PORT LOGISTICS is unable to complete; and**

As disclosed on page 8 of the 3Q FY2022 financial statements announced by EC World REIT on 9 November 2022, the Existing Onshore Bank Loans are secured by way of, among others, an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the “**Onshore Guarantors**” refer to certain subsidiaries of the ECW Group, namely Hangzhou, Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd, Zhejiang Fuzhou

E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd..

Please refer to the response to Question 1(ii) above on the status of the Repayment Plan in relation to the Mandatory Repayment. In the event the Proposed Divestment cannot be completed, the ECW Group (including the Onshore Guarantors) will not be able to fulfil its obligations in relation to the Mandatory Repayment.

**(iv) To provide an update on the Disposal of the STAGE 1 PROPERTIES OF BEI GANG LOGISTICS AND CHONGXIAN PORT LOGISTICS and the timeline for completion. To also provide details whether the delay has caused or will cause the Company to be in breach of their repayment obligations with the lenders.**

As mentioned above, the Parties currently expect Completion to take place by 31 January 2023 (or such other date as may be agreed among the Parties), instead of by 31 December 2022. Please refer to the response to Question 1(ii) above on the status of the Repayment Plan in relation to the Mandatory Repayment.

**2. As at 30 September 2022, the Group has total liabilities of S\$1,058,036,000 with cash and cash equivalents of S\$104,254,000. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong:**

**(i) In relation to the Company's ability to operate as a going concern.**

Please refer to the response to Question 1(i). As the Manager is in the process of divestment of two of the ECW Group's assets to make the Mandatory Repayment and is also working with lead banks on the term sheets to refinance the April 2023 Outstanding Loans, at this juncture, the Manager expects that the Existing Bank Loans will be repaid and/or refinanced before they become due for repayment. Based on the foregoing, the Manager believes that ECW will be able to operate as a going concern.

**(ii) In relation to the Company's ability to meet its debt covenants (if any).**

The ECW Group has ensured compliance with all the debt covenants in its facility agreements since ECW's IPO to 30 September 2022, being the last day of the last completed financial quarter<sup>3</sup>.

The Manager expects ECW to be able to meet its debt covenants for the foreseeable future. Further, as disclosed in the announcement dated 9 December 2022 containing the Manager's responses to substantial and relevant questions received in advance of ECW's 2022 EGM, the Manager expects the gearing pre-Completion and post-Completion to remain stable.

**(iii) In relation to the Company's ability to meet its short-term obligations when they fall due.**

Please refer to the responses to Questions 1(i) and 2(i), where it is stated that at this juncture, the Manager expects that the Existing Bank Loans will be repaid and/or refinanced before they become due for repayment.

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<sup>3</sup> The debt covenants of the ECW Group under its facility agreements are tested on a quarterly basis on the last day of each financial quarter of ECW in accordance with the facility agreements.

**(iv) To provide the confirmation of the Board of the REIT Manager that all material disclosures have been provided for trading of the Company's shares to continue.**

The Board of the Manager confirms that all material disclosures have been provided for trading of EC World REIT's Units to continue.

The 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. Unitholders and investors are advised to refrain from taking any action in respect of Units which may be prejudicial to their interests, and to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

For and on behalf of the Board

**EC WORLD ASSET MANAGEMENT PTE. LTD.**  
(as manager of EC World Real Estate Investment Trust)  
(Company Registration No. 201523015N)

**Goh Toh Sim**  
Executive Director and Chief Executive Officer  
29 December 2022

## **Important Notice**

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee or any of their affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders 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.

Unitholders and potential investors are advised to exercise caution when dealing in Units. Unitholders and potential investors are advised to read this announcement and any further announcements to be released by EC World REIT carefully. Unitholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

The past performance of EC World REIT is not necessarily indicative of the future performance of EC World REIT.

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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.