



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

ANNOUNCEMENT

UPDATE IN RELATION TO THE IMPOSITION OF MORTGAGES OVER FUZHOU E-COMMERCE, FUHENG WAREHOUSE AND HENGDE LOGISTICS

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 2 January 2024 in relation to the imposition of mortgages over Fuzhou E-Commerce, Fuheng Warehouse and Hengde Logistics (collectively, the “**Relevant Properties**”);
- (ii) the update announcement dated 15 January 2024 in relation to the imposition of mortgages over the Relevant Properties (the “**15 January 2024 Announcement**”);
- (iii) the update announcement dated 18 January 2024 in relation to the discharge of the illegal mortgage imposed over Hengde Logistics (the “**18 January 2024 Announcement**”); and
- (iv) the announcement dated 24 January 2024 in relation the responses to queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the update in relation to the imposition of mortgages over the Relevant Properties (the “**24 January 2024 Announcement**”).

Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the 24 January 2024 Announcement.

As stated in the 15 January 2024 Announcement, the Manager understands that Forchn Holdings Group Co., Ltd. (the “**Sponsor**”) had been notified on 11 January 2024 that the lenders under the existing onshore and offshore facilities of the EC World REIT Group (the “**ECW Facilities**”, and the lenders of the ECW Facilities, the “**Lenders**”) would give the Sponsor up to 20 January 2024 to remove the illegal mortgages imposed over the Relevant Properties¹, failing which the Lenders may consider taking legal action.

The Manager wishes to update Unitholders that the Lenders have sent a demand letter dated 24 January 2024 to EC World REIT and the Manager which states, among others, the following:

¹ Please note that as stated in the 18 January 2024 Announcement, the illegal mortgage imposed over Hengde Logistics has been discharged.

- (a) the Lenders, pursuant to the ECW Facilities, have a first right of mortgage over the Relevant Properties and no new mortgages may be created over the properties of EC World REIT without the consent of the Lenders;
- (b) in December 2023, the Lenders had discovered through title searches that the illegal mortgages over the Relevant Properties had been created amounting to approximately RMB 269 million and that such illegal mortgages were created in connection with the Fuyang Government (富阳政府) in the People's Republic of China providing the Sponsor with certain rescue funds (which have been used by the Sponsor to repay certain principal and interest from other bank loans of the Sponsor);
- (c) the above actions of the Sponsor had been carried out without the knowledge of the Lenders and such actions constitute a breach of the terms of the ECW Facilities;
- (d) the Lenders understand the actions of the Sponsor had been carried out illegally without complying with the existing control procedures of EC World REIT and suggested the possibility of such actions being investigated to ascertain whether any criminal laws have been breached;
- (e) the Lenders may, depending on the circumstances, file a lawsuit, commence insolvency proceedings and take other measures to protect their rights; and
- (f) the Manager is to take immediate actions to:
 - (i) remove the illegal mortgages;
 - (ii) strengthen the internal controls over the usage of all stamps and seals of the subsidiaries of EC World REIT; and
 - (iii) ensure the independence of the management and operation of EC World REIT and its subsidiaries in order to protect the interests of the EC World REIT as a whole.

The Manager would like to mention that it has strengthened the internal controls over the usage of all stamps and seals of the subsidiaries of EC World REIT. As stated in the 15 January 2024 Announcement, the Manager has taken control of all stamps, including the relevant company seals, legal representative seals, contract stamps and finance stamps from EC World REIT's property management teams in the PRC. The legal representative seal and the finance stamps are currently being safekept in the Manager's registered office in Singapore while the relevant company seal and contract stamps are under the custody of the Manager's PRC legal counsel in Shanghai.

The Lenders have also sent a demand letter dated 24 January 2024 to the Sponsor which states the information set out in paragraphs (a) to (e) above, as well as, among others, the following:

- (1) the Lenders demand that the Sponsor negotiate with the Fuyang Government to have the illegal mortgages imposed over the Relevant Properties be discharged by **31 January 2024** and ensure that no similar incident shall happen again in the future; and
- (2) in the event that the above-mentioned 31 January 2024 deadline is not met, the Lenders will not rule out taking relevant legal action, including but not limited to filing a lawsuit, seizing assets and other measures to protect their rights.

In addition, on 24 January 2024, the Manager issued another demand letter to the Sponsor which, among others:

- (A) sets out the demands from the Lenders to EC World REIT as mentioned above;
- (B) demands that the Sponsor discharge the illegal mortgages by the above-mentioned deadline set by the Lenders; and
- (C) states that EC World REIT may, depending on the circumstances, take legal action and other measures against the Sponsor and the relevant personnels.

The board of directors of the Manager is in the process of evaluating various options for EC World REIT and will provide Unitholders with a further update as and when there are material developments.

Cautionary Statement

Unitholders are advised to read this announcement and any further announcements by the Manager carefully. The Manager wishes to highlight that there is no certainty or assurance as at the date of this announcement that any discussion or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. Unitholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions that they should take.

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 EC World REIT units ("**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
25 January 2024

Important Notice

The value of 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.