

EC WORLD REAL ESTATE INVESTMENT TRUST (“EC World REIT”)

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

MINUTES OF ANNUAL GENERAL MEETING

PLACE : Retreat Room Level 12, Oasia Hotel Downtown, 100 Peck Seah Street, Singapore 079333

DATE : Wednesday, 30 April 2025

TIME : 10.07 a.m.

PRESENT : **BOARD OF DIRECTORS**

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| Mr Chan Heng Wing | Acting Chairman, Independent Non-Executive Director and Lead Independent Director |
| Mr Chia Yew Boon | Independent Non-Executive Director |
| Mr Li Guosheng | Independent Non-Executive Director |
| Mr Goh Toh Sim | Executive Director and Chief Executive Officer |

ABSENT WITH APOLOGIES : Dr Wong See Hong (Independent Non-Executive Director)

IN ATTENDANCE / BY : Unitholders, the Trustee and other external professionals as set out in the attendance records maintained by the Manager.

CHAIRMAN : Mr Chan Heng Wing

INTRODUCTION

The emcee welcomed the Unitholders (as defined below) to the Annual General Meeting of EC World Real Estate Investment Trust (“**EC World REIT**” or the “**REIT**”) (the “**Meeting**”).

Unitholders of EC World REIT (“**Unitholders**”) were informed that Mr Chan Heng Wing, the Acting Chairman and Lead Independent Director of EC World Asset Management Pte. Ltd. (the “**Manager**”), had been nominated by the Trustee (as defined below) to preside as the chairman of the Meeting (the “**Chairman**”), in accordance with the trust deed constituting EC World REIT (as amended) (“**Trust Deed**”).

The emcee handed the proceedings to the Chairman.

QUORUM

As a quorum was present, the Chairman declared the Meeting open.

ATTENDEES

The Chairman then introduced the below present at the Meeting:

- the Board of Directors of the Manager (the “**Board**”);
- the representatives from DBS Trustee Limited, the trustee of EC World REIT (the “**Trustee**”);
- Mr Wang Feng, the Chief Financial Officer of the Manager;
- Mr Chua Bor Jern, Partner at Allen & Gledhill LLP;

- Mr Liang Hongzhou, Audit Partner of BDO LLP; and
- representatives from Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of EC World REIT (“**BCAS**”).

The Chairman conveyed the apologies of Dr Wong See Hong, an Independent Non-Executive Director, who was unable to attend the Meeting due to work exigencies.

NOTICE

The Notice of Meeting dated 15 April 2025 (“**Notice**”) and the Annual Report for the financial year ended 31 December 2024 (“**FY2024**”) had been released on SGXNet and also published on the REIT’s corporate website.

With consent of the Meeting, the Notice convening the Meeting was taken as read.

CONDUCT OF THE MEETING AND VOTING

The Chairman advised that voting of all the resolutions at this Meeting will be conducted by way of electronic poll. The Chairman also informed Unitholders that he had been appointed as proxy by several Unitholders and will be voting in accordance with their instructions.

Reliance 3P Advisory Pte. Ltd. and BCAS had been appointed as scrutineer and polling agent respectively for the conduct of the poll. Unitholders were then briefed on the electronic poll voting procedures.

PRESENTATION BY THE CHIEF EXECUTIVE OFFICER

Mr Goh Toh Sim, the Executive Director and Chief Executive Officer of the Manager (the “**CEO**”), presented a summary of EC World REIT’s performance for FY2024 covering the below:

- Key highlights of the following:
 - FY2024 Macro Environment covering the Global Macro Economy, China Economy and the Real Estate Sector
 - FY2024 financial highlights
 - Asset Management
 - Challenges and Updates
- Financial Review
- Portfolio Management;
- Basis giving rise to Independent Auditor’s Disclaimer of Opinion

Copies of the presentation slides had also been released via SGXNet on 29 April 2025 and are available on the REIT’s website.

QUESTIONS AND ANSWERS

Unitholders were informed that there were no substantive questions received from Unitholders in advance of the Meeting.

Unitholders were then invited to ask questions relating to the proposed resolutions.

Questions raised and the responses are set out in **Annexure A** to these minutes.

The Chairman then proceeded with the business of the Meeting.

ORDINARY BUSINESS:

1. RESOLUTION 1 - REPORT OF DBS TRUSTEE LIMITED, AS TRUSTEE OF EC WORLD REIT (THE "TRUSTEE"), THE STATEMENT BY EC WORLD ASSET MANAGEMENT PTE. LTD., AS MANAGER OF EC WORLD REIT (THE "MANAGER") AND THE AUDITED FINANCIAL STATEMENTS OF EC WORLD REIT FOR FY2024

1.1 The motion for Ordinary Resolution 1 was proposed by the Chairman and the motion was put to vote.

1.2 The results of the poll were as follow (percentage rounded to the nearest two decimal places):

| Total number of Units represented by votes for and against the relevant resolution | For | | Against | |
|--|-----------------|--|-----------------|--|
| | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) |
| 361,611,690 | 349,679,590 | 96.70 | 11,932,100 | 3.30 |

Based on the results of the poll, the Chairman declared the motion carried and it was RESOLVED:

"That the Report of DBS Trustee Limited, as trustee of EC World REIT (the "**Trustee**"), the Statement by EC World Asset Management Pte. Ltd., as Manager of EC World REIT (the "**Manager**") and the Audited Financial Statements of EC World REIT for the financial year ended 31 December 2024 and the Auditors' Report be received and adopted."

2. RESOLUTION 2 - RE-APPOINTMENT OF AUDITORS

2.1 Ordinary Resolution 2 was to re-appoint BDO LLP as Auditors of EC World REIT and to authorise the Manager to fix their remuneration.

2.2 BDO LLP had expressed their willingness to continue in office.

2.3 The motion for Ordinary Resolution 2 was proposed by the Chairman and the motion was put to vote.

2.4 The results of the poll were as follow (percentage rounded to the nearest two decimal places):

| Total number of Units represented by votes for and against the relevant resolution | For | | Against | |
|--|-----------------|--|-----------------|--|
| | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) |
| 360,670,890 | 359,486,290 | 99.67 | 1,184,600 | 0.33 |

SPECIAL BUSINESS:

3. RESOLUTION 3 - GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

3.1 Ordinary Resolution 3 was to authorise the Manager to issue units and/or convertible securities in EC World REIT pursuant to the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited and the Trust Deed.

3.2 The motion was proposed by the Chairman and the motion was put to vote.

3.3 The results of the poll were as follow (percentage rounded to the nearest two decimal places):

| Total number of Units represented by votes for and against the relevant resolution | For | | Against | |
|--|-----------------|--|-----------------|--|
| | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) | Number of Units | As a percentage of total number of votes for and against the relevant resolution (%) |
| 360,670,890 | 353,303,590 | 97.96 | 7,367,300 | 2.04 |

Based on the results of the poll, the Chairman declared the motion carried and it was RESOLVED:

“That authority be given to the Manager to

- (a) (i) issue units in EC World REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting EC World REIT (as amended) (“**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of EC World REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of EC World REIT or (b) the date by which the next AGM of EC World REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of EC World REIT to give effect to the authority conferred by this Resolution.”

CONCLUSION

Before closing the meeting, the Chairman informed that all the current Independent Non-Executive Directors of the Manager including himself (the “**INEDs**”), will be stepping down from the Board as they would have each served the Board for nine (9) years by June 2025 since their appointment. The INEDs will no longer be deemed independent under SGX Mainboard Listing Rule 210 (5)(d)(iv). The Chairman expressed his gratitude to the Unitholders for their support during the INEDs’ tenure with the Manager.

The Chairman declared the Meeting closed at 11.50 a.m. and thanked all attendees for their attendance.

Confirmed as True Record of Proceedings Held

Chan Heng Wing
Chairman

ANNEXURE A

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RAISED AT THE ANNUAL GENERAL MEETING (“AGM”) OF EC WORLD REAL ESTATE INVESTMENT TRUST (“EC WORLD REIT” OR “ECW”) HELD ON 30 APRIL 2025

Unless otherwise defined in this Annexure A, all capitalised terms used shall have the meaning ascribed to them in the annual report of EC World REIT for the financial year ended 31 December 2024 (“FY2024” and the annual report for FY2024, the “Annual Report”). Some questions and answers have also been edited for clarity.

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| 1. | Question by unitholder: | What caused the substantial increase in the operating expenses from 9% to 34.3% as reflected on page 3 of ECW’s Annual Report? |
| | Answer by CFO: | The said increase was referred to total operating expenses as percentage of net assets. The percentage rose significantly because of the substantial decline in net assets, from S\$94.9 million as at 31 December 2023 to S\$32.1 million as at 31 December 2024. The decline was mainly attributed to the reduction in valuation of the ECW’s assets. There was a reduction in the rental between the master leases and the novated underlying leases. The valuation drops reduced ECW’s net asset base, thereby increasing the relative proportion of operating expenses to net assets, even though the total operating expenses did not change materially in the two years. |
| 2. | Question by unitholder: | If the fair value loss was approximately 50%, how could the operating expenses as percentage of assets increased from 1.7% (in FY2022) to 9% (in FY2023)? |
| | Answer by CFO: | Please refer to ECW’s balance sheet on the changes in the net assets. The net assets attributable to Unitholders were S\$607.0 million in FY2022, and it declined to S\$94.9 million in FY2023. As a result, there was a significant increase when computing the operating expenses as percentage assets in FY2023. This percentage continued to rise in FY2024, reaching 34.3%, as net assets further declined to S\$32.1 million. The increase was not due to higher operating expenses, but rather due to the shrinking net asset base. |
| 3. | Question by unitholder: | Was the increase in operating expenses mainly attributable to the fair value of ECW’s assets? |
| | Answer by CFO: | The increase in operating expenses as a percentage of net assets was primarily due to the decline in the fair value of ECW’s assets. Following the novation process in 2024, where ECW took over underlying leases from the master leases, the rental reflected the prevailing market conditions and a corresponding drop in asset valuation. |
| | Answer by CEO: | ECW’s expenses are mainly property management and marketing expenses. Despite the continued weakness in China’s real estate market, ECW still needs to maintain its property manager and supporting staff in China to ensure proper management of assets. |

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| 4. | Question by unitholder: | <p>The occupancy rate of ECW at 86.3% as at 31 December 2024 seemed fine. (i) Are we able to expect a dividend by next year? (ii) Besides the logistics sector, is ECW able to consider diversifying its investment mandate? For instance, data centre is currently a very much sought after asset and would Hengde Logistics be suitable to be converted into a data centre?</p> |
| | <p>Response by CFO:</p> <p>If you refer to the Average Committed Occupancy on page 13 of the AGM presentation slides, there was some slight improvement in occupancy rate as at 31 December 2024 compared to 30 June 2024. The increase was mainly driven by Hengde Logistics, which the Property Manager had managed to increase the occupancy rate from 76.2% (as at 30 June 2024) to 91.1% (as at 31 December 2024) after active marketing efforts.</p> <p>Due to the intense competition in China market, there was no significant changes in rental for the Hengde Logistics property. While we managed to backfill space to improve occupancy, we had to be flexible on rental terms to attract tenants, resulting in lower average rental income. The current focus is to secure occupancy first, and then progressively improve rental levels when the market stabilises.</p> <p>We anticipate the real estate market in China to remain challenging this year.</p> <p>Response by CEO:</p> <p>2024 had been a challenging year for ECW. With the expiry and termination of the Master Leases Agreement (“MLA”), which were signed at the time of ECW’s Initial Public Offering (“IPO”) and included rental escalation clauses. Following the novation process, the rental income now reflects actual income from underlying tenants. Since the underlying leases are based on current market rates, there is a gap compared to the previous master lease terms. This gap has led to a decline in operating income.</p> <p>Looking ahead, we expect the China real estate market to remain uncertain in 2025. Notwithstanding, the Chinese government has implemented stimulus policy to improve the domestic consumption, the pace of recovery has however been slow and uneven. Broader challenges such as ongoing trade tensions and weak export activity continue to weigh on the logistics sector. Rental levels remain suppressed, and warehouse income is relatively low. Given these conditions, it is highly unlikely that a distribution will be declared for FY2025.</p> <p>In light of this, ECW’s key priorities are to stabilise Occupancy, improve rental income where possible, and to materialise the divestment of its assets, and use the proceeds to repay the loans to the Lenders.</p> <p>Although we are actively exploring divestment opportunities, due to the prevailing macro-environment, no buyer has signed a Sale and Purchase agreement to date. The overall investment climate remains cautious due to weak sentiment and limited liquidity.</p> | |

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| 5. | Question by unitholder: | On page 74 of ECW's Annual Report, the Total Assets were about S\$887 million and the Total Liabilities were about S\$855 million. As unitholders, we rely on the Board of Directors to steer the business. Please let us know whether you are able to turnaround the business and resume the trading of ECW? |
| | Response by CEO: | <p>Overall, the REIT market has been affected by the rising interest rate since the US Fed tightening cycle, resulting in a general decline in unit prices across the sector.</p> <p>ECW REIT is facing a particularly difficult situation. Following the completion of novation process and the expiry of the MLA in 2024, there is a substantial gap between the previous master lease rental and the current market rental from underlying tenants. This gap has materially affected operating income and asset valuations.</p> <p>As the Manager of ECW, we try to manage ECW to the best of our abilities. If ECW is able to dispose of its asset(s) at a good price, there may be an opportunity for ECW to recover if its operation is kept steady. However, there are macroeconomic factors which are beyond the Manager's control.</p> <p>The decline in domestic consumption and spending rate in China has a direct impact on us. We are actively exploring asset divestments. Should ECW be able to divest at an acceptable value when the market improves, there may be an opportunity to recover and restore value to unitholders.</p> |
| 6. | Questions by Unitholder: | <p>With improvement in the occupancy rate, and with ECW achieving positive net operating income and net property income of ECW,</p> <p>(i) what exactly is the issue aside from the high interest and declining in valuation of ECW's assets?</p> <p>(ii) was the decline in net asset value affected by the valuation, which was an accounting treatment? If yes, please explain why and whether you can change the accounting treatment?</p> |
| | Answer by CFO: | <p>While ECW reported positive Net Operating Income and Net Property Income in 2024, the key challenge lies in cash flow realisation. ECW recognised revenue based on contractual terms. Revenue arising from the master lease was recorded, but the Sponsor did not make the corresponding rental payments and as disclosed in the notes to account, the receivables from the Sponsor have increased significantly.</p> <p>Although ECW is able to generate some operating cashflow, apart from payment of the onshore operation expense and tax expenses, the excess cashflow was utilised to meet principal and interest repayment of the onshore facility. However, majority portion of ECW's total borrowings is offshore loans, the available cash flow was not sufficient to settle offshore interest expenses. This led to the offshore lenders in issuing a pre-enforcement notice and instructed ECW to divest its assets to repay the outstanding offshore debt.</p> <p>From August to October 2024, a majority of related party leases including master leases with the Sponsor had been terminated. Currently, ECW is negotiating the lease under Beigang Stage 1 with the Sponsor.</p> <p>The accounting standards of ECW's financial statements used to prepare were in accordance with the Statement of Recommended Accounting Practice 7 ("RAP 7") "Reporting Framework for Unit Trusts", which is the prescribed accounting framework for Singapore-listed REITs.</p> <p>There are other REITs which adopted IFRS disclosure, the key difference lies in the level of disclosure required. Both frameworks require fair value measurement of investment properties based on market conditions.</p> |

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| 7. | Question by Unitholder: | Given that ECW is negotiating with the Sponsor to offset the payables against their receivables, would ECW be able not pay the payables to the Sponsor? |
| | Answer by CFO: | ECW is currently in discussions with the Sponsor to explore the possibility of offsetting the payables against the receivables. We have discussed with the legal counsels on the available options. If necessary, ECW will pursue court action to protect unitholders' interest. |
| 8. | Question by Unitholder: | Is there any automatic right to offset the receivables from the Sponsor? |
| | Answer by CFO: | There is no such automatic right as there were different contracts entered into between ECW and the Sponsor, and involved both trade and non-trade transactions in nature. Unless both parties reach a mutual agreement, court action would be the appropriate course of action to determine the amount owed to each party. |
| | Answer by CEO: | Under the MLA with the Sponsor, there was security deposit secured provided by the Sponsor. ECW had retained the security deposit when the Sponsor was unable to pay ECW. The Sponsor had prepaid approximately RMB330 million earlier for acquiring ECW's assets which the deal did not materialise. As such, ECW is not in a worse-off position as it has the said prepaid amount. The Sponsor is currently undergoing pre-reorganisation on their end, and technically under the oversight of the administrator. Any resolution involving offset, recovery, or restructuring will require time and involve coordination with the Sponsor and its administrator, and other stakeholders. |
| | Answer by Acting Chairman: | It is also important to note that the first claim on the monies are the banks as they are the secured creditors. |
| 9. | Questions by unitholder: | (i) Can the net expenses of ECW be still covered by its operations on a Group wise basis? (ii) Can you comment on the situation if ECW is able to buy one year of relief, subject to approval by the Lenders? |
| | Answer by CFO: | For clarity, there is not sufficient cashflow on a Group wide basis for ECW to settle all the interest payment. Approximately 30% of ECW's borrowings are onshore and the remaining 70% is offshore. While ECW is able to settle onshore interest, it is in default of the offshore interest payment. We are negotiating with the Lenders for an extension of time based on the prevailing market conditions. ECW has been exploring asset divestments to repay part of its loans. Given the weak market conditions, no transaction has materialised to date. We are also keeping the Lenders updated on a monthly basis, the Lenders are fully informed of ECW's operational and financial position. Hopefully, the Lenders would understand our situation and we will provide an update to unitholders once an outcome is known. |
| | Answer by CEO: | UOB and DBS are the biggest lenders of the ECW's borrowings. ECW has received support from both onshore and offshore banks. We hope the Lenders are able to grant ECW a further extension of time. |
| | Answer by Acting Chairman: | Among the Lenders, banks with smaller proportion of loans to ECW may have taken a firmer stance. The Lenders would need to come to a consensus among themselves, as each bank faces different pressures and internal considerations. |

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| 10. | Question by unitholder: | Can a lender which extended a smaller loan proportion able to dissolve a company? |
| | Answer by CFO: | The loan extended to ECW is a syndicated loan and this is subject to collective lenders' consent with regard to any decision. |
| 11. | Question by Unitholder: | What is the size of the syndicated loan? |
| | Answer by CEO: | The amount was approximately S\$480 million as at 31 December 2024 and the loans were extended by eight (8) offshore lenders and six (6) onshore lenders. Approximately 75% of the total loan is held by the major lenders, while the remaining 25% is held by banks with smaller exposures. |
| 12. | Question by Unitholder: | Was the RMB547 million arising from rent payable under the former master leases as reflected on page 13 of ECW's Annual Report, related to master lessees under Forchn? |
| | Answer by CFO: | As of 31 December 2024, the accrued rent to ECW by the Sponsor group amounted to RMB629.9 million, RMB547.4 million arising from rent payable under the former mater leases and RMB 82.5 million from other related party lease arrangements. |
| 13. | Question by Unitholder: | Will ECW be in positive position after offsetting the RMB330m prepaid by the Sponsor? |
| | Answer by CFO: | Yes, there would be surplus, considering the RMB345 million security deposits of Master Lease Agreement and RMB330.0 million prepayment from the Sponsor. |
| 14. | Question by Unitholder: | What about the S\$82.5m under the receivables owing by a related party? |
| | Answer by CFO: | Those were rent receivable under related party leases with the Sponsor Group. Although ECW will anticipate a surplus after offsetting payables and receivables from the ongoing negotiation with the Sponsor group, there would not result in any excess cash to help with cashflow situation. The Lenders remain focused on ECW's ability to generate cashflow. |
| 15. | Question by Unitholder: | ECW had terminated all master leases last year and how much is left with the Sponsor? |
| | Answer by CFO: | All master leases have been novated to ECW, except the Stage 1 Properties of Beigang Logistics. There are currently no underlying tenants at Beigang, and ECW is in ongoing negotiations with the Sponsor to secure a commitment to lease a certain portion of the floor space. This is intended to help maintain a basic level of occupancy and income from the property, pending further leasing efforts. |

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| 16. | Question by Unitholder: | On page 3 of ECW's Annual Report, the Net Assets of about S\$32.1 million worked out to be 4 Singapore cents per unit. What would be the value after deducting the receivables and payables with the Sponsor? |
| | Answer by CFO: | <p>The reported net asset value of approximately S\$32 million as at 31 December 2024 includes both the receivables and the payables involving the Sponsor.</p> <p>Specifically, the amounts of RMB 345 million security deposit and RMB 330 million prepayments from Sponsor are recognized as liabilities in the accounts. Therefore, if these balances were to be offset or reclassified, the net asset position may or may not change, but as of now, no offset has been formally recognised.</p> |
| 17. | Questions by Unitholder: | <p>With the assets valuation declining year-on-year and with the rising interest rate, the unitholder asked the following:</p> <p>(i) How optimistic are you able to revive ECW?</p> <p>(ii) When would ECW resume its trading of its units?</p> |
| | Answer by CEO: | <p>We are actively working to address the challenges and are exploring strategic options, including exploring the possibility of introducing a white knight investor.</p> <p>Our immediate priority is to stabilise operations and improve cash flow, an increase in its properties valuation would follow. Whether ECW can sell its asset(s) at a higher price than its valuation, would depend on the prevailing market condition and other factors.</p> <p>We are committed to keeping ECW running. If the Lenders could grant ECW one year of relief and if the market conditions improved, rental and valuation would also improve. When market conditions improve, this would also imply that there would be more potential buyers, possibly allowing ECW to divest its assets at a higher price.</p> <p>ECW would resume trading of its units once the REIT is on a stronger footing. Premature resumption without a more stable operational and financial position would not be in the best interest of unitholders.</p> |
| 18. | Question by Unitholder: | Although Net Income was positive as reflected on page 73 of ECW's Annual Report, and because the Sponsor is not able to pay ECW, ECW therefore has no cashflow to pay its loans? Does the Sponsor still occupy the properties? |
| | Answer by CFO: | <p>Yes, while net income was positive on paper, it is important to note that revenue was recognised based on contractual terms as required under accounting standards. The Sponsor did not make the corresponding rental payments, resulting in a significant increase in receivables. This means that while ECW recorded revenue on paper, actual cash inflow was not received, and therefore, ECW does not have sufficient cash flow to service its loan obligations.</p> <p>Further, following the novation process of MLAs, there is a significant gap in the rental of the master leases and the current underlying leases. The cashflow received is insufficient to cover the overall financial expenses.</p> <p>The properties are currently occupied by a mix of underlying tenants from the previous lease arrangements as well as new tenants secured through ongoing leasing efforts. Stage 1 of Beigang Logistics remains under negotiation, and the space is currently vacant.</p> |

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| 19. | Question by Unitholder: | ECW's current liabilities are higher than its current assets. If ECW is wound up, will there be nothing left? Hopefully, ECW could sell its property(ies) at a higher valuation. |
| | Answer by CFO: | <p>The current liabilities are more than current assets due to the reclassification of the loan facilities under current liabilities.</p> <p>If ECW is wound up, it is uncertain whether a meaningful recovery could be achieved through a fire sale of the property(ies). As such, we do not think winding up is beneficial to all stakeholders, including unitholders and creditors, and we are negotiating with the Lenders for more time to turnaround the situation.</p> |
| | Answer by CEO: | <p>We are therefore actively negotiating with the Lenders to secure additional time to stabilise the business and pursue a recovery strategy. If more time is granted, we are hopeful that property valuations will improve as market conditions recover, and that ECW will be in a better position to generate value through leasing or divestment at market-based prices.</p> <p>Our focus remains on reviving ECW rather than winding it up, as this path is likely to deliver better outcomes for all parties involved.</p> |
| 20. | Questions by Unitholder: | <p>On page 52 of ECW's Annual Report under Remuneration for the Board of Directors, (i) why did Mr Chan and Mr Chia get more fees than the rest?</p> <p>(ii) For Mr Goh (the Executive Director and CEO), his remuneration only showed one figure for FY2024, is the figure higher or lower compared to previous year?</p> |
| | Answer by CEO: | <p>The Independent Directors ("IDs") have not been paid for the past six (6) quarters, estimated to be over S\$600,000. Despite not being paid, the IDs have continued to stay and support ECW. The Directors' fees are borne by the Manager, not ECW.</p> <p>The CEO's remuneration for FY2024 was lower than FY2023, and the CEO had not received any bonus for the past few years.</p> |
| | Answer by CFO: | <p>There was no change in the total base fees for the IDs, and the Director's fee structure have not been changed since IPO. The higher remuneration for Mr Chan and Mr Chia was due to their respective chairmanship roles newly assigned. Mr Chan was appointed as Acting Chairman on 17 August 2024 and Mr Chia was appointed as the Chairman of the Audit and Risk Committee on 13 November 2024, and they were remunerated for taking up chairmanship role. Mr Zhang Guobiao stepped down as Board Chairman on 17 August 2024, and his fee was reduced accordingly.</p> |
| | Answer by Mr Chia: | <p>As Directors of the Manager, we have fiduciary duties and are mindful of our reputation. In light of ECW's current situation, the Board has held significantly more meetings, and Directors have had to devote more time and effort than before despite not receiving director fee.</p> |
| | Answer by Mr Li (the NRC Chair): | <p>Due to ECW's situation, the IDs have not been paid for the past 6 quarters. The downturn of the economy, increasing interest rate environment and couple with the Sponsor's difficulties had resulted in ECW's current situation. The economy in China has yet to recover with rental still in depressing rate. Notwithstanding, we remain positive that ECW could sell its asset(s) to repay the Lenders. We would appreciate Unitholders' continued support.</p> |

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| 21. | Questions by Unitholder: | <p>(i) How did the Sponsor default in its payment and implicate ECW?</p> <p>(ii) How could the Sponsor mortgage the properties owned by ECW?</p> |
| | Answer by CEO: | <p>(i) ECW has the security deposit from the Sponsor. Due process was done to collect the rental owing from the Sponsor. This includes close follow-up on a monthly basis and sending demand letter to the Sponsor.</p> <p>Under the MLA with the Sponsor signed at the time of ECW's IPO, the Sponsor committed to a rental escalation of 6%. Although the escalation in rental exceeded prevailing market rental levels, the Sponsor had previously honoured the terms of the agreement and made payments accordingly until the Sponsor ran into serious cash flow difficulties.</p> <p>ECW followed up for almost a year, ECW started the lease novation process in 2024, taking over the lease agreements directly. However, the actual rent from underlying tenants was much lower than the MLA rates, as it reflected current market conditions.</p> <p>(ii) The former property manager of ECW's assets was a subsidiary of the Sponsor. It was discovered that this entity had released ECW's company stamps without authorisation to the Sponsor to mortgage ECW's properties.</p> <p>When this was uncovered, a proper investigation was carried out, and the matter was brought before the courts in the People's Republic of China (PRC). Out of the three unauthorised mortgages, two have already been resolved, and only one remains under legal resolution.</p> <p>It is important to note that ECW has taken legal action to protect its rights, and the ownership of the properties remains with ECW.</p> |
| 22. | Question by Unitholder: | <p>Why did ECW lose the court case over the illegal mortgage?</p> |
| | Answer by CFO: | <p>The former property manager of ECW's assets is a subsidiary of the Sponsor. When the unauthorised mortgage of ECW's assets was discovered, proper investigation was conducted, and the case was brought to the court in the People's Republic of China ("PRC"). Out of three unauthorised mortgages, two have already been resolved, leaving Fuzhou E-Commerce ("FZDS") as the remaining unresolved case.</p> <p>The People's Court of Fuyang District, Hangzhou City issued two judgments in April 2025, dismissing ECW's applications to invalidate or revoke the mortgage over the FZDS property. The court ruled that the mortgage was lawful and valid, stating that it was approved through a shareholder resolution and that the lending banks (the Fuyang Financial Institutions) did not act in bad faith.</p> |
| | Answer by Acting Chairman: | <p>We have no privy to the workings of the court in the PRC. The court had made a ruling that proper steps had been taken for the mortgages and on the advice by the PRC legal counsel, the Manager had submitted an appeal. Legal recourse has also been taken against the Sponsor.</p> <p>Until this matter is resolved, ECW is unable to sell the FZDS, as the outstanding mortgage prevents a clean title from being transferred. Notwithstanding, there is due process of selling ECW's asset(s) which currently no buyers have come forward.</p> |

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| 23. | Question by Unitholder: | What is the value of the remaining unauthorised mortgage? |
| | Answer by CFO: | Approximately 30% to 40% of the value of all unauthorized mortgaged properties. The maximum financial risk exposure from this outstanding mortgage is estimated to be RMB 268.6 million, or approximately S\$49.9 million. |
| 24. | Question by Unitholder: | Who bears the cost of the legal case? |
| | Answer by CFO: | If we are able to overturn the case at the higher court, we would be able to claim for the associated cost and legal fees incurred at the court from the defendants or the Sponsor. |
| 25. | Comment by Unitholder: | Are we able to recover anything from China and Singapore given the Sponsor's current situation? |
| | Answer by Acting Chairman: | <p>The Sponsor is in a difficult financial position. The bankruptcy of Mr. Zhang Guobiao, the formal Chairman of the Board is in his personal capacity and has nothing to do with his companies nor with ECW and the Manager.</p> <p>Any potential recovery will depend on the outcome of legal proceedings, the assets available for distribution, and the claims lodged by various creditors. Once all relevant numbers are compiled and associated costs are deducted, only then can the final payout, if any, be determined.</p> |