



(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:

- (i) 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**”);
- (ii) the update announcement dated 20 November 2022 in relation to the Proposed Divestment;
- (iii) the circular to unitholders of EC World REIT (“**Unitholders**”) dated 24 November 2022 in relation to the Proposed Divestment (the “**Circular**”);
- (iv) the update announcements dated 29 December 2022, 31 December 2022, 3 January 2023 and 17 January 2023 all of which were in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (v) the update announcement dated 30 January 2023 in relation to the Proposed Divestment;
- (vi) the update announcement dated 12 February 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (vii) the update announcement dated 23 February 2023 in relation to, among others, the Mandatory Repayment;
- (viii) the condensed interim financial statements of the ECW Group for the six months and twelve months ended 31 December 2022 announced on 23 February 2023 (“**ECW Group’s Condensed Interim Financial Statements**”);
- (ix) the update announcements dated 28 February 2023 and 2 March 2023 which were in relation to the Proposed Divestment and the financing obligations of EC World REIT; and
- (x) the update announcement dated 7 March 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT (the “**7 March 2023 Announcement**”).

*Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Circular and the 7 March 2023 Announcement.*

The Manager wishes to make the following clarifications in response to the following queries from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to ECW Group’s Condensed Interim Financial Statements.

**1. Given the Group’s liabilities of \$1,059,784,000 and cash and bank balance of only \$113,330,000, please disclose the Board’s assessment on whether the REIT’s current assets are adequate to meet its short-term liabilities of \$818,475,000, including its bases of assessment.**

The Board has assessed that the ECW Group’s current assets are adequate to meet its short-term liabilities on the basis of the following:

- (a) as at the time of this announcement, approximately 64% of the Lenders under the Existing Onshore Bank Loans (calculated based on the principal amount outstanding under the Existing Onshore Bank Loans) and 82% of the Lenders under the Existing Offshore Bank Loans (calculated based on the principal amount outstanding under the Existing Offshore Bank Loans) have obtained their relevant internal approvals and confirmed that they are agreeable to the New Repayment Plan. The remaining Lenders are in the process of obtaining their internal approvals for the New Repayment Plan and EC World REIT has not received any indication from the Lenders that they intend to accelerate the Existing Offshore Bank Loans or the Existing Onshore Bank Loans at this juncture. The Manager expects that the Lenders should be able to advise on the outcome of their internal approval process by mid-March 2023. The Manager will provide an update to Unitholders when there is material development in this respect;
- (b) the ECW Group is in the process of completing the Proposed Divestment, the proceeds of which will be sufficient to meet the Mandatory Repayment. The Manager understands from Forchn Holdings Group Co., Ltd., being the sponsor of EC World REIT (the “**Sponsor**”), that the Sponsor has been in active discussions with banks, financial institutions, funds and other investors in relation to the securing of the Purchasers’ financing for the Proposed Divestment. The Long-stop Date of the Proposed Divestment is currently set at (i) the earlier of (A) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the New Repayment Plan (if any) and (B) 30 April 2023; or (ii) such other later date as may be determined by the Vendor;
- (c) the term sheets to refinance the April 2023 Outstanding Loans<sup>1</sup> have been finalised with the lead lenders and are subject to the confirmation of the Lenders pending their internal review and approval process. The Board of the Manager has also approved the term sheets to refinance the April 2023 Outstanding Loans;
- (d) in view of the above, at this juncture, the Manager expects that (i) the Mandatory Repayment will be repaid and/or refinanced before any exercise by the Lenders of their rights to accelerate the Existing Offshore Bank Loans or the Existing Onshore Bank Loans; and (ii) the April 2023

---

<sup>1</sup> “**April 2023 Outstanding Loans**” means the balance of the Existing Onshore Bank Loans and the Existing Offshore Bank Loans (after settling the Mandatory Repayment amount or the Relevant Mandatory Prepayment Amount (as the case may be)) which will be maturing on 30 April 2023.

Outstanding Loans will be refinanced by 30 April 2023 (being the prevailing date of maturity of the April 2023 Outstanding Loans);

- (e) based on the expectation that the New Repayment Plan will be approved by the Lenders and that the Mandatory Repayment will be fully repaid and the April 2023 Outstanding Loans will be refinanced by 30 April 2023, it is estimated that the ECW Group will be in a net current assets position of S\$180,071,000 immediately after (1) Completion of the Proposed Divestment; (2) settlement of the Mandatory Repayment pursuant to the New Repayment Plan; and (3) completion of the refinancing of the remaining sum under the Existing Bank Loans, taking into account ECW Group's Condensed Interim Financial Statements for the six months and twelve months ended 31 December 2022, the Equity Consideration under the Proposed Divestment and the Relevant Transaction Costs as disclosed in the Circular; and
- (f) while the COVID-19 situation has affected businesses in the PRC generally, the revenue and net property income from EC World REIT's properties remain strong with some organic growth in RMB terms during 2022 compared against 2021, which shows that the operation of the ECW Group continues to be stable and profitable.

**2. As at 31 December 2022, the Group has total liabilities of \$1,059,784,000 with cash and bank balance of \$113,330,000. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.**

**(i) Please assess the REIT's ability to meet its debt covenants (if any); and**

**(ii) Please assess the REIT's ability to meet its short-term obligations when they fall due.**

The Manager is taking the following pro-active actions to ensure that the ECW Group's financial position remains strong:

- (a) as stated in the Manager's response to Question 1 at sub-paragraph (c) above, the term sheets to refinance the April 2023 Outstanding Loans have been finalised with the lead lenders and are subject to the confirmation of the Lenders pending their internal review and approval process. The Board of the Manager has also approved the term sheets to refinance the April 2023 Outstanding Loans; and
- (b) the Manager is actively working together with the Purchasers and the Sponsor to complete the Proposed Divestment. The proceeds from the Proposed Divestment will be used for, among others, the repayment of a portion of the Existing Bank Loans (including the repayment in full of the outstanding Mandatory Repayment amount) and also the partial repayment of the Relevant Offshore Revolving Credit Facilities. This will in turn reduce the overall debt exposure of the ECW Group.

Taking into account the Manager's responses as set out in Question 1 above as well as the pro-active actions to ensure that the ECW Group's financial position remains strong as set out in Question 2 above, assuming that the New Repayment Plan is approved by the Lenders, the Manager expects EC World REIT to be (i) able to meet its debt covenants (including its financial covenants) for the foreseeable future<sup>2</sup>; and (ii) able to meet its short-term obligations when they fall due.

---

<sup>2</sup> The financial 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.

**3. It is noted at page 15 of the unaudited financial statements that, “As at 31 December 2022, the current liabilities of the Group and ECW exceeded the current assets by S\$228,571,000 and S\$130,987,000 respectively. The Group have borrowings of S\$586,255,000 which are due for repayment within the next 12 months from the reporting date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and ECW to operate as going concerns. Notwithstanding the above, the condensed interim financial statements are prepared on a going concern basis, as the Manager is in the process of working with lead banks to refinancing the borrowings, and expect that refinancing of these borrowings will be completed before these borrowings become due for repayment.” Please disclose the progress of refinancing and the bases of the Board’s assessment that the borrowings will be completed before these borrowings become due for repayment.**

As at 31 December 2022, the ECW Group had outstanding borrowings of S\$646,309,838<sup>3</sup> (as adjusted from S\$586,255,000 (as quoted in Question 3) by adding (i) the outstanding borrowings related to the Proposed Divestment of approximately S\$51,488,000<sup>4</sup>; and (ii) the non-current portion of the Existing Onshore Bank Loans expiring in July 2029, being approximately S\$8,567,000<sup>5</sup>) due for repayment and/or refinancing by 31 December 2023. As at 23 February 2023, the Board’s expectation that the borrowings would be repaid and/or refinanced before the borrowings became due for repayment was based on the following:

- (a) the Sponsor demonstrated its support for EC World REIT, given that (i) on 30 December 2022 the Sponsor had placed a deposit of RMB200,000,000 into the escrow account of the onshore facility agent under the Existing Onshore Bank Loans (the “**December 2022 Deposit**”) on the understanding that the deposit would eventually be used for the partial settlement of the Mandatory Repayment; and (ii) the payment of S\$4,400,000, which had been funded by the Sponsor, was made to the Lenders on 6 January 2023 as partial repayment of the Existing Offshore Bank Loans. As at 23 February 2023, of the above-mentioned December 2022 Deposit of RMB200,000,000, RMB198,864,751.64 had been released from escrow and utilised for the partial settlement of the Mandatory Repayment, thus reducing the overall debt exposure of the ECW Group. Please refer to the Manager’s announcements dated 17 January 2023 and 12 February 2023 for further details;
- (b) the Manager understood from the Sponsor that the Sponsor was in active discussions with banks, financial institutions, funds and other investors in relation to the financing of the remaining Mandatory Repayment and the securing of the Purchasers’ financing for the Proposed Divestment as well as the provision of additional collateral in connection with the Mandatory Repayment. Accordingly, the Manager had the expectation that the Sponsor would be able to either secure the Purchasers’ financing for the Proposed Divestment or to provide

---

3 Comprising the outstanding Mandatory Repayment amount of S\$139,202,460, the April 2023 Outstanding Loans of S\$417,607,378 and the outstanding amount of S\$89,500,000 under the Relevant Offshore Revolving Credit Facilities, in each case, as at 31 December 2022.

4 This is because, as stated in Note 10 (Disposal group classified as held for sale) of the “Notes to the Condensed Interim Financial Statements” on pages 24 to 25 of ECW Group’s Condensed Interim Financial Statements, the entire assets and liabilities related to the Proposed Divestment were presented as a disposal group classified as held-for-sale as at 31 December 2022, in accordance with the applicable financial reporting standards. Including un-amortised upfront fees, the outstanding borrowings related to the Proposed Divestment would be S\$51,297,000 (rounded to the nearest thousand), as disclosed in Note 10 (Disposal group classified as held for sale) of the “Notes to the Condensed Interim Financial Statements” on pages 24 to 25 of ECW Group’s Condensed Interim Financial Statements.

5 Including un-amortised upfront fees, the non-current portion of the Existing Onshore Bank Loans expiring in July 2029 would be S\$8,482,000 (rounded to the nearest thousand), as disclosed under “Non-Current Liabilities” of the “Statements of Financial Position – Group and ECW” on page 6 of ECW Group’s Condensed Interim Financial Statements.

satisfactory collateral to the Lenders in accordance with the Repayment Plan by 28 February 2023; and

- (c) the term sheets to refinance the April 2023 Outstanding Loans have been finalised with the lead lenders and are subject to the confirmation of the Lenders pending their internal review and approval process. The Board of the Manager has also approved the term sheets to refinance the April 2023 Outstanding Loans.

On 28 February 2023, the Sponsor informed the Manager and the Lenders that the Purchasers had yet to secure the Purchasers' financing for the Proposed Divestment, and that the Sponsor would only be able to provide the February 2023 Onshore Deposit<sup>6</sup> and February 2023 Offshore Deposit<sup>7</sup> as collateral at that juncture. In light of the foregoing, the Lenders commenced their process of obtaining internal approvals for the New Repayment Plan on 28 February 2023. Please refer to the Manager's announcements dated 28 February 2023, 2 March 2023 and 7 March 2023 for further details.

Further, the Manager would like to clarify that as at 10 March 2023, the ECW Group's outstanding borrowings due for repayment and/or refinancing by 31 December 2023 have decreased to S\$589,281,730<sup>8</sup> (as adjusted after adding (i) the outstanding borrowings related to the Proposed Divestment of approximately S\$35,785,505; and (ii) the non-current portion of the Existing Onshore Bank Loans expiring in July 2029, being approximately S\$7,563,284). Such decrease is attributable to:

- (1) the routine repayment by the ECW Group of RMB4,620,000 of the Existing Onshore Bank Loans on 28 January 2023;
- (2) the reduction in the outstanding Mandatory Repayment amount to S\$81,242,442<sup>9</sup> as result of (A) the partial utilisation of the Sponsor Deposits<sup>10</sup> for the partial settlement of the Mandatory Repayment on 10 February 2023, 2 March 2023 and 7 March 2023 (collectively, the "**Deposit Utilisations**"); and (B) the payment of S\$4,400,000, which had been funded by the Sponsor, made to the Lenders on 6 January 2023 as partial repayment of the Existing Offshore Bank Loans.

The Manager would like to update that on 10 March 2023, the Sponsor further demonstrated its support for EC World REIT by paying an additional US\$1,450,000 (approximately RMB10,000,000) to EC World REIT which is intended to be used towards the partial repayment of the Existing Offshore Bank Loans. The Parties to the Equity Purchase Agreement have agreed that such payment by the

---

6 "**February 2023 Onshore Deposit**" refers to the deposit of RMB58,000,000 deposited by the Sponsor into an escrow account of the onshore facility agent under the Existing Onshore Bank Loans.

7 "**February 2023 Offshore Deposit**" refers to the deposit of US\$6,100,000 deposited by the Sponsor into an escrow account of the offshore facility agent under the Existing Offshore Bank Loans.

8 Comprising the outstanding Mandatory Repayment amount of S\$81,564,417, the April 2023 Outstanding Loans of S\$418,217,313 and the outstanding amount of S\$89,500,000 under the Relevant Offshore Revolving Credit Facilities, in each case, as at 10 March 2023. Based on the actual outstanding facilities of ECW and the actual exchange rates of RMB1.00 = S\$0.1946 and US\$1.00 = S\$1.3558 as at 10 March 2023.

9 Based on the illustrative exchange rates of RMB1.00 = S\$0.1933 and US\$1.00 = S\$1.3446, which were the actual exchange rates as at 30 December 2022.

10 "**Sponsor Deposits**" means the December 2022 Deposit, the February 2023 Onshore Deposit and the February 2023 Offshore Deposit. It was envisaged that the Sponsor Deposits placed by the Sponsor with the relevant facility agent under the Existing Bank Loans would eventually be used for the settlement of the Mandatory Repayment, thus reducing the total loan exposure of EC World REIT. In addition, the Parties to the Equity Purchase Agreement have agreed that to the extent such deposits are so utilised, they shall 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.

Sponsor shall 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.

As at 10 March 2023, on the basis of the factors set out above and in the Manager's response to Question 1 above, the Board has assessed and expects that ECW Group's outstanding borrowings due by 31 December 2023 will be repaid and/or refinanced before they become due for repayment.

**4. It is noted at page 5 of the unaudited financial statements that, "On 30 September 2022, ECW has completed the de-registration of the real property right in Fu Zhuo Industrial, hence the obligation for the remaining 30% of Compensation Package (RMB32.6 million) has been fulfilled as per Expropriation Agreement. As a result, the asset was derecognized from the financial statements." Please clarify when the REIT expects to receive the remaining 30% of the Compensation Package pursuant to the Expropriation and Compensation Agreement with the PRC authorities in relation to the Compulsory Expropriation of Fu Zhuo Industrial.**

The Manager is actively following up with the relevant PRC authorities, and is working towards receiving the remaining 30% of the Compensation Package (amounting to RMB32.6 million) by 31 March 2023.

#### **Cautionary Statement**

Unitholders and investors should note that there is no certainty or assurance that the Lenders will consent to the extension of the Mandatory Repayment deadline beyond 28 February 2023. Unless and until the Lenders' consent is obtained, the ECW Group is in breach of its Mandatory Repayment obligations, which triggers an event of default under the Existing Offshore Bank Loans and Existing Onshore Bank 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  
10 March 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.