



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

ANNOUNCEMENT

UPDATE ON THE REFINANCING, MANDATORY REPAYMENT AND DISCLOSURE PURSUANT TO RULE 704(31) OF THE LISTING MANUAL AND ON THE PROPOSED DIVESTMENT

1. INTRODUCTION

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;
- (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 28 February 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (viii) the update announcements dated 2, 7, 10 and 17 March 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (ix) the announcement dated 7 April 2023 in relation to the applications for the extension of time to the Monetary Authority of Singapore (“**MAS**”) and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the financing obligations of EC World REIT;

- (x) the update announcement dated 9 April 2023 in relation to the Proposed Divestment;
- (xi) the update announcement dated 1 May 2023 in relation to the receipt of waivers from the MAS and the SGX-ST for an extension of time and update on the Proposed Divestment (the “**1 May 2023 Announcement**”);
- (xii) the update announcement dated 1 May 2023 in relation to the financing obligations of EC World REIT (the “**1 May 2023 Refinancing Update Announcement**”); and
- (xiii) the update announcement dated 15 May 2023 in relation to the update on the refinancing, the Mandatory Repayment and the Proposed Divestment.

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

2. UPDATE ON THE REFINANCING EXERCISE

As stated in the 1 May 2023 Refinancing Update Announcement, negotiations with the Lenders for the refinancing of the outstanding loans (comprising the Mandatory Repayment amount and the April 2023 Outstanding Loans) granted under the Existing Offshore Bank Loans and the Existing Onshore Bank Loans (collectively, the “**Existing Bank Loans**” and the “**Refinancing Exercise**”) were ongoing, and the Lenders had consented to the extension of the termination date of the Existing Bank Loans to 31 May 2023, being the date on which the outstanding amount of the Existing Bank Loans was to be repaid or prepaid in full (the “**Extension**”).

The Manager wishes to update Unitholders that:

- (i) ECW Treasure Pte. Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd. (both wholly-owned subsidiaries of EC World REIT), have entered into an offshore facility agreement dated 31 May 2023 (the “**Offshore Facility Agreement**”) with various banks, coordinated by DBS Bank Ltd. and United Overseas Bank Limited, as lenders for an aggregate principal amount of up to S\$348.9 million consisting of (a) a multicurrency term loan facility of up to S\$321.9 million;¹; (b) a Singapore Dollar term loan facility of up to S\$15.5 million; and (c) a multicurrency term loan facility of up to S\$12.5 million (collectively, the “**Offshore Facility**”); and
- (ii) certain wholly-owned subsidiaries of EC World REIT, being Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., and Zhejiang Fuzhou E-Commerce Co., Ltd. have entered into an onshore facility agreement dated 30 May 2023 (the “**Onshore Facility Agreement**”) with various banks, coordinated by DBS Bank (China) Limited, Hangzhou Branch and United Overseas Bank (China) Limited, Hangzhou Branch, as lenders for an aggregate principal amount of up to RMB745.5 million consisting of two term loan facilities of RMB702.0 million (the “**Onshore Facility A**”) and RMB43.5 million (the “**Onshore Facility B**”) respectively (the “**Onshore Facility**” and together with the Offshore Facility, the “**Facilities**”).

¹ Loans denominated in currencies other than SGD would be swapped into SGD loans.

The Offshore Facility is for a tenure of 11 months (the “**Initial Termination Date**”). The Initial Termination Date may, subject to certain conditions (including the registration of the Offshore Facility with the National Development and Reform Commission of the PRC or its competent local branch or any authority succeeding to its functions), be extended for a period of 24 months, with such extended date not extending beyond 30 April 2026. The final repayment date for Onshore Facility A is 30 April 2026 and the final repayment date for Onshore Facility B is 25 July 2029. The Facilities are expected to be drawn on 31 May 2023 and will be used to refinance all of the Existing Bank Loans due on 31 May 2023.

As US\$2.0 million and S\$9.8 million of the Offshore Facility will be applied towards refinancing Zhejiang Fuzhou E-Commerce Co., Ltd.'s borrowings under the Existing Offshore Bank Loans, these payments are expected to be made within five business days after the Offshore Facility is drawn as the funds need to be transferred onshore into the PRC and then back to Singapore. As such, there will be a default in payment and default interest would be payable in respect of such part of the Existing Offshore Bank Loans until the payment is received by the existing lenders. This would not result in a cross-default under the Facilities.

In connection with the Facilities:

- (i) Mr. Zhang Guobiao, the Chairman of Forchn Holdings Group Co., Ltd. (the “**Sponsor**”), has provided personal guarantees in respect of the full outstanding amount of the Mandatory Repayment. The outstanding Mandatory Repayment amount as of today is S\$75,694,691², in line with what was disclosed in the 1 May 2023 Refinancing Update Announcement; and
- (ii) the Sponsor has agreed that certain dividends, payments and/or other distributions received by the Sponsor (whether directly or indirectly) and/or attributable to the Sponsor in respect of its unitholdings in EC World REIT shall be applied towards prepayment of the Offshore Facility.

Under the Facilities, the Proposed Divestment is to take place by no later than 31 October 2023 (or such later date, that is on or prior to 30 April 2024, that is agreed to by all the offshore and onshore lenders) (the “**Divestment Longstop Date**”). However, no breach of such obligation to divest would arise if on or before the Divestment Longstop Date, prepayment which would result in, *inter alia*, the aggregate amount of the Facilities remaining outstanding being no more than S\$410,000,000 (or its equivalent) is made³.

Further, if the Proposed Divestment does not occur by 31 October 2023, there would be an increase in the margin payable under the Facilities and it is an event of default under the Facilities if the Proposed Divestment does not occur by 30 April 2024.

Additionally, if Mr. Zhang Guobiao ceases to hold at least 51.0% equity interest and/or capital contribution in the issued share capital of the Sponsor, this would constitute a mandatory repayment event under the Facilities.

2 For illustrative purpose, amounts are calculated based on the 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.

3 The other requirements are that (1) the Facilities must be prepaid such that the loan-to-value ratio of the Facilities does not exceed 37.9% and that (2) the aggregate leverage of EC World REIT does not exceed the lower of 38% and such other gearing limit prescribed by the Property Funds Appendix.

3. DISCLOSURE PURSUANT TO RULE 704(31) OF THE LISTING MANUAL

Pursuant to Rule 704(31) of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the Manager wishes to announce that:

- (i) it shall be an event of default under the Onshore Facility if the Manager ceases to be the manager of EC World REIT;
- (ii) it shall be a mandatory prepayment event under the Onshore Facility if the Sponsor ceases to hold (directly or indirectly) at least 25.0% of the units in EC World REIT;
- (iii) it is a term of the Offshore Facility that if the Sponsor ceases to hold (directly or indirectly) at least 25.0% of the units in EC World REIT and/or the Manager ceases to be an Affiliate (as defined in the Offshore Facility Agreement) of Forchn International Pte. Ltd., the loans and accrued interest and all other amounts accrued under the Offshore Facility Agreement shall be immediately due and payable if so required by the Facility Agent (as defined in the Offshore Facility Agreement) (as instructed by the Majority Lenders (as defined in the Offshore Facility Agreement));
- (iv) it shall be an event of default under the Offshore Facility if:
 - (a) DBS Trustee Limited, in its capacity as trustee of EC World REIT (the “**Trustee**”), resigns or is removed or ceases to be the trustee of EC World REIT and, prior to such resignation, removal or cessation, any replacement trustee is not appointed in accordance with the terms of the trust deed dated 5 August 2015 between the Manager and the Trustee (as amended, modified or supplemented from time to time) (the “**Trust Deed**”) or is not licensed or approved by the MAS; and
 - (b) the Manager ceases to be the manager of EC World REIT and the replacement or substitute manager is (i) not appointed in accordance with the terms of the Trust Deed or (ii) otherwise not approved by the lenders under the Offshore Facility Agreement.

As at the date of this announcement, none of the abovementioned events have occurred. The aggregate amount of facilities which may be affected by the aforementioned events is approximately S\$581.3 million⁴ (both excluding interest and fees) as at the date of this announcement.

4. UPDATE ON THE PROPOSED DIVESTMENT

Conditions to the Completion of the Proposed Divestment

The condition set out in paragraph 4.1(iii) of the Circular concerning the receipt of all consents, waivers confirmations and approvals as may be necessary by the Vendor’s Group for the Transaction under the existing banking facilities of the Vendor’s Group from the existing lenders of the Vendor’s Group has been satisfied. As announced by the Manager in the 1 May 2023 Refinancing Update Announcement, the offshore lenders of the Vendor’s Group had previously agreed to extend the termination date of the Existing Offshore Bank Loans to 31 May 2023 (which applied to the date by which the outstanding amount of Mandatory Offshore Repayment was to be

⁴ For illustrative purpose, amounts are calculated based on the exchange rates of RMB1.00 = S\$0.1916 and US\$1.00 = S\$1.3528 as at 28 May 2023.

prepaid), and the Manager would like to update that the Offshore Facility Agreement and the Onshore Facility Agreement provide that, upon the refinancing of the Existing Bank Loans, the Transaction is to be completed by 31 October 2023 (or such later date, that is on or prior to 30 April 2024, that is agreed to by all the lenders of the Facilities).

Extension of the Long-Stop Date

As mentioned in the 1 May 2023 Announcement, the Vendor had on 28 April 2023 issued a written notice to the Sponsor and the Purchasers to extend the Long-Stop Date of the Proposed Divestment to (i) the earlier of (a) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the Extension and (b) 31 May 2023; or (ii) such other later date as may be determined by the Vendor.

The Manager wishes to update Unitholders that pursuant to the Equity Purchase Agreement (as amended), the Vendor has on 30 May 2023 issued a written notice to the Sponsor and the Purchasers to extend the Long-Stop Date of the Proposed Divestment to 16 June 2023 or such other date as may be determined by the Vendor with the approval of the MAS and the Unitholders.

The rationale for the extension of the Long-Stop Date is as follows:

- (A) the Purchasers and the Sponsor have advised the Manager that they are unable to complete the Proposed Divestment by 31 May 2023, as the Purchasers have yet to secure the requisite financing for the Proposed Divestment;
- (B) the Sponsor has continued to demonstrate its support for EC World REIT by working closely together with the Manager to engage the relevant lenders in relation to the Refinancing Exercise; and
- (C) EC World REIT will continue to receive income from Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics, being the properties under the Proposed Divestment (the “**Divestment Properties**”), pending Completion of the Proposed Divestment.

In addition, the Manager understands from the Purchasers and the Sponsor group the following:

- (y) in relation to the acquisition financing for the Proposed Divestment, a group of PRC banks is in the process of approving an acquisition loan package (capped at RMB1,100 million) for the Proposed Divestment and the Manager understands that the relevant PRC banks are working towards the completion of their internal approval processes; and
- (z) the Purchasers and the Sponsor are working towards a tentative completion date for the Proposed Divestment to be around 16 June 2023.

Potential Risk of Non-Completion of the Proposed Divestment by 16 June 2023

The Manager wishes to update Unitholders that there is a risk that the Purchasers may not be able to complete the Proposed Divestment by 16 June 2023 (being six months from the date when the approval of the Unitholders was obtained for the Proposed Divestment on 16 December 2022).

Under paragraph 5.4(b)(ii) of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the “**Property Funds Appendix**”), the Proposed Divestment, being an “interested party transaction” (as defined in Property Funds Appendix), will need to be completed within six months from the date it was approved by the Unitholders. As the extraordinary general meeting approving the Proposed Divestment was held on 16 December 2022, the prescribed deadline to complete the Proposed Divestment under paragraph 5.4(b)(ii) of the Property Funds Appendix is 16 June 2023. If completion of the Proposed Divestment does not take place by 16 June 2023, EC World REIT would be in breach of paragraph 5.4(b)(ii) of the Property Funds Appendix.

If completion of the Proposed Divestment does not take place by 16 June 2023, EC World REIT’s breach of paragraph 5.4(b)(ii) of the Property Funds Appendix would in turn trigger a breach of the following:

- Clause 16.1 of the Trust Deed, which requires that EC World REIT at all times comply with the Property Funds Appendix in relation to “interested party transactions” (as defined in the Property Funds Appendix). If EC World REIT were to breach paragraph 5.4(b)(ii) of the Property Funds Appendix, EC World REIT would in turn breach Clause 16.1 of the Trust Deed, as paragraph 5.4(b)(ii) of the Property Funds Appendix is in relation to “interested party transactions” (as defined in the Property Funds Appendix);
- Clause 21.2(b) of the Offshore Facility Agreement, which requires that the Trustee of EC World REIT ensure that EC World REIT comply, in all respects, among others, with the relevant provisions of the Property Fund Appendix. If EC World REIT were to breach paragraph 5.4(b)(ii) of the Property Funds Appendix, EC World REIT would in turn breach Clause 21.2(b) of the Offshore Facility Agreement for failing to comply in all respects with the relevant provisions of the Property Funds Appendix; and
- Clause 4.2(b) of the onshore guarantee made between the Trustee of EC World REIT, as guarantor (“**Guarantor**”), and DBS Bank (China) Limited, Hangzhou Branch, as security agent (the “**Onshore Guarantee**”), which requires that the Guarantor ensure that EC World REIT comply, in all respects, among others, with the relevant provisions of the Property Funds Appendix. If EC World REIT were to breach paragraph 5.4(b)(ii) of the Property Funds Appendix, the Guarantor would in turn breach Clause 4.2(b) of the Onshore Guarantee for failing to ensure that EC World REIT complies in all respects with the relevant provisions of the Property Funds Appendix.

The Manager understands from the Purchasers and the Sponsor that the slower than expected internal processes of the various PRC banks have caused a delay in the completion of the Proposed Divestment.

For the information of the Unitholders, as at the date of this announcement, RMB333,028,995⁵ of the Equity Consideration under the Equity Purchase Agreement has been effectively prepaid to the Vendor in connection with the Proposed Divestment. In order to proceed with Completion of the Proposed Divestment, the Purchasers will need to obtain sufficient financing so as to be able to pay the outstanding balance of RMB1,036,971,005 to the Vendor on completion.

5 Calculated based on the exchange rate of RMB1.00 = S\$0.1945 as at 4 January 2023, the exchange rate of RMB1.00 = US\$0.1442 as at 28 February 2022 and the exchange rate of RMB1.00 = USD0.1435 as at 10 March 2023, being the dates on which the respective prepayments of the Equity Purchase Consideration were made by the Sponsor.

5. INTENDED NEXT STEPS CONCERNING THE PROPOSED DIVESTMENT

The Manager wishes to update Unitholders that in light of the above circumstances, subject to the grant of the Waiver (as defined herein) from the MAS, the Manager intends to convene an extraordinary general meeting (the “**Proposed EGM**”) in order to seek Unitholders’ approval to extend the Long-Stop Date (the “**Long-Stop Date Extension**”).

In connection with the Proposed EGM, the Manager wishes to inform Unitholders that it will be making an application to the MAS on or around the date of this announcement to seek a waiver from the requirement under paragraph 5.4(b)(ii) of the Property Funds Appendix for the Proposed Divestment to be completed by 16 June 2023 until (i) the conduct of the Proposed EGM; or (ii) (if Unitholders’ approval is obtained at the Proposed EGM) until the extended Long-Stop Date (the “**Waiver**”). The purpose of seeking the Waiver is to allow EC World REIT to avoid the situation where non-completion of the Proposed Divestment by 16 June 2023 triggers a breach of the Property Funds Appendix, the Trust Deed, the Offshore Facility Agreement and the Onshore Guarantee. This would provide the Manager with the opportunity to convene the Proposed EGM to seek Unitholders’ approval for the Long-Stop Date Extension.

In connection with the Proposed EGM, the Manager will:

- (i) obtain two independent valuations for the current market valuations of the Divestment Properties; and
- (ii) subject to approval from the SGX-ST, issue a circular to unitholders setting out the rationale and benefits of the Long-Stop Date Extension and appending the document referred to in paragraph 5(i) above (the “**LSD Circular**”).

The Manager is of the opinion that the Long-Stop Date Extension is in the interests of EC World REIT and Unitholders for the following reasons:

- (a) under the terms of the Facilities, Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics, being the Divestment Properties, would need to be divested from EC World REIT’s portfolio by 30 April 2024, the failure of which would result in an event of default under the Facilities; and
- (b) the Long-Stop Date Extension provides the Purchasers with the opportunity to complete the Proposed Divestment and make full payment of the Equity Consideration pursuant to the Proposed Divestment. This enables Unitholders to better preserve the value of their investment by avoiding the situation where EC World REIT may need to consider the urgent disposal(s) of one or more properties (potentially at a significant discount) or to carry out equity fund raisings (potentially at a significant dilution to Unitholders), in order to raise sufficient funds to satisfy its financing obligations.

There is no assurance that the Waiver will be granted by the MAS. The Proposed EGM will not be convened in the event that the Waiver is not granted. 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.

Cautionary Statement

Unitholders and investors should note that there is no certainty or assurance that the Proposed Divestment will be completed, or that the Waiver from the MAS will be granted. If the Proposed Divestment is not completed by 16 June 2023 and the Waiver is not granted by 16 June 2023, EC World REIT will be in breach of the Property Funds Appendix, the Trust Deed, the Offshore Facility Agreement and the Onshore Guarantee for the reasons set out in paragraph 4 of this announcement.

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 May 2023

Important Notice

The value of the units in EC World REIT (the “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.