



(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**”), wishes to make the following clarification in response to the following query from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the condensed interim financial statements of EC World REIT for the six months ended 30 June 2023 (the “**2Q FY2023 Financial Statements**”) uploaded by the Manager on SGXNET on 11 August 2023.

Unless otherwise defined in this announcement, all capitalised terms shall have the meaning ascribed to them in the 2Q FY2023 Financial Statements.

**1. Given the Group’s liabilities of S\$1,010,486,000 and cash and bank balances of only S\$119,070,000, please disclose the Board’s assessment (i) whether the REIT’s current assets are adequate to meet its short term liabilities of S\$682,167,000, including its bases of assessment; and (ii) how the REIT intends to fulfil its significant payment obligations in the next 12 months.**

The Board has assessed that EC World REIT’s current assets are adequate to meet its short term liabilities of S\$682,167,000 on the basis of the following:

- (a) ECW and its subsidiaries (collectively, the “**Group**”) has completed the refinancing of the Existing Offshore Bank Loans<sup>1</sup> and the Existing Onshore Bank Loans<sup>2</sup> by entering into the offshore facilities (the “**Offshore Facilities**”) and the onshore facilities (together with the

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1 “**Existing Offshore Bank Loans**” means all outstanding amounts as at 31 May 2023 pursuant to an offshore facility agreement dated 28 June 2019 as amended, modified and supplemented from time to time between ECW Treasure Pte. Ltd. (“**ECW Treasure**”), Zhejiang Fuzhou E-Commerce Co., Ltd. (“**FZDS**”) and various banks coordinated by DBS Bank Ltd. and United Overseas Bank Limited.

2 “**Existing Onshore Bank Loans**” means all outstanding amounts as at 31 May 2023 pursuant to an onshore facility agreement dated 28 June 2019 as amended, modified and supplemented from time to time between certain wholly-owned subsidiaries of EC World REIT, being Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang, Zhejiang Hengde Sangpu Logistics Co., Ltd. (“**Hengde Sangpu**”) and FZDS and various banks coordinated by DBS Bank (China) Limited Hangzhou Branch and United Overseas Bank (China) Limited Hangzhou Branch.

Offshore Facilities, the “**Facilities**”)<sup>3</sup>. The Offshore Facilities have a tenure of 11 months starting from 31 May 2023 up to 30 April 2024 (the “**Initial Termination Date**”);

- (b) as at 30 June 2023, the Group has current assets of S\$548,979,000 and current liabilities of S\$682,167,000. The current liabilities of the Group exceeded the current assets by S\$133,188,000. Within the current liabilities, the Group has borrowings of S\$443,233,000 (including amounts presented within liabilities directly associated with disposal group classified as held for sale) which are due for repayment within the next 12 months from the reporting date of 30 June 2023;
- (c) the Initial Termination Date may, subject to certain conditions (including the registration of the Offshore Facilities with the National Development and Reform Commission of the People’s Republic of China (the “**NDRC**”) 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;
- (d) at this juncture, the Manager expects that the Initial Termination Date of the Offshore Facilities will be extended from the existing deadline of 30 April 2024 to 30 April 2026, subject to, among others, the following:
  - (i) the registration of the Offshore Facilities with the NDRC (as required under the PRC law) being completed before 30 April 2024; and
  - (ii) the completion of the proposed divestment of Stage 1 Properties of Beigang Logistics and Chongxian Port Logistics<sup>4</sup> (the “**Proposed Divestment**”) taking place by the Divestment Longstop Date<sup>5</sup> and no event of default occurs under the Facilities up to 30 April 2024;
- (e) it is estimated that, upon completion of the registration of the Offshore Facilities with the NDRC and the Proposed Divestment, the current liabilities of the Group would be reduced to S\$87,137,000<sup>6</sup>. As a result, the Group would be in the net current assets position and net assets position of S\$ 143,945,000<sup>6</sup> and S\$ 574,630,000<sup>6</sup> respectively; and
- (f) Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”), and the Chairman of the Sponsor, being Mr Zhang Guobiao, have continued to demonstrate their support for the Group. For instance:
  - (i) the Sponsor has agreed, pursuant to a deed of undertaking dated 31 May 2023 between the Sponsor and DBS Bank Ltd., being the security agent for the benefit of the lenders of the Offshore Facilities (the “**Sponsor Undertaking**”)<sup>7</sup>, that certain dividends, payments and/or other distributions received by the Sponsor (whether

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3 The Facilities were drawn down on 31 May 2023 and the above-mentioned refinancing was fully completed on 6 June 2023. Please refer to the Manager’s announcements dated 31 May 2023 and 6 June 2023 for further details.

4 Unitholders of EC World REIT (“**Unitholders**”) should refer to the circular to Unitholders dated 16 August 2023 (the “**Circular**”) for further information on the Proposed Divestment.

5 “**Divestment Longstop Date**” means 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).

6 Estimated based on the 2Q FY2023 Financial Statements as at 30 June 2023, taking into account the effect of the intended use of proceeds from the Proposed Divestment and the exchange rates as at 30 June 2023. Please refer to paragraph 9 of the Circular for the intended use of proceeds from the Proposed Divestment.

7 The Sponsor Undertaking was entered into in connection with the Offshore Facilities.

directly or indirectly) and/or attributable to the Sponsor in respect of its unitholding in EC World REIT shall be applied towards prepayment of the Offshore Facilities; 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\$75,465,424<sup>8</sup> 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).

The Board intends that the significant payment obligations of the Group in the next 12 months be fulfilled via the following steps:

- (1) the registration process of the Offshore Facilities with the NDRC (as required under the PRC law) is currently ongoing and is expected to be completed within three months from the lodgement of required documents with the NDRC and is expected to be completed before 30 April 2024;
- (2) the Group is working with the relevant parties towards the completion of the Proposed Divestment by the Divestment Longstop Date and it is expected that the proceeds from the Proposed Divestment are sufficient to, among others, enable the Group to finance the Relevant Mandatory Prepayment Amount<sup>9</sup>. The Board intends for the Group to utilise approximately RMB807,707,593 (approximately S\$156,210,648) of the proceeds from the Proposed Divestment for the settlement of<sup>10</sup>:
  - (i) a portion of the offshore Facilities amounting to approximately RMB556,842,855 (approximately S\$107,693,408);
  - (ii) a portion of the onshore Facilities amounting to approximately RMB18,186,351 (approximately S\$3,517,240) (other than the HZBG Loan Repayment Amount<sup>11</sup>); and
  - (iii) the repayment of certain offshore revolving credit facilities amounting to approximately RMB232,678,387 (approximately S\$45,000,000)<sup>12</sup>; and
- (3) pursuant to the Sponsor Undertaking, 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 unitholding in ECW shall be applied towards prepayment of the Offshore Facilities.

## CAUTIONARY STATEMENT

Unitholders should note that the Proposed Divestment is subject to fulfilment of conditions. The Manager wishes to highlight that regardless of whether Unitholders' approval for the Supplementary Agreement is obtained at the EGM, there is no certainty or assurance that the Proposed Divestment

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<sup>8</sup> Calculated based on the illustrative exchange rates of RMB1.00 = S\$0.1934 and US\$1.00 = S\$1.3270 which were the actual exchange rates as at 31 March 2023.

<sup>9</sup> "Relevant Mandatory Prepayment Amount" means an amount agreed or to be agreed by all the existing offshore lenders and all the existing onshore lenders of the Group.

<sup>10</sup> Please refer to paragraph 9 of the Circular for further details on the intended use of proceeds from the Proposed Divestment.

<sup>11</sup> On completion of the Proposed Divestment, the purchasers shall repay (or procure such repayment of) all the outstanding onshore borrowings of Hangzhou Bei Gang Logistics Co., Ltd., the amount of which shall be notified to the purchasers in writing by the vendor on completion, and which shall be no more than RMB266,361,216 (the "HZBG Loan Repayment Amount").

<sup>12</sup> Please refer to paragraph 4.4.3 of the Circular for further details.

will be completed, and/or that the Proposed Divestment will be completed by the Divestment Longstop Date.

Unitholders and investors should further note that there is no certainty or assurance that the registration process of the Offshore Facilities with the NDRC will be completed before 30 April 2024.

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 of the SGX-ST. 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

23 August 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.