



(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 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**”);
- (e) the update announcement dated 26 December 2022 in relation to the financing obligations of EC World REIT (the “**26 December 2022 Announcement**”); and
- (f) the update announcement dated 29 December 2022 in relation to the Proposed Divestment and the financing obligations of EC World REIT (the “**29 December 2022 Announcement**”).

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

#### **Proposed Divestment**

As stated in the 29 December 2022 Announcement, EC World REIT intends to fund the Mandatory Repayment amount using the Equity Consideration to be paid by the Purchasers on or before Completion. The Manager wishes to update that Completion of the Proposed Divestment has not yet taken place, and the Parties currently expect Completion to take place by 31 January 2023 (or such other date as may be agreed among the Parties).

#### **Repayment Plan relating to the Extension of the Mandatory Repayment Deadline**

The Manager refers to the following statements from the 26 December 2022 Announcement:

*“The Manager wishes to update Unitholders that 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.*

*Notwithstanding the above, the Manager would like to caution Unitholders that 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.”*

The Manager wishes to update Unitholders that further to its discussions with the Lenders concerning the Repayment Plan, subject to the Lenders obtaining their respective internal approvals, the Lenders will extend the Mandatory Repayment deadline from 31 December 2022 to 28 February 2023 conditional on, among others, the following:

- (a) that by 31 December 2022, Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”), shall place a margin deposit of RMB 200,000,000 in an escrow account of the onshore facility agent under the Existing Onshore Bank Loans. The margin deposit of RMB 200,000,000 has been duly paid by the Sponsor into the escrow account on 30 December 2022<sup>1</sup>; and
- (b) that by 6 January 2023, the Sponsor shall pay S\$4,400,000 (approximately RMB22,762,545<sup>2</sup>) to the Lenders as partial repayment of the Existing Offshore Bank Loans. The S\$4,400,000 payment will be funded by the distributions made to Forchn Global Pte. Ltd. (in its capacity as unitholder of EC World REIT) by EC World REIT in respect of the financial period from 1 July 2022 to 30 September 2022,

(collectively the “**Sponsor Payments**”).

The Parties to the Equity Purchase Agreement have agreed that the Sponsor Payments (amounting to an aggregate of approximately RMB222,762,545) will constitute prepayment in part by the Purchasers to the Vendor (being a wholly-owned subsidiary of EC World REIT) of the Equity Consideration<sup>3</sup> pursuant to the Equity Purchase Agreement. The balance of the Equity Consideration (amounting to approximately RMB1,147,237,455) will be payable to the Vendor by Completion.

In view of the above Repayment Plan, out of the total Mandatory Repayment amount (expected to amount to approximately S\$142,564,848 as stated in the Circular), S\$4,400,000 will be repaid by 6 January 2023 and the outstanding amount of S\$138,164,848 will be due on 28 February 2023.

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<sup>1</sup> The deposit of RMB 200,000,000 will be held in escrow for the partial repayment of the Existing Offshore Bank Loans and the Existing Onshore Bank Loans (collectively, the “**Existing Bank Loans**”) till the date of completion of the Mandatory Repayment (which will be no later than 28 February 2023 as mentioned above).

<sup>2</sup> Estimated based on the exchange rate RMB1.00 = S\$0.1933 on 30 December 2022. The actual RMB figure will be based on the exchange rate prevailing on the date when the Sponsor Payment of S\$4,400,000 is made.

<sup>3</sup> As disclosed in the Circular, the Equity Consideration is RMB1,370,000,000.

The Manager wishes to update that at this juncture, the majority of the Lenders under the Existing Offshore Bank Loans and the majority of the Lenders under the Existing Onshore Bank Loans (i) have obtained their respective internal approvals for the Repayment Plan; and (ii) indicated that they do not currently intend to call for an event of default under the Existing Bank Loans. The remaining Lenders (the “**Remaining Lenders**”) are in the process of obtaining their internal approvals for the Repayment Plan and the Manager will provide an update to Unitholders when there is material development in this respect.

The Mandatory Repayment has not been made by the deadline of 31 December 2022 stipulated in the Existing Bank Loans. However, the Manager has been advised by the facility agents under the Existing Bank Loans that although the Remaining Lenders are still in the process of obtaining internal approvals for the Repayment Plan, there has been no indication from the Remaining Lenders that they would call for an event of default under the Existing Bank Loans.

### **SBLC Loans**

Other than the Existing Bank Loans, the remaining loan facilities of the ECW Group are the revolving loans (the “**Existing SBLC Loans**”) from banks (the “**SBLC Lenders**”) which are also part of the group of Lenders under the Existing Bank Loans. The Existing SBLC Loans are backed by standby letters of credit (“**SBLCs**”) issued by the ECW Group’s existing onshore lenders in the People’s Republic of China (the “**PRC**”). The ECW Group has drawn down a total of S\$89.5 million worth of the Existing SBLC Loans. While the agreements relating to the Existing SBLC Loans do not contain cross-default provisions or cross-acceleration provisions, they state that the Existing SBLC Loans are repayable on demand by the relevant SBLC Lender at any time.

The Existing SBLC Lenders have indicated that they currently do not intend to call for the repayment of the Existing SBLC Loans at this juncture. In any case, the Manager would like to highlight that the Existing SBLC Loans are backed by the SBLCs and the SBLCs are fully secured by cash deposited by certain onshore entities of the ECW Group with the respective SBLC-issuing banks, which are the PRC branches of the respective SBLC Lenders. The cash is sufficient to cover the amount of the Existing SBLC Loans outstanding should the SBLC Lenders decide to call for repayment of the Existing SBLC Loans.

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

31 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.