



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

## UPDATE ANNOUNCEMENT ON THE ECW FACILITIES, THE RELEVANT MORTGAGES AND THE RELEVANT LAWSUITS

### 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) its announcement dated 27 February 2024 in relation to, among others, its application to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for a waiver from Rule 707(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) to allow for an extension of time from 30 April 2024 to 31 July 2024 for EC World REIT to hold its annual general meeting for the financial year ended 31 December 2023 (the “**SGX Waiver**”);
- (ii) its announcement dated 26 March 2024 (the “**26 March 2024 Announcement**”) in relation to, among others, the receipt of the SGX Waiver; and
- (iii) its announcement dated 31 March 2024 (the “**31 March 2024 Announcement**”) in relation to the updates on the existing facilities of the EC World REIT group (the “**ECW Facilities**”), the imposition of mortgages over Fuzhou E-Commerce and Fuheng Warehouse (the “**Relevant Mortgages**”) and the Relevant Lawsuits<sup>1</sup>.

As set out in the 26 March 2024 Announcement, the SGX Waiver is subject to, among others, EC World REIT providing monthly updates (the “**Update Condition**”) via SGXNet on the following:

- (a) the negotiations with the lenders of the ECW Facilities (the “**Lenders**”) in respect of the refinancing and/or restructuring of the ECW Facilities as well as the various waivers from

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<sup>1</sup> “**Relevant Lawsuits**” refers to the pleadings submitted by the EC World REIT group to the relevant court in the People’s Republic of China (“**PRC**”) to initiate lawsuits to revoke the Relevant Mortgages on the basis that the Relevant Mortgages are unauthorised.

the Lenders in relation to the Mandatory Prepayment Event<sup>2</sup> and the breach of the Divestment Longstop Date<sup>3</sup> under the ECW Facilities; and

- (b) the progress to discharge the unauthorised mortgages over the Relevant Mortgages and the status of the Relevant Lawsuits.

In accordance with the Update Condition, the Board of Directors of the Manager wishes to provide unitholders of EC World REIT (the “**Unitholders**”) with the following update.

## 2. THE ECW FACILITIES

In relation to the existing onshore facilities of the EC World REIT group (the “**Onshore Facilities**”), the Manager wishes to update Unitholders that the lenders of the Onshore Facilities (the “**Onshore Lenders**”) are in the process of obtaining internal approvals on the restructuring of the Onshore Facilities.

In relation to the existing offshore facilities of the EC World REIT group (the “**Offshore Facilities**”), the Manager wishes to update Unitholders that:

- (i) due to insufficient funds generated by the EC World REIT group following the novation of underlying leases in respect of Chongxian Port Logistics (“**CXPL**”), Fuheng Warehouse (“**FHCC**”) and Fuzhou E-Commerce (“**FZDS**”) <sup>4</sup>, the EC World REIT group is not able to pay the principal and interest expenses due on 30 April 2024 under the Offshore Facilities; and
- (ii) the Manager is still in negotiations with the lenders of the Offshore Facilities to restructure them.

The Manager has not received any indication from the Lenders that they intend to accelerate the existing bank loans under the ECW Facilities at this juncture.

Additionally, other than the ECW Facilities, the remaining loan facilities of the EC World REIT group are the revolving loans (the “**Existing SBLC Loans**”) from banks which are also part of the group of Lenders under the ECW Facilities. The Existing SBLC Loans are backed by standby letters of

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2 This refers to the situation where the maximum aggregate amount of the outstanding loans under the ECW Facilities exceeds the lowest of (i) S\$498,000,000 (or its equivalent); (ii) 45% of the aggregate valuation of the properties of EC World REIT as reflected in the latest valuation report delivered pursuant to the ECW Facilities; and (iii) 40% of the deposited property of EC World REIT (the “**Relevant Prepayment Conditions**”). As mentioned in the 27 February 2024 Announcement, upon notification to the relevant facility agent that such situation has occurred, the EC World REIT group shall within three business days repay or prepay the loans under the ECW Facilities such that the maximum aggregate amount of the loans under the ECW Facilities outstanding will be no more than the lowest of the Relevant Prepayment Conditions.

3 “**Divestment Longstop Date**” refers to 31 October 2023 (or such later date, that is on or prior to 30 April 2024, that is agreed to by all the Lenders). As disclosed in the Manager’s announcement dated 31 May 2023, the ECW Facilities impose a requirement for the proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the “**Proposed Divestment**”) to take place by 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 ECW Facilities remaining outstanding being no more than S\$410,000,000 (or its equivalent) is made. It is an event of default under the ECW Facilities if the Proposed Divestment does not occur by 30 April 2024.

4 As at the date of this announcement, approximately 100%, 100% and 98% of the underlying leases in respect of CXPL, FHCC and FZDS have respectively been completed. Please refer to the Manager’s announcement dated 27 February 2024 titled “Updates in relation to (I) Master Lease Arrangements; (II) Decline in Valuations; (III) the ECW Facilities; (IV) Applications for Extension of Time in Relation to AGM; (V) Distributions of EC World REIT; and (VI) Mortgages over Fuzhou E-Commerce and Fuheng Warehouse” for further details on the underlying lease novation process.

credit (“**SBLCs**”) issued by the EC World REIT group’s Onshore Lenders. As at 31 December 2023, a total of approximately S\$82.3 million was outstanding under the Existing SBLC Loans. The Manager wishes to update Unitholders that, as at the date of this announcement, approximately S\$62.2 million has been repaid using the cash collaterals for the SBLCs and hence approximately S\$20.1 million remains outstanding under the Existing SBLC Loans. As a result of the above repayments, the aggregate leverage of EC World REIT has decreased to 55.6% as at 30 April 2024, down from 58.3% as at 31 December 2023. The Manager will continue to explore options to settle the remaining Existing SBLC Loans in order to further reduce EC World REIT’s aggregate leverage.

### 3. THE RELEVANT MORTGAGES AND THE RELEVANT LAWSUITS

The Manager wishes to provide Unitholders with the following updates:

- (i) on 1 April 2024, the Manager issued a demand letter to Forchn Holdings Group Co., Ltd. (the “**Sponsor**”, and the demand letter to the Sponsor, the “**1 April 2024 Demand Letter**”) which, among others:
  - a. referred to the submission of pleadings for the Relevant Lawsuits by the EC World REIT group to the relevant court in the PRC; and
  - b. demanded that the Sponsor discharge the Relevant Mortgages immediately;
- (ii) on 2 April 2024, the Sponsor responded to the 1 April 2024 Demand Letter stating that:
  - a. the Sponsor is still liaising with the Fuyang Government (富阳政府) in the PRC (the “**Fuyang Government**”) and that the Sponsor has had several meetings with them in March 2024 to discuss how the Relevant Mortgages may be discharged; and
  - b. the Sponsor will discharge the Relevant Mortgages as soon as possible once it receives confirmation from the Fuyang Government that it is able to do so and will strive to discharge the Relevant Mortgages by the middle of April 2024 (the “**Sponsor Proposed Timeline**”).
- (iii) on 2 April 2024, the Manager issued a letter to the Fuyang Finance Bureau<sup>5</sup> to, among others, emphasise the urgency for the Relevant Mortgages to be discharged and request that the Fuyang Finance Bureau follow up closely on the Relevant Mortgages and to urge the Sponsor to discharge the Relevant Mortgages as soon as possible; and
- (iv) on 17 April 2024, the Manager issued a demand letter to the Sponsor stating, among others, that the Sponsor had failed to discharge the Relevant Mortgages by the Sponsor Proposed Timeline and urging the Sponsor to discharge the Relevant Mortgages by the end of April 2024; and
- (v) the Sponsor has indicated to the Manager that the Sponsor is still in discussions with the Fuyang Government and the Fuyang Financial Institutions to reach a feasible solution to discharge the Relevant Mortgages.

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<sup>5</sup> The Fuyang Finance Bureau oversees all financial institutions within the Fuyang district (including 杭州富阳富投发振富股权投资合伙企业(有限合伙) (Hangzhou Fuyang Futoufa Zhenfu Equity Investment LLP) and 浙江富月融资租赁有限公司 (Zhejiang Fuyue Finance Lease Co., Ltd.), being the two entities linked to the Fuyang Government involved in the imposition of the Relevant Mortgages (the “**Fuyang Financial Institutions**”).

As mentioned in the 26 March 2024 Announcement and the 31 March 2024 Announcement, the EC World REIT group has submitted the Relevant Lawsuits to the relevant PRC court and the case application is now being reviewed and is yet to be accepted by the relevant PRC court. If the EC World REIT group can obtain a favourable judgment in the Relevant Lawsuits, the EC World REIT group may de-register the Relevant Mortgages with the mortgage registration authority based on the judgment.

The Board of Directors of the Manager 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

1 May 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.