



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

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL

In accordance with Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), EC World Asset Management Pte. Ltd., in its capacity as manager of EC World Real Estate Investment Trust (“**ECW**”, and as manager of ECW, the “**Manager**”), wishes to announce that the independent auditors of ECW have included a disclaimer of opinion (the “**Disclaimer of Opinion**”) on the financial statements of ECW and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2023 (“**FY2023**”, and the financial statements of the Group for FY2023, the “**Financial Statements**”) in their Independent Auditors’ Report dated 12 July 2024 (the “**Independent Auditor’s Report**”).

The basis for the Disclaimer of Opinion is contained in the Independent Auditor’s Report. Please refer to the copy of the Independent Auditor’s Report attached herein for further details.

An extract of Note 2.1(a) to the Financial Statements pertaining to the Group’s and ECW’s going concern assumption is also attached to this announcement for information in relation to the Disclaimer of Opinion.

The Independent Auditor’s Report and the Financial Statements form part of ECW’s annual report for FY2023. Unitholders of ECW are advised to read this announcement in conjunction with the annual report for FY2023.

The units of ECW have been suspended from trading on the SGX-ST since 31 August 2023.

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

12 July 2024

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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REAL ESTATE INVESTMENT TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

Disclaimer of Opinion

We do not express an opinion on the financial statements of EC World Real Estate Investment Trust ("ECW") and its subsidiaries ("the Group"). Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We were engaged to audit the financial statements of ECW and the Group which comprise the statements of financial position of the Group and of ECW and the investment properties portfolio statement of the Group as at 31 December 2023, and statements of movements in unitholders' funds of the Group and of ECW, and the consolidated statement of total return, consolidated distribution statement and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information.

Basis for Disclaimer of Opinion

(i) Going concern

As disclosed in Note 2.1(a) to the financial statements, as at 31 December 2023, the current liabilities of the Group and ECW exceeded their current assets by S\$588,045,000 and S\$126,336,000 respectively. The Group's current liabilities include bank borrowings with a carrying value of S\$476,779,000 (Note 19), comprising S\$342,983,000 of offshore loans (the "Offshore Facility") and S\$133,796,000 of onshore loans (the "Onshore Facility"), both of which are repayable on demand due to the occurrence of a number of events of default. ECW's current liabilities include loans from subsidiaries of S\$343,615,000 which is repayable on demand and will require repayment from ECW if the Offshore Facility is not refinanced as the Offshore Facility was drawn down by the subsidiary for the purpose of funding ECW and the Group.

These factors, along with the other matters disclosed in Note 2.1(a) to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and of ECW to continue as going concerns.

Notwithstanding this, the going concern assumption has been used in the preparation of the accompanying financial statements as the Manager is confident of successful outcomes from the various measures to generate sufficient cash flows as described in Note 2.1(a), including plans to divest the Group's properties and negotiations to refinance the bank borrowings. However, we were unable to obtain sufficient appropriate audit evidence regarding the outcomes of these measures and the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REAL ESTATE INVESTMENT TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

Basis for Disclaimer of Opinion (continued)

(i) Going concern (continued)

If the Group and ECW are unable to continue in operational existence for the foreseeable future, the Group and ECW may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and ECW may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. The accompanying financial statements do not include any of these adjustments.

(ii) Valuation of investment properties

As disclosed in Note 15(c) to the financial statements, the fair values of certain investment properties of the Group totalling S\$622,430,000 as at 31 December 2023 are based on certain assumptions regarding the outcome of the Group's lease restructuring negotiations with ECW's ultimate holding corporation (the "Sponsor") and fellow subsidiaries (the "Sponsor Group"). We were unable to perform procedures to obtain sufficient appropriate audit evidence regarding the reasonableness of these assumptions as the Manager has been unable to provide satisfactory supporting documentary information. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements in relation to the carrying value of investment properties is necessary.

(iii) Impairment allowance for trade and other receivables

As disclosed in Note 11(a) to the financial statements, the assessment of impairment allowance for the Group's trade and other receivables totalling S\$92,178,000 as at 31 December 2023 is based on certain assumptions, including a positive outcome of the Group's negotiations with the Sponsor. We were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of these assumptions as the Manager was unable to provide satisfactory supporting documentary information. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements in relation to the carrying value of trade and other receivables is necessary.

(iv) Contingent liabilities relating to unauthorised mortgages

As disclosed in Note 25 to the financial statements, the Sponsor has, without the consent of ECW's Manager or Trustee, imposed mortgages on three of the Group's investment properties for S\$49,908,000 in November 2023. We were unable to obtain sufficient appropriate audit evidence to ascertain the legal validity of the mortgages as at 31 December 2023. Consequently, we were unable to determine if any adjustment to the accompanying financial statements in relation to these unauthorised mortgages is necessary.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REAL ESTATE INVESTMENT TRUST

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Basis for Disclaimer of Opinion (continued)

(v) Unauthorised use of Relevant Seals and Stamps

As disclosed in Note 25 to the financial statements, the unauthorised mortgages arose primarily from the unauthorised use of the ECW's China subsidiaries' company seal, legal representative seal, finance stamp and/or contract stamp (collectively, the "Relevant Seals and Stamps") and title deeds of the properties by the Sponsor. We were unable to obtain sufficient appropriate audit evidence to determine if there were other instances of unauthorised use of the Relevant Seals and Stamps and title deeds of the properties which have not been identified by the Manager. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements in relation to the unauthorised use of the Relevant Seals and Stamps which have not been identified.

(vi) Impairment allowance for investments in subsidiaries

As disclosed in Note 16(a) to the financial statements, the assessment of impairment allowance for ECW's investments in a subsidiary with a carrying value of S\$39,588,000 as at 31 December 2023 is based on the assumption that the Manager can restructure group entities to recover the carrying value. We were unable to obtain sufficient appropriate audit evidence regarding the outcome as the Group was unable to provide satisfactory supporting documentary information. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements in relation to the carrying value of investments in subsidiaries is necessary.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REAL ESTATE INVESTMENT TRUST

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Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit on the Group and ECW's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Lee Zhen Jian.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 12 July 2024

EC WORLD REAL ESTATE INVESTMENT TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

The financial statements are expressed in Singapore Dollars (“S\$” and “SGD”) and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with RAP 7 requires the Manager to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Information about an area involving a higher degree of judgement, where assumptions and estimates are significant to the financial statements, is disclosed in Note 3.

(a) Going concern

As at 31 December 2023, the current liabilities of the Group and ECW exceeded their current assets by S\$588,045,000 and S\$126,336,000 respectively.

The Group’s current liabilities include bank borrowings with a carrying value of S\$476,779,000 (Note 19), comprising S\$342,983,000 of offshore loans (the “Offshore Facility”) and S\$133,796,000 of onshore loans (the “Onshore Facility”), both of which are repayable on demand due to the occurrence of a number of events of default under the Offshore Facility as detailed in Note 19(f).

As set out in ECW’s announcement on SGXNet dated 11 June 2024, the facility agent under the Offshore Facility (the “Offshore Facility Agent”) has on 10 June 2024 issued a letter to the Group (the “Pre-enforcement Notice”) stating, among others, that:

- a) The majority lenders are prepared to instruct and authorise the Offshore Facility Agent to commence enforcement actions (the “Enforcement Actions”) against the Group if certain conditions and milestones are not fulfilled within the time prescribed.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

(a) Going concern (continued)

b) In this regard, the Enforcement Actions includes, but are not limited to:

- (i) accelerating the loans under the Offshore Facilities (as defined in the Offshore Facility Agreement);
- (ii) appointing a receiver and/or exercising the power of sale pursuant to the terms of the Security Documents (as defined in the Offshore Facility Agreement);
- (iii) exercising or directing the exercise of the voting and other rights attached to the shares subject to the Share Charges (as defined in the Offshore Facility Agreement);
- (iv) commencing legal proceedings to recover the loans and any unpaid sums under the Offshore Facilities; and
- (v) applying for the borrower and the guarantors under the Offshore Facility Agreement to be placed into winding up or judicial management (or any analogous procedure in any jurisdiction).

In addition, the Pre-enforcement Notice also stated that the conditions and milestones are not exhaustive, and the Lenders may at any time at their sole discretion add to, amend and/or substitute the conditions and milestones set out therein as they deem fit. For the avoidance of doubt, notwithstanding that the conditions and milestones set out in the Pre-enforcement Notice may be fulfilled in whole or in part within the time prescribed therein, the majority lenders shall nonetheless remain entitled to exercise any and all of their rights and remedies.

ECW's current liabilities include loans from subsidiaries of S\$343,615,000 which are repayable on demand and will require repayment from ECW if the Offshore Facility is not refinanced as the Offshore Facility was drawn down by the subsidiary for the purpose of funding ECW and the Group.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

(a) Going concern (continued)

Notwithstanding the above, the Manager has assessed that the Group and ECW are able to continue as going concerns, on the following basis:

- (i) the Group's operating cash flows has improved in 2024H1 with the novation of the underlying subleases from the Sponsor Group's master leases and related party leases to the Group;
- (ii) the Manager is in the final stages of restructuring the existing Onshore Facility which will allow the Group to defer part of the interest expense payments and principal instalment repayments to April 2026;
- (iii) although the Manager has received the Pre-enforcement Notice, the Pre-enforcement Notice allows up to 31 May 2025 (more than 12 months from year end) for the Group to divest its assets in such amount sufficient to repay the Offshore Facility;
- (iv) the Manager is confident of being able to divest one or more properties of the Group with its appointment of two established consultants, Savills Property Services (Shanghai) Co., Ltd. and Cushman & Wakefield (HK) Ltd. in relation to sourcing for potential purchaser(s) of the properties;
- (v) the Manager has appointed a financial adviser, KPMG Services Pte Ltd, to explore various options for the Group to address its ongoing challenges; and
- (vi) the Manager is in active negotiations with the lenders of the Offshore Facility on a possible refinancing package and is optimistic that a favourable outcome would be achieved.

The validity of the going concern assumption on which these financial statements have been prepared is dependent on the favourable outcome of the various measures set out above. If the Group and ECW are unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts currently stated in the statements of financial position of the Group and ECW. In addition, the Group and ECW may have to provide for further liabilities which may arise, and to classify the non-current assets as current assets. The accompanying financial statements do not include the effect of any of these adjustments.