



(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**”);
- (e) the update announcements dated 26 December 2022 and 29 December 2022 both of which were in relation to the Proposed Divestment and the financing obligations of EC World REIT; and
- (f) the update announcement dated 31 December 2022 in relation to the financing obligations of EC World REIT (including the Repayment Plan) (the “**31 December 2022 Announcement**”).

Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Circular and the 31 December 2022 Announcement.

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

1. Please provide the Board's assessment as to whether (i) the Reit is able to operate as a going concern; (ii) whether trading should be suspended pursuant to Listing Rule 1303(3) and the bases for the Board's assessments for each of (i) and (ii).

Assessment (i)

The Board has assessed that EC World REIT is able to operate as a going concern on the basis of the following:

- (a) as at the time of this announcement, (1) more than 83% (calculated based on the principal amount outstanding under the Existing Bank Loans¹) of the Lenders have obtained their respective internal approvals for the Repayment Plan²; and (2) the remaining Lenders (the "**Remaining Lenders**") are in the process of obtaining their internal approvals for the Repayment Plan and the Manager has been advised by the facility agents under the Existing Bank Loans that the Remaining Lenders have no internal directive to call for an event of default under the Existing Bank Loans at this juncture;
- (b) the Manager is in the process of divesting Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the "**Proposed Divestment**"), the proceeds of which will be sufficient to make the Mandatory Repayment;
- (c) the Manager is working with lead banks on the term sheets to refinance the April 2023 Outstanding Loans;
- (d) in view of the above, at this juncture, the Manager expects that the Existing Bank Loans will be repaid and/or refinanced before any event of default is called by the Lenders;
- (e) based on the expectation that the Existing Bank Loans will be repaid and/or refinanced by 30 April 2023, it is estimated that the ECW Group will be in a net current assets position of S\$141,824,499 immediately after (1) Completion of the Proposed Divestment; (2) payment of the Mandatory Repayment by 28 February 2023; and (3) completion of the refinancing of the remaining sum under the Existing Bank Loans, taking into account the ECW Group's 3Q FY2022 financial information announced on 9 November 2022, the Equity Consideration under the Proposed Divestment and the Relevant Transaction Costs as disclosed in the Circular; and
- (f) the operation of the ECW Group continues to be stable and profitable.

Assessment (ii)

The Board has also assessed that trading of units in EC World REIT should not be suspended pursuant to Listing Rule 1303(3) on the basis of the following:

- (a) EC World REIT is able to continue operating as a going concern (see assessment (i) above); and
- (b) EC World REIT is able to reasonably assess its financial position and inform the market accordingly, on the basis that:

¹ "**Existing Bank Loans**" means the Existing Offshore Bank Loans and the Existing Onshore Bank Loans.

² The 83% figure represents an increase from approximately 70% (calculated based on the principal amount outstanding under the Existing Bank Loans) as of 30 December 2022.

- (1) EC World REIT continues to be able to prepare the consolidated financial statements of the ECW Group and the Statement of Financial Position and Statement of Movements in Unitholders' Funds of EC World REIT in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants ("RAP 7") and present fairly, in all material respects, the consolidated financial position of the ECW Group, the financial position of EC World REIT, the consolidated portfolio holdings of the ECW Group, the consolidated financial performance of the ECW Group, the consolidated amount distributable of the ECW Group, the consolidated movements of Unitholders' funds of the ECW Group and the movement in Unitholders' funds of EC World REIT, and the consolidated cash flows of the ECW Group in a timely manner;
- (2) the Manager is able to reasonably estimate the change in financial position of the ECW Group for the next 12 months, based on the current progress and expected status of the Proposed Divestment, the Mandatory Repayment and the refinancing of the April 2023 Outstanding Loans;
- (3) 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, as stated in, among others, this announcement and the 31 December 2022 Announcement; and
- (4) the Board confirms that all material disclosures have been provided for trading of EC World REIT's Units to continue.

2. Did the remaining lenders provide an indication on the timeline on the internal approvals for the Repayment Plan?

The Manager has not received any indication from the Remaining Lenders on when their internal approvals for the Repayment Plan will be obtained. As mentioned in the response to Question 1 above, as at the time of this announcement, more than 83% (calculated based on the principal amount outstanding under the Existing Bank Loans) of the Lenders have obtained their respective internal approvals for the Repayment Plan. The delay in obtaining the respective approvals of the Lenders is due to the ongoing COVID-19 situation in the People's Republic of China and the year-end holiday period. The Manager expects that the Remaining Lenders should be able to advise on the outcome of their internal approval process by mid-January 2023.

3. Please provide an update on the status of the Proposed Divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics

As stated in the 31 December 2022 Announcement, Completion of the Proposed Divestment has not yet taken place, and the Parties currently expect and are actively working towards having Completion take place by 31 January 2023 (or such other date as may be agreed among the Parties).

4. Please advise how EC World REIT will be meeting the obligations under the Mandatory Repayment in the event of the deadline being extended to 28 February 2023?

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 stated in the 31 December 2022 Announcement. The Manager would like to mention that as stated in the Circular, under the Equity

Purchase Agreement, Forchn Holdings Group Co., Ltd., being the sponsor of EC World REIT (the “**Sponsor**”), has agreed to unconditionally and irrevocably guarantee the due and punctual performance and observance by the Purchasers of all of the commitments, undertaking, warranties and indemnities of the Purchaser under the Equity Purchase Agreement. The Sponsor's guarantee therefore also covers the Purchasers' obligation to pay the Equity Consideration upon Completion of the Proposed Divestment.

Subject to the Remaining Lenders obtaining their respective internal approvals, the Mandatory Repayment will be repaid in accordance with the following Repayment Plan (which was set out in the 31 December 2022 Announcement):

- (a) on 30 December 2022, the Sponsor placed 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, which will eventually be used for the settlement of the Mandatory Repayment, will be held in escrow till the date of completion of the Mandatory Repayment (which will be no later than 28 February 2023)³;
- (b) that by 6 January 2023, the Sponsor shall pay S\$4,400,000 (approximately RMB22,762,545⁴) to the Lenders as partial repayment of the Existing Offshore Bank Loans³. 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; and
- (c) the remaining Mandatory Repayment amount will be repaid by 28 February 2023.

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.

³ The Parties to the Equity Purchase Agreement have agreed that the Sponsor's payments referred to in paragraphs 4(a) and (b) of this announcement (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 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.

⁴ 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 payment of S\$4,400,000 is made.

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
3 January 2023

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.