



**EC World**  
运通网城 REIT

# FY2024 Annual General Meeting

30 April 2025



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# Agenda

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## Section A: Key Highlights



# FY2024 Macro Environment

## Global Macro Economy

- Inflation eased to 5.8% in 2024, down from 6.8% in 2023
- Interest rates stayed high for most of 2024, central banks began cutting rates in late 2024 as inflation eased
- Geopolitical tensions and fragmented supply chains continued to weigh on sentiment
- U.S. tariff plans in 2025 added uncertainty to global trade and investment flows.

## China Economy and Real Estate Sector

- GDP grew 5.0%, meeting official targets, supported by export rebound and policy stimulus<sup>(1)</sup>
- Consumer demand remained weak, with retail sales up only 3.5%, reflecting fragile household confidence<sup>(1)</sup>
- Property investment declined 10.6%, as developers faced tight financing and cautious buyers<sup>(1)</sup>
- Developer liquidations and defaults deepened market uncertainty<sup>(2)</sup>
- National average warehouse vacancy rate reached 21.2% in Q4 2024, the highest on record<sup>(3)</sup>
- Some major logistics investors and operators begun divesting assets in China due to rising vacancy rates, declining rents, and persistent uncertainty<sup>(4)</sup>

## Singapore REITs

**5-year Singapore iEdge S-REIT Index [SGD] as of 28 February 2025<sup>(5)</sup>**

Price return (YTD): -3.55%    Total return (YTD): -2.12%

1. <https://www.theguardian.com/business/2025/jan/17/china-economy-hits-growth-target-but-rate-among-slowest-in-decades>
2. <https://www.reuters.com/world/china/chinas-new-home-prices-unchanged-march-february-2025-04-16/>
3. <https://www.businesstimes.com.sg/companies-markets/blackstone-talks-sell-china-logistics-assets-divestment>
4. <https://www.rprealtyplus.com/international/global-funds-exit-chinas-commercial-real-estate-for-fourth-straight-year-119160.html>
5. [https://api2.sgx.com/sites/default/files/2025-03/S-REIT\\_Factsheet\\_20250228.pdf](https://api2.sgx.com/sites/default/files/2025-03/S-REIT_Factsheet_20250228.pdf)

# FY2024 Financial Highlights



## Financials

- Excluding the relevant accounting and distribution adjustment, the **gross revenue in RMB terms** was **14.5%** lower compared to FY2023, mainly due to termination of MLAs upon lease expiry, coupled with effect of novation of underlying leases from master leases and related party leases for CXI, CXPL, FHCC and FZDS during the financial year, discontinuation of China Tobacco leases in HDP1, offset by income from new third party leases secured for HDP1 and higher late fee income
- **NPI in RMB terms**, after relevant distribution, **declined 18.5%** y-o-y mainly due to lower revenue, bad debt provision, higher business tax as a result of accrual of late payment penalty, offset by capitalisation of expenditure
- **Higher finance cost** mainly due to **higher interest rate and additional finance cost** incurred for the settlement of short-term advance from an onshore SBLC issuer, mitigated by lower loan quantum
- Calculated FY2024 DPU of 1.951 cents was 46.7% lower y-o-y mainly due to lower revenue, higher operating expenses and interest cost
- **No distribution** was declared for **FY2024**, and it is **highly likely** that no distribution will be declared for the financial year 2025

# Asset Management



## Asset Management

- Committed occupancy of **86.3%** as at 31 December 2024
- **Valuation** of the portfolio of EC World REIT has **declined by 11.7%** to RMB3,829 million (RMB 4,336 million as at 31 December 2023)
- Intensified rental competition from logistics oversupply in Hangzhou and Wuhan, stagnant rents near Chongxian Port after major lease expiries, and reduced land tenure across all assets contributed to the decline in portfolio valuation
- **Proactive leasing strategies** to improve lease performance and stabilize rental income
- **Hengde Logistics** achieved an overall committed occupancy of **91.1%** as at 31 December 2024
- **WALE** stood at 1.2 years for gross rental income and 1.6 years for net lettable area

# Challenges and Updates



## Updates

- **Pre-enforcement Notice** issued by offshore lenders in June 2024, providing time until **31 May 2025** to divest sufficient assets to fully repay the Offshore Facility
- **Singapore Exchange** granted an extension for submission of a trading resumption proposal to the same deadline (31 May 2025)
- **Highly unlikely** to meet all lender imposed milestones within the current timeframe; a **further extension** is required depending on progress of divestments and refinancing
- Legal challenge to **unauthorised mortgage** over Fuzhou E-Commerce (FZDS) **dismissed by PRC court** in April 2025; Manager intends to appeal the judgment on advice of PRC legal counsel
- **Pre-reorganisation** process for the Sponsor commenced by PRC court in March 2025, with outcome and impact on ECW still uncertain
- Bankruptcy of Mr Zhang Guobiao, controlling shareholder of the Sponsor and former non-independent non-executive director, may trigger a change in control of the Sponsor and **indirect change in Control of ECW**, subject to regulatory requirements
- New **independent property and port managers** appointed from 1 January 2025 following concerns over previous arrangements with a related party





## Section B: Financial Review



# Balance Sheet

S\$'000	As at 31 December 2024	As at 31 December 2023
Cash and cash equivalents <sup>(1)</sup>	4,513	100,964
Investment Properties <sup>(2)</sup>	713,726	805,629
Total Assets	887,079	1,005,280
Borrowings	480,382	559,079
Total Liabilities	855,016	910,419
Net Assets attributable to Unitholders	32,063	94,861
NAV per unit (S\$)	0.04	0.12

(1) Decrease in cash and cash equivalent was mainly due to the settlement of revolving credit facilities using onshore cash deposits placed as collateral for standby letter of credit ("SBLC") issuance. As at 31 December 2024, all cash deposits placed as collaterals for SBLC were released for the repayment of revolving credit facilities

(2) Represents the year end fair value of the investment properties based on the valuation as at 31 December 2024 conducted by Savills. The investment properties were pledged as security for the borrowings of ECW Group. The decrease in carrying value of the investment properties was mainly due to fair value loss. In RMB terms, the valuation as at 31 December 2024 was 11.7% lower at RMB3,829 million compared to the valuation of RMB4,336 million as at 31 December 2023

## Facilities Update

- ❑ The restructuring of the Onshore Facilities was completed with the signing of a supplementary agreement on 16 July 2024 between EC World REIT group and the Onshore Lenders
- ❑ Although the Manager received a Pre-enforcement Notice from Offshore Lenders, the Notice provides up to 31 May 2025 for the Group to divest assets sufficient to repay the Offshore Facility
- ❑ As of today, the Group has not received any formal notice of enforcement action. The Manager is actively working with the Offshore Lenders and KPMG to fulfil conditions under the Pre-enforcement Notice
- ❑ KPMG has been engaged as the Group's financial adviser to support lender negotiations and explore possible refinancing strategies
- ❑ As at 31 December 2024, current liabilities exceeded current assets by S\$569.5 million, including a carrying value of S\$473.3 million in bank borrowings (S\$347.4 million Offshore; S\$125.9 million Onshore), which remain repayable on demand
- ❑ **All revolving credit facilities** (Existing SBLC Loans) have been **fully repaid** as at 31 December 2024 using the cash collaterals
- ❑ The Manager **intends to pare down borrowings with divestment proceeds** and is actively engaging with Offshore Lenders to develop a feasible refinancing plan

## Ongoing Concerns

- ❑ The Manager continues to pursue asset divestments and has engaged multiple potential investors, but buyer expectations and market valuations remain misaligned
- ❑ The Manager has appointed Savills (Shanghai) and Cushman & Wakefield (HK) to assist with marketing the properties for divestment and continues to explore other options concurrently
- ❑ Given the current market environment, it is highly unlikely that the Group will meet the 31 May 2025 milestone under the Pre-enforcement Notice
- ❑ Discussions are ongoing with Offshore Lenders to explore flexibility or an extension of the divestment timeline
- ❑ Depending on the outcome, the Manager may also seek an extension of the deadline to submit a trading resumption proposal to SGX



## Section C: Portfolio Management



# Existing Portfolio

## Average Committed Occupancy

Asset	Lease Structure <sup>(1)</sup>	Committed Occupancy (As at 30 June 2024)	Committed Occupancy (As of 31 December 2024)	Key Highlight
E-Commerce Logistics Assets				
Fu Heng Warehouse	Multi Tenanted	78.1%	74.5%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	Multi Tenanted	70.8%	72.3%	Situated next to Fu Heng. An integrated e-commerce logistics asset
Stage 1 Properties of Bei Gang	Master Leased	100%	100%	An integrated e-commerce logistic asset
Wuhan Meiluote	Multi Tenanted	33.8%	77.4%	First acquisition in 2018. Houses mainly e-commerce players Heavy competition at Wuhan market currently
Specialized Logistics Asset				
Hengde Logistics	Multi Tenanted	76.2%	91.1%	Customised environment control warehouse space
Port Logistics Assets				
Chongxian Port Investment	Multi Tenanted	95.6%	92.2%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	92.9%	95.9%	An integrated complex of with warehouses and office building

(1) As at 31 December 2024. MLA: Master Leased Agreement; Negotiation on Master Settlement Agreement with the Sponsor Group is pending



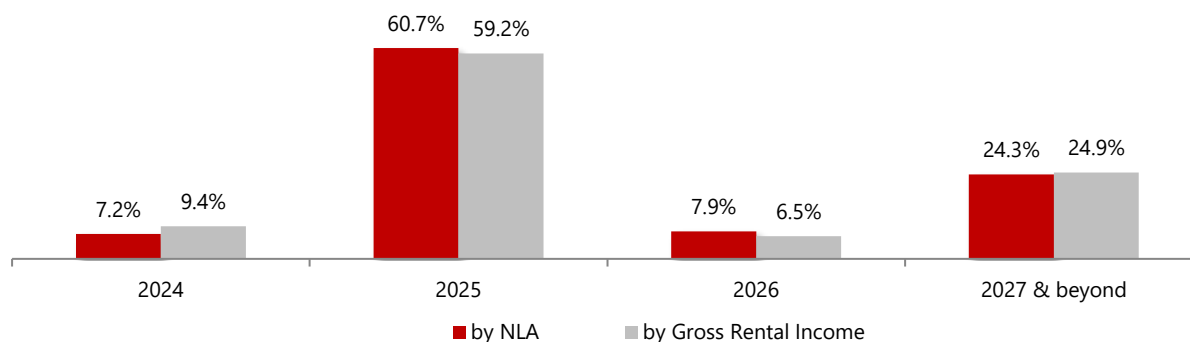
# Quality and Differentiated Asset Portfolio

☑ Average committed occupancy of **86.3%** as at 31 December 2024

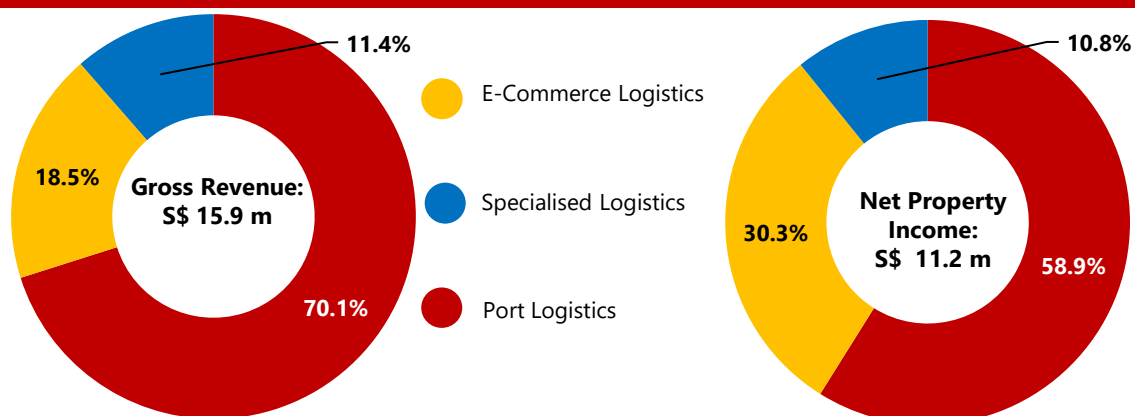
## Lease Expiry Profile of Portfolio

**WALE by NLA: 1.6 years**

**WALE by Gross Rental Income: 1.2 years**

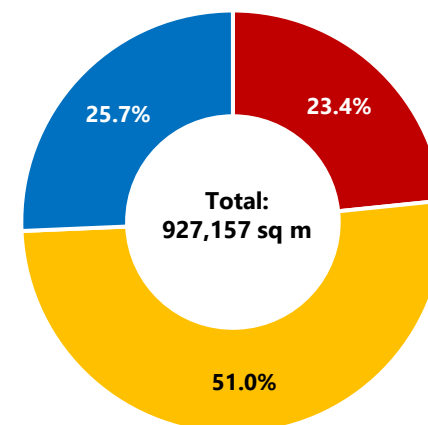


## 4QFY2024 Contribution by segments

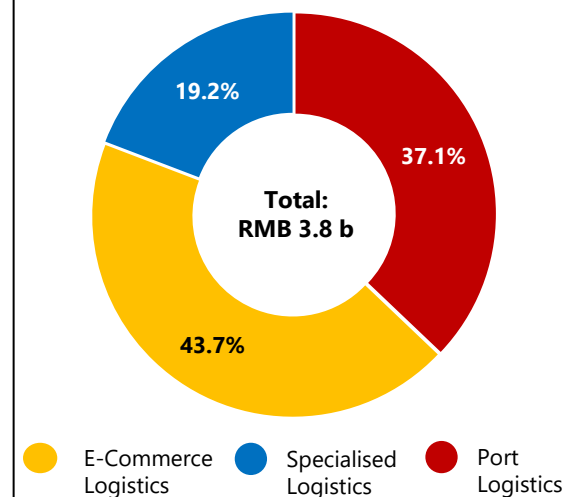


## Portfolio Diversification

### By Net Lettable Area



### By Valuation <sup>(1)</sup>



(1) The investment properties were revalued on 31 December 2024 by Savills Real Estate Valuation (Guangzhou) Ltd - Shanghai Branch



## Section D: Independent Auditor's Disclaimer of Opinion



# Independent Auditor's Disclaimer of Opinion

Disclaimer	Details
Opening Balances	<ul style="list-style-type: none"> <li>Unable to determine whether opening balances as at 1 January 2024 were fairly stated</li> <li>Affects total return, distribution, cash flows, and unitholders' fund movements for FY2024</li> </ul>
Insufficient Documentation	<ul style="list-style-type: none"> <li>Unable to ascertain carrying amounts of balances or transactions during the year</li> <li>Satisfactory supporting documentation was not provided by the regulatory deadline</li> </ul>
Going Concern	<ul style="list-style-type: none"> <li>Group's current liabilities exceeded current assets by S\$569.5 million- ECW's current liabilities exceeded current assets by S\$113.5 million</li> <li>Borrowings of S\$473.3 million repayable on demand due to events of default</li> <li>Material uncertainties cast doubt on the ability to continue as a going concern</li> </ul>
Valuation of Investment Properties	<ul style="list-style-type: none"> <li>Matter unresolved from FY2023 audit</li> <li>Continued reliance on assumptions regarding lease restructuring and Sponsor settlement</li> </ul>

# Independent Auditor's Disclaimer of Opinion

Disclaimer	Details
<b>Impairment Allowance for Trade and Other Receivables</b>	<ul style="list-style-type: none"> <li>▪ Issue from FY2023 remains unresolved</li> <li>▪ Recoverability still uncertain as at end-FY2024</li> </ul>
<b>Contingent Liabilities Relating to Unauthorised Mortgages</b>	<ul style="list-style-type: none"> <li>▪ Unauthorised mortgages remain unresolved from FY2023</li> <li>▪ Total exposure of up to RMB 268.6 million</li> </ul>
<b>Unauthorised Use of Relevant Seals and Stamps</b>	<ul style="list-style-type: none"> <li>▪ Contingent liabilities associated with past unauthorised use of seals and title deeds by Sponsor</li> </ul>
<b>Impairment Allowance for Investments in Subsidiaries</b>	<ul style="list-style-type: none"> <li>▪ Impairment of S\$39.6 million of investments in subsidiaries recognised at ECW level remains unresolved</li> <li>▪ Based on assumptions of successful restructuring outcomes</li> </ul>
<b>Other Matters</b>	<ul style="list-style-type: none"> <li>▪ 25 Mar 2025: PRC court decision for Sponsor to enter pre-reorganisation</li> <li>▪ 14 Apr 2025: Mr Zhang Guobiao adjudged bankrupt in Singapore High Court</li> <li>▪ Potential change in control of Sponsor and ECW, subject to applicable laws and regulations</li> </ul>



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**Thank You**

