



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

ANNOUNCEMENT

RESPONSES TO QUERIES FROM THE SGX-ST

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 its announcement dated 1 July 2023 which was made pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**1 July 2023 Announcement**”). The 1 July 2023 Announcement stated that, among others, the independent auditor’s report (the “**Independent Auditor’s Report**”) issued by EC World REIT’s external auditors to the unitholders of EC World REIT (“**Unitholders**”) on the financial statements of EC World REIT for the financial year ended 31 December 2022 (the “**Financial Statements**”) included an emphasis of matter in respect of material uncertainty relating to the ability of EC World REIT and its subsidiaries (collectively, the “**Group**”) to continue as going concerns (the “**Emphasis of Matter**”).

The Manager wishes to make the following clarifications in response to the following queries from the SGX-ST in relation to the 1 July 2023 Announcement.

1. Please provide the Board’s assessment on the Group’s ability to continue as a going concern and the basis for its assessment.

The Board has assessed that the Group is able to continue as a going concern on the basis of the following:

- (a) the reason for the Emphasis of Matter referred to in the Independent Auditor’s Report was set out in the Independent Auditor’s Report, which stated, “As disclosed in Note 2.1 to the financial statements, as at 31 December 2022, the current liabilities of the Group and ECW exceeded their current assets by S\$234.1 million and S\$131.0 million respectively. The Group’s current liabilities include bank borrowings of S\$139.2 million due for repayment by 31 December 2022 which remains unpaid. These events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of ECW to continue as going concerns.” However, the bank borrowings of S\$139.2 million referred to above have since been refinanced. This is because the refinancing of the relevant onshore bank loans and the relevant offshore bank loans (the “**Refinancing**”) has been fully completed, as announced by the Manager on 6 June 2023.

Please refer to the Manager’s announcements dated 31 May 2023 and 6 June 2023 for details on the refinancing and the new facilities entered into by the Group (the “**Facilities**”);

- (b) the operation of the Group continues to be stable and profitable; and
- (c) Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”), and its Chairman have continued to demonstrate their support for the Group. For instance:
 - (i) as of the date of this announcement, out of the total equity consideration of RMB 1,370,000,000 for the proposed divestment by the Group of its indirect interests in Beigang Logistics Stage 1 and Chongxian Port Logistics to the Sponsor group, the Sponsor group has prepaid to the Group a total of RMB 333,028,995¹. Of this prepaid amount, RMB 321,806,801 was used towards partial settlement of the Group’s debt and the balance RMB 11,222,194 is being held in escrow with the onshore facility agent under the relevant onshore facility; and
 - (ii) Mr. Zhang Guobiao, the Chairman of the Sponsor, has provided personal guarantees in respect of the Group’s undertakings to repay at least S\$75,465,424² to the Group’s lenders 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 under the Facilities).

2. Please provide the Board’s opinion and its basis as to whether trading in the units of EC World REIT (“Units”) should be suspended pursuant to Listing Rule 1303(3).

PricewaterhouseCoopers LLP, being EC World REIT’s external auditors which issued the Independent Auditor’s Report, have highlighted a material uncertainty relating to the ability of EC World REIT to continue as a going concern in the Financial Statements (which in turn reflected the financial position of the Group as at 31 December 2022). Nonetheless, PricewaterhouseCoopers LLP’s audit opinion in the Independent Auditors’ Report remains unmodified and it did not conclude that EC World REIT is unable to continue as a going concern. The Financial Statements were prepared on a going concern basis.

In view of the foregoing and taking into account the reasons in the response set out in Question 1 above, the Board is of the opinion that the trading in Units should not be suspended pursuant to Rule 1303(3) of the Listing Manual.

3. Please provide the Board’s confirmation that EC World REIT has made all material disclosures to ensure that its Units can continue to be traded in an orderly manner, and the basis for its assessment.

The Board confirms that EC World REIT has made all material disclosures to ensure that the Units can continue to be traded in an orderly manner, on the basis that the Manager has announced all material developments which warrant disclosure, in compliance with its obligations under the Listing Manual.

1 Calculated based on the exchange rate of RMB1.00 = S\$0.1933 as at 30 December 2022, 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 2023 and the exchange rate of RMB1.00 = US\$0.1435 as at 10 March 2023, being the dates on which the respective prepayments of the Equity Consideration were made by the Sponsor group.

2 Calculated based on the illustrative exchange rates of RMB 1.00 = S\$0.1934 and US\$1.00 = S\$1.3270 which were the actual exchange rates as at 31 March 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.

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

14 July 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.