EC World
运通网城 REIT

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

ANNOUNCEMENT

THE PROPOSED DIVESTMENT OF STAGE 1 PROPERTIES OF BEI GANG LOGISTICS AND CHONGXIAN PORT LOGISTICS

*Note: For illustrative purposes, unless otherwise indicated, in this announcement, certain RMB amounts have been translated into Singapore dollars based on the exchange rate of RMB 1.00 = S$0.2001 (the "**Illustrative Exchange Rate**"). Such translations should not be construed as representations that the RMB amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all and vice versa.*

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**"), wishes to announce that EC World REIT, through its wholly-owned subsidiary incorporated in Singapore, Richwin Investment Pte. Ltd. (the "**Vendor**"), has on 30 September 2022 entered into an equity purchase agreement (the "**Equity Purchase Agreement**") with Hangzhou Futou Beigang Enterprise Management Co., Ltd. ("**HFBEM**"), Forchn International Pte. Ltd. ("**FIPL**", and together with HFBEM, the "**Purchasers**") and Forchn Holdings Group Co., Ltd. (the "**Sponsor**") pursuant to which EC World REIT will divest its indirect interests in Stage 1 Properties of Bei Gang Logistics, located at Block 1-8, No.5-4 Yunhe Road, Linping District, Hangzhou, Zhejiang Province, People's Republic of China ("**PRC**") ("**Beigang Logistics Stage 1**") and Chongxian Port Logistics, located at No.5-2 Yunhe Road, Linping District, Hangzhou, Zhejiang Province, PRC ("**Chongxian Port Logistics**", and together with Beigang Logistics Stage 1, the "**Divestment Properties**") (the "**Proposed Divestment**"). The Purchasers are wholly-owned subsidiaries of the Sponsor.

In connection with the Proposed Divestment, the Purchasers will:

(i) pay (or procure the payment of) the consideration for the sale and purchase of the Target Equity Interests (as defined herein) of RMB 1,370,000,000 (the "**Equity Consideration**") to the Vendor on completion of the Proposed Divestment ("**Completion**") (see paragraph 2.2.1 of this announcement for details);

(ii) repay (or procure such repayment of) all the outstanding onshore borrowings of Hangzhou Bei Gang Logistics Co., Ltd. ("**Hangzhou Beigang**") in an amount which shall be no more than RMB 266,361,216 (the "**HZBG Loan Repayment Amount**") on Completion (see paragraph 2.2.2 of this announcement for details); and

(iii) pay (or procure the payment of) the HZBG Net Related Party Payable (as defined herein) in an amount which shall be no more than RMB 189,901,359 within a specified timeframe after Completion (see paragraph 2.2.3 of this announcement for details).

The Manager refers to its announcement released on 1 June 2022, in relation to, among others, the extension of the maturity date of the Existing Offshore Bank Loans[1] to the earlier of (i) the earliest maturity date of the Existing Onshore Bank Loans[2] and (ii) 30 April 2023. In connection with the extension of the maturity date of the Existing Offshore Bank Loans, the Sponsor has provided an undertaking dated 31 May 2022 to the relevant lenders of the Existing Offshore Bank Loans (the "**Offshore Undertaking**") that it will:

(i) procure that the exercise of refinancing of the Existing Offshore Bank Loans is commenced immediately; and

(ii) by 31 December 2022, ensure that at least 25.0% of the aggregate principal amount of the Existing Offshore Bank Loans are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise (the "**Mandatory Offshore Repayment**").

Further to the Offshore Undertaking, the Manager has on 13 June 2022 announced the Manager's entry into a non-binding memorandum of undertaking with FIPL to explore the potential divestment of the Divestment Properties (the "**Non-Binding MOU**").

On 29 June 2022, the Manager announced, among others, that the maturity date of the Existing Onshore Bank Loans (save for a RMB 63,749,144 portion of the Existing Onshore Bank Loans which will expire in July 2029) has been extended to 30 April 2023. In connection with the extension of the maturity date of the Existing Onshore Bank Loans, the Sponsor has provided an undertaking dated 28 June 2022 to the relevant lenders of the Existing Onshore Bank Loans (the "**Onshore Undertaking**") that it will:

(i) procure that the exercise of refinancing of the Existing Onshore Bank Loans is commenced immediately; and

(ii) by 31 December 2022, ensure that at least 25.0% of the aggregate principal amount of the Existing Onshore Bank Loans are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise (the "**Mandatory Onshore Repayment**", and together with the "**Mandatory Offshore Repayment**", the "**Mandatory Repayment**").

The Proposed Divestment would enable EC World REIT to obtain funds to, among others:

(a) in respect of the Existing Offshore Bank Loans, fully finance the Mandatory Offshore Repayment in accordance with the Offshore Undertaking by 31 December 2022;

(b) in respect of the Existing Onshore Bank Loans, fully finance the Mandatory Onshore

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[1] "**Existing Offshore Bank Loans**" means all outstanding amounts pursuant to an offshore facility agreement dated 28 June 2019 between ECW Treasure Pte. Ltd., Zhejiang Fuzhou E-Commerce Co., Ltd. ("**FZDS**") and various banks coordinated by DBS Bank Ltd. and United Overseas Bank Limited.

[2] "**Existing Onshore Bank Loans**" means all outstanding amounts pursuant to an onshore facility agreement dated 28 June 2019 between certain wholly-owned subsidiaries of EC World REIT, being Hangzhou Chongxian Port Investment Co., Ltd. ("**Chongxian Investment**"), Hangzhou Beigang, Zhejiang Hengde Sangpu Logistics Co., Ltd. and FZDS and various banks coordinated by DBS Bank (China) Limited Hangzhou Branch and United Overseas Bank (China) Limited Hangzhou Branch.

Repayment in accordance with the Onshore Undertaking by 31 December 2022; and

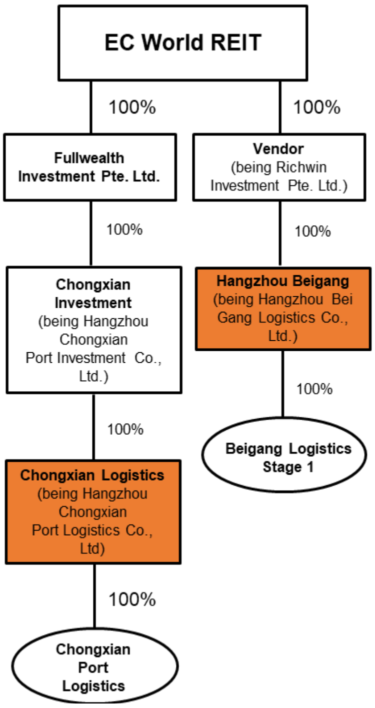
(c) make a Special Distribution (as defined herein) to the unitholders of EC World REIT (the "**Unitholders**").

2. THE PROPOSED DIVESMENT

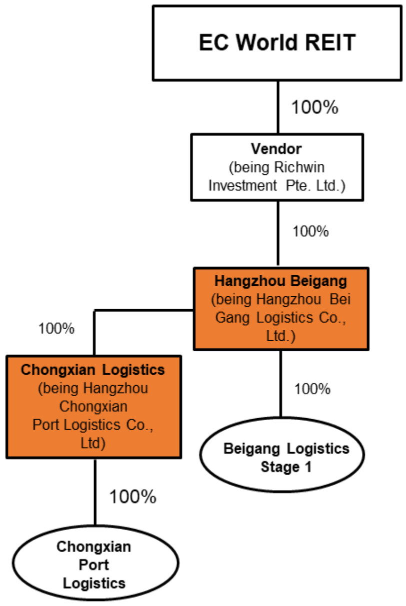
2.1 Overview

The following diagrams illustrate EC World REIT's property-holding structure of Beigang Logistics Stage 1 and Chongxian Port Logistics (i) as at the date of this announcement; and (ii) following the completion of the Internal Restructuring (as defined herein) and prior to Completion of the Proposed Divestment:

As at the date of this announcement



Following completion of the Internal Restructuring and prior to Completion of the Proposed Divestment



The Vendor, the Purchasers and the Sponsor have on 30 September 2022 entered into the Equity Purchase Agreement, for the sale by the Vendor to the Purchasers of all the equity interests (the "**Target Equity Interests**") in Hangzhou Beigang, subject to, among others, the completion of the Internal Restructuring.

Prior to the Completion of the Proposed Divestment, Chongxian Investment will transfer its 100.0% equity interests in Hangzhou Chongxian Port Logistics Co., Ltd. ("**Chongxian Logistics**") to Hangzhou Beigang (the "**Internal Restructuring**"). Accordingly, immediately following the completion of the Internal Restructuring and prior to the Completion of the Proposed Divestment, the Vendor will directly and wholly own Hangzhou Beigang which will in turn wholly own Beigang Logistics Stage 1 and (through Chongxian Logistics) wholly own Chongxian Port Logistics.

2.2 Equity Consideration and Certain Payments in connection with the Proposed Divestment

Under the Equity Purchase Agreement, HFBEM and/or FIPL (or their respective designated persons) may establish an entity (the "**Relevant Entity**") to be the actual purchaser (or one of the actual purchasers) under the Proposed Divestment, provided that such Relevant Entity fulfils the following criteria:

(i) either HFBEM or FIPL or the Purchasers collectively shall own, in the aggregate, 100.0% of the interest in the Relevant Entity; and

(ii) by no later than the date falling seven weeks (or such later date as may be agreed by the Vendor, the Sponsor and the Purchasers (collectively, the "**Parties**") after the signing of the Equity Purchase Agreement and at least one week prior to Completion:

   (a) the Relevant Entity shall be established; and

   (b) HFBEM and FIPL shall notify the Vendor in writing of their intention to nominate the Relevant Entity as an actual purchaser under the Proposed Divestment, which notification shall include the full name and ownership structure of the Relevant Entity.

2.2.1 Equity Consideration

On Completion, the Purchasers shall pay for the Equity Consideration (or procure that the Equity Consideration has been paid) in the following manner:

(i) FIPL may, subject to the approval of the Vendor (such approval not to be unreasonably withheld) and provided always that such arrangement shall not render any member of the ECW Group[3] in breach of any applicable law, deliver or procure that the Relevant Entity delivers (as the case may be) the duly indorsed original Promissory Notes (as defined herein) (if issued before the date on which Completion takes place (the "**Completion Date**")) to the Vendor in settlement of a part of the Equity Consideration (see paragraph 4.2.1 of this announcement for details); and

(ii) the actual purchaser(s)[4] under the Proposed Divestment shall pay the Equity Consideration (less any such part of the Equity Consideration settled in accordance with (paragraph 2.2.1(i) of this announcement above) to the specified bank account of the Vendor.

2.2.2 HZBG Onshore Loan Repayment on Completion

On Completion, the Purchasers shall also repay (or procure such repayment of) all the outstanding onshore borrowings of Hangzhou Beigang in an amount which shall be notified to the Purchasers in writing by the Vendor on Completion and which shall be no more than RMB 266,361,216.

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[3] "**ECW Group**" means the Vendor, its subsidiaries, EC World REIT and other entities under the same control of EC World REIT from time to time which, for the avoidance of doubt, shall include the Target Companies before Completion.

[4] The actual purchaser(s) shall comprise up to two of the following: (i) HFBEM (ii) FIPL and (iii) the Relevant Entity.

2.2.3 Settlement of HZBG Net Related Party Payable after Completion

Under the Equity Purchase Agreement, as a condition subsequent, the Purchasers have undertaken to pay (or procure payment) to the Vendor the HZBG Net Related Party Payable within five Business Days[5] from the date when the Vendor notifies the Purchasers in writing of the HZBG Net Related Party Payable, which notification shall be provided within 10 Business Days from Completion. "**HZBG Net Related Party Payable**" means the net related party payable of Hangzhou Beigang as at Completion (taking into account the Internal Restructuring), which shall be no more than RMB 189,901,359.

The HZBG Net Related Party Payable will be settled only after the cash deposit placed as collateral for standby letters of credit issued by onshore lenders in favour of offshore lenders of the ECW Group (the "**Existing SBLC**") is first released in the PRC, which may in turn take place only after Completion.

2.3 Agreed Property Value and Valuation of the Divestment Properties

DBS Trustee Limited, in its capacity as trustee of EC World REIT (the "**Trustee**") has commissioned an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), and the Manager has commissioned an independent valuer, Knight Frank Petty Limited ("**KF"**, and together with JLL, the "**Independent Valuers**"), to respectively value the Divestment Properties.

The table below sets out the independent valuations of the Divestment Properties as at 30 June 2022 (the "**Independent Valuations**") according to the valuation reports of the Divestment Properties issued by JLL dated 30 September 2022 and KF dated 30 September 2022 (the "**Independent Valuation Reports**").

Divestment Properties	Independent Valuations as at 30 June 2022 (RMB 'million)		Average of the two Independent Valuations (RMB 'million)	Appraised Valuation (being the lower of the two Independent Valuations) (RMB 'million)	Agreed Property Value (as defined herein) (RMB 'million)
	KF	JLL			
Beigang Logistics Stage 1	1,178	1,238	1,208	1,178 ("**Beigang Logistics Stage 1 Appraised Valuation**")	1,213
Chongxian Port Logistics	797	833	815	797 ("**Chongxian Port Logistics Appraised Valuation**")	820
Total	**1,975**	**2,071**	**2,023**	**1,975** ("**Appraised Valuation of the Divestment**	**2,033** ("**Aggregate Agreed Property**

[5] "**Business Day**" means a day which is not a Saturday, a Sunday or a public holiday in Singapore or the PRC.

Divestment Properties	Independent Valuations as at 30 June 2022 (RMB ’million)		Average of the two Independent Valuations (RMB ’million)	Appraised Valuation (being the lower of the two Independent Valuations) (RMB ’million)	Agreed Property Value (as defined herein) (RMB ’million)
	KF	JLL			
				Properties”)	**Value**”)

JLL used the income capitalisation method and discounted cash flow approach, and KF used the income approach based on the term and reversion method and income approach based on the discounted cash flow method, to conduct the Independent Valuations.

The agreed property value of each Divestment Property (the “**Agreed Property Value**”) was arrived at after arm’s length negotiations among the Parties, on a willing-buyer willing-seller basis, after taking into account the Independent Valuations and the various factors as set out in paragraph 3 of this announcement.

The premium which the Agreed Property Value of each of the Divestment Properties bears to their respective appraised valuations (being the lower of the two Independent Valuations) are as follows:

(i) in relation to Chongxian Port Logistics, RMB 820,146,368 (approximately S$164,111,288), representing a premium of approximately 2.9% to the Chongxian Port Logistics Appraised Valuation; and

(ii) in relation to Beigang Logistics Stage 1, RMB 1,212,597,691 (approximately S$242,640,798), representing a premium of approximately 2.9% to the Beigang Logistics Stage 1 Appraised Valuation.

2.4 Approval of Unitholders

The Proposed Divestment (including the intended arrangement with respect to the Promissory Notes (collectively, the “**Promissory Notes Arrangement**”)) constitutes an “interested person transaction” under Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”) and an “interested party transaction” under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**MAS**”, and Appendix 6 of the Code on Collective Investment Schemes, the “**Property Funds Appendix**”), given that the Purchasers are associates of a “controlling unitholder” (as defined in the Listing Manual”) of EC World REIT and an associate of a “controlling shareholder” (as defined in the Property Funds Appendix) of the Manager.

In addition, the Proposed Divestment also constitutes a “major transaction” under Chapter 10 of the Listing Manual.

Accordingly, the Manager will seek the approval of Unitholders for the Proposed Divestment (including the Promissory Notes Arrangement) by way of an Ordinary Resolution[6].

In this respect, a Unitholders’ circular (the “**Circular**”) will be issued and an extraordinary general meeting (“**EGM**”) convened to obtain the approval of Unitholders of the Proposed

[6] “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders.

Divestment (including the Promissory Notes Arrangement).

2.5 Information on the Purchasers

HFBEM, which is a company incorporated in the PRC, is a direct wholly-owned subsidiary of the Sponsor.

As at the date of this announcement, FIPL, a company incorporated in the Republic of Singapore, holds, directly and indirectly, 354,653,140 Units, representing 43.793% of the Units in issue, and is also the sole shareholder of the Manager. FIPL is in turn wholly-owned by the Sponsor.

Established in 1992, the Sponsor is a Shanghai-based conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors. The Sponsor holds all its units in EC World REIT (the "**Units**") indirectly through its wholly-owned subsidiaries (see paragraph 10 of this announcement for details). In addition, the Sponsor indirectly owns 100.0% of the shares in the Manager. Mr Zhang Guobiao, who is the Chairman of the Sponsor, is also Chairman and Non-Executive Director of the Manager.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

Having carried out extensive engagements with the lending banks and having evaluated the Proposed Divestment, the Manager is of the view that there is a real risk that the Vendor's Group[7] may not be able to meet its repayment obligations under the Existing Onshore Bank Loans and the Existing Offshore Bank Loans if the Proposed Divestment is not carried out. In this regard, the Manager is of the view that the Proposed Divestment should be carried out for the following reasons, which are elaborated in the sections that follow:

(i) Enabling debt financing and refinancing in order to avoid breaches of the Offshore Undertaking and Onshore Undertaking;

(ii) Opportunity to realise value of the Divestment Properties; and

(iii) Preservation of long-term value for Unitholders.

3.1 Enabling of debt financing and refinancing in order to avoid breaches of the Offshore Undertaking and Onshore Undertaking

A key component of EC World REIT's strategy in enhancing returns to Unitholders would be to take on debt financing within the limits set out in the Property Funds Appendix. Since the initial public offering of EC World REIT (the "**IPO**"), EC World REIT's debt financing and refinancing agreements have always been on a secured basis and contained covenants which are pegged to the valuations of its properties.

Due to the current macro-economic and real estate market conditions in PRC, the lenders of the Existing Offshore Bank Loans and Existing Onshore Bank Loans had called on EC World REIT to repay the Mandatory Repayment amount by 31 December 2022. Without the proceeds

[7] The "**Vendor's Group**" means the Vendor and its subsidiaries from time to time and shall include the Target Companies before Completion.

from the Proposed Divestment, EC World REIT is at the risk of an imminent default of the repayment obligation (amounting to approximately S$142,564,848) due on 31 December 2022.

In addition to the above, EC World REIT also has other debt which will be due on or before April 2023, amounting to approximately S$427,694,545. This is because, as mentioned earlier, based on the announcements released by the Manager on 1 June 2022 and 29 June 2022, even after the maturity dates of the Existing Offshore Bank Loans and the Existing Onshore Bank Loans (save for a RMB 63,749,144 portion of the Existing Onshore Bank Loans which will expire in July 2029) have been extended, these loans will be maturing no later than 30 April 2023.

The following table sets out the aggregate outstanding debt of EC World REIT:

Facility	Outstanding Debt (S$ million)(1)	Blended All-In Interest Rate (Financial Quarter ended 30 June 2022)	Expiration
Loans which are subject to the Offshore Undertaking and the Onshore Undertaking			
Offshore - SGD	284.1	4.9%	April 2023
Offshore - USD	118.5	4.9%	April 2023
Onshore Facility	167.7	7.4%	April 2023(2)
Sub-Total	570.3(3)	-	-
Loans which are not subject to the Offshore Undertaking and the Onshore Undertaking			
Offshore Revolving Credit Facilities	97.9	1.3%-2.96%	-
Total Debt	**668.2**	**5.1%**	-

Notes:

(1) Based on outstanding balance as at 30 September 2022, converted using the Illustrative Exchange Rate.

(2) Save for a RMB 63,749,144 portion of the Existing Onshore Bank Loans which will expire in July 2029.

(3) Of this, 25.0% (or approximately S$142,564,848) must be repaid by 31 December 2022 pursuant to the Offshore Undertaking and the Onshore Undertaking. The remaining 75.0% (or approximately S$427,694,545) must be repaid by 30 April 2023.

Given the above, the Manager is of the view that the Proposed Divestment is required to avoid an imminent default of the repayment obligation due by 31 December 2022 of approximately S$142,564,848 and to minimise uncertainty in respect of the refinancing of the remaining debt that is due by April 2023 of approximately S$427,694,545.

The Proposed Divestment is expected to generate net proceeds of RMB 1,320,024,988 (approximately S$264,137,000) (after deduction of estimated Relevant Transaction Costs (as defined below), before taking into account savings on potential transaction-related tax expenses which would be borne by the Purchasers) which are expected to provide sufficient cash proceeds to enable EC World REIT to finance its repayment obligations while also returning cash to Unitholders in the form of the Special Distribution.

3.2 Opportunity to realise value of the Divestment Properties

The board of directors of the Manager (the "**Board**"), having evaluated the Proposed Divestment, considers the Proposed Divestment to be beneficial to EC World REIT based on the following considerations:

(i) **Premium to independent valuations**

The Aggregate Agreed Property Value represents a 2.9% premium to the Appraised Valuation of the Divestment Properties.

(ii) **Premium to book value of the Target Companies**

The Equity Consideration of RMB 1,370,000,000 (approximately S$274,137,000) is higher than the book value of the Target Companies as at 30 June 2022, being RMB 1,360,255,941 (approximately S$272,187,214).

(iii) **Premium to IPO levels**

The Aggregate Agreed Property Value represents a blended premium of 17.8% compared to the purchase considerations of the Divestment Properties at the IPO.

(iv) **Unitholders to benefit from Special Distribution**

Subject to and following the Completion of the Proposed Divestment, the Manager intends to make a Special Distribution to Unitholders of approximately RMB 450,935,889[8] (approximately S$90,232,271[9]). This will enable Unitholders to realise the value of their investment in EC World REIT.

3.3 Preservation of long-term value for Unitholders

The Manager believes that the Proposed Divestment will provide long-term value for Unitholders as the Divestment Properties have proven to be sub-optimal to the operations of EC World REIT in recent years. Should the Divestment Properties continue to form part of EC World REIT's portfolio, the long-term value to Unitholders would deteriorate due to the following reasons:

(i) **Decline in asset valuations of Divestment Properties compared to IPO levels**

The average valuations of Beigang Logistics Stage 1 and Chongxian Port Logistics as at 30 June 2022 have decreased by 4.5% and 6.6% respectively, compared to their average valuations at the IPO. The average of the two Independent Valuations of Beigang Logistics Stage 1 and Chongxian Port Logistics as at 30 June 2022 were RMB 1,208 million and RMB 815 million respectively, while the valuations of Beigang

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8 Please refer to paragraph 8 of this announcement for details on how the quantum of the Special Distribution is expected to be computed.

9 For the avoidance of doubt, this is a purely illustrative figure translated based on the prevailing exchange rate as at the date of the Equity Purchase Agreement. As mentioned in paragraph 8 of this announcement, the actual quantum of the Special Distribution will be computed based on the exchange rate as at the Completion Date.

Logistics Stage 1 and Chongxian Port Logistics as at 31 December 2015, which were obtained in connection with EC World REIT's IPO, were RMB 1,293 million and RMB 852.5 million respectively.

(ii) **Beigang Logistics Stage 1 is no longer as attractive to tenants, due to market trends**

The shift of e-commerce online platforms away from the traditional Online to Offline ("**O2O**") model, coupled with the COVID-19 pandemic and the sporadic movement restrictions in various cities in the PRC have caused many original and potential tenants of Beigang Logistics Stage 1 to readapt their business models to cater to mobile operations, online trades, and inventory storage in shared warehouses.

Originally designed to cater to O2O businesses, trade exhibition, showrooms, office, and other e-commerce related services that focus on attracting potential customers from online channels to physical stores, Beigang Logistics Stage 1's market position, relevance and offerings in the O2O industry have weakened considerably given the above circumstances.

In light of the above challenging circumstances, the Manager is of the view that the current rental rate of Beigang Logistics Stage 1 is not sustainable going forward.

(iii) **Unfeasible to overhaul and reposition the Divestment Properties to capture evolving e-commerce trends**

While the e-commerce growth potential in the PRC remains positive due to increasing Internet penetration and high usage of mobile services, the Divestment Properties are not able to benefit significantly from this trend as they were not designed and constructed for e-commerce warehousing purposes.

The conversion of use of the Divestment Properties would require major redevelopments, which would in turn require significant investment from EC World REIT and also mean that EC World REIT would have to concurrently forego rental income during the redevelopment period.

(iv) **Chongxian Port Logistics is an aging property with upcoming extensive repair required**

Completed in 2009, the structures of Chongxian Port Logistics such as external walls and roofs of the warehouses are showing signs of extensive wear and tear. A significant amount of major overhaul cost is expected to be incurred in the coming years should Chongxian Port Logistics continue to form part of EC World REIT's portfolio. This would result in loss of rental income from Chongxian Port Logistics during the periods of such major repairs and uplift.

In light of the foregoing, the Proposed Divestment presents an attractive option for EC World REIT to realise the value of the Divestment Properties.

4. PRINCIPAL TERMS OF THE PROPOSED DIVESTMENT

4.1 Conditions Precedent

Completion of the Proposed Divestment is conditional on satisfaction or waiver (as the case may be) of the following conditions no later than the Record Date[10] (and in the case of the conditions in paragraphs 4.1(v), (vi) and (vii) below only, no later than the Completion Date):

(i) the delivery of the opinion of the independent financial adviser ("**IFA**") to the audit and risk committee of the Manager (the "**Audit and Risk Committee**") and the independent directors of the Manager (the **"Independent Directors**") in relation to the Proposed Divestment (including the Promissory Notes Arrangement), meeting the requirements under Rule 921(4) of the Listing Manual, and satisfactory to the Vendor;

(ii) the approval by Unitholders for the Proposed Divestment at the EGM;

(iii) the receipt of all consents, waivers, confirmations and approvals as may be necessary by the Vendor's Group for the Proposed Divestment under the existing banking facilities of the Vendor's Group from the existing lenders of the Vendor's Group;

(iv) the completion of the Internal Restructuring. For the avoidance of doubt, the consideration payable by Hangzhou Beigang for the Internal Restructuring shall be taken into account in determining the HZBG Net Related Party Payable which the Purchasers are obligated to pay (or procure the payment of) in the manner set out in paragraph 4.4 of this announcement below;

(v) there being no objection from the SGX-ST and/or the MAS in relation to the Transaction[11] (including the Transaction Financing and the Promissory Notes Arrangement);

(vi) there having been no Material Adverse Change[12] between the date of the Equity Purchase Agreement and the Completion Date; and

(vii) the fundamental warranties set out in the Equity Purchase Agreement remaining true and accurate and not misleading on the Completion Date,

(collectively, the "**Conditions**").

4.2 Equity Consideration and Promissory Notes Arrangement

4.2.1 Equity Consideration

The Equity Consideration is RMB 1,370,000,000, which is fixed as at the date of the Equity Purchase Agreement and is not subject to any change. The breakdown of the Equity Consideration in respect of Chongxian Logistics and Hangzhou Beigang (each a "**Target Company**", and collectively, the "**Target Companies**") is as follows:

[10] "**Record Date**" means the date on which Hangzhou Beigang first issues a drawdown request at the request of the Purchasers for the purposes of drawing (whether partially or in full) on the loans under the Transaction Financing (as defined herein) (the "**Financing Drawdown Request**").

[11] "**Transaction**" means, collectively, the sale and purchase of the Target Equity Interests pursuant to the Equity Purchase Agreement and other transactions contemplated by the Equity Purchase Agreement.

[12] "**Material Adverse Change**" means any event that has, or would have, a material adverse effect on the business, results of operations, financial condition or the assets of (a) any one or more of the Target Companies resulting in a diminution in the value of the Divestment Property(ies) exceeding the threshold(s) set out in the Equity Purchase Agreement; or (b) any one Target Company resulting in a diminution in the value of the Divestment Property of such Target Company in the amount exceeding the thresholds set out in the Equity Purchase Agreement, in each case, in accordance with the terms set out in the Equity Purchase Agreement.

	Target Companies		Total
	Hangzhou Bei Gang Logistics Co., Ltd. (杭州北港物流有限公司) (which owns Bei Gang Logistics Stage 1)	**Hangzhou Chongxian Port Logistics Co., Ltd. (杭州崇贤港物流有限公司) (which owns Chongxian Port Logistics)**	
Equity Consideration	**RMB 600,000,000**	**RMB 770,000,000**	**RMB 1,370,000,000**

The Equity Consideration is computed on the basis of the Agreed Property Value of each of the Divestment Properties.

The respective shares of the Target Equity Interests to be acquired by each Purchaser in accordance with the Equity Purchase Agreement shall be notified in writing to the Vendor at least 20 Business Days before the Completion Date. In the event such notification is not given to the Vendor within the aforementioned time period, it will be deemed that each of HFBEM and FIPL will acquire 50.0% of the Target Equity Interests.

4.2.2 Promissory Notes Arrangement

The Promissory Notes Arrangement is as follows:

(i) on Completion, FIPL may, subject to the approval of the Vendor (such approval not to be unreasonably withheld) and provided always that such arrangement shall not render any member of the ECW Group in breach of any applicable law, deliver or procure that the Relevant Entity delivers (as the case may be) the duly indorsed original Promissory Notes (if issued before the Completion Date) to the Vendor in settlement of a part of the Equity Consideration which is equal to the RMB equivalent of the aggregate principal amount of the Promissory Notes so delivered, provided, among others, that the aggregate principal amount of the Promissory Notes (the "**PN Principal Amount**") shall not exceed the Singapore dollar equivalent of RMB 197,000,000, computed based on the S$: RMB exchange rate prevailing as at the Completion Date;

(ii) it is envisaged that under this arrangement, there will be three transferable promissory notes ("**Promissory Notes**"), each issued or to be issued by one of FIPL, Forchn Global Pte. Ltd. ("**FGPL**") and the Manager (collectively, the "**Forchn Unitholders**"), which will bear an interest rate of 4.2% per annum, being the Singapore Standing Facility Deposit Rate published by the MAS as at the date of the Equity Purchase Agreement (the "**PN Interest Rate**"); and

(iii) in connection with the Promissory Notes, each of the Forchn Uniholders will enter into a separate settlement agreement with the Vendor and the Trustee relating to the settlement of the Promissory Notes (each, a "**Settlement Agreement**"), to be delivered to the Vendor on the Completion Date together with the Promissory Notes. It is intended that pursuant to the respective Settlement Agreement, the Vendor shall indorse and deliver the relevant Promissory Note to the relevant Forchn Unitholder, and the relevant Forchn Unitholder shall accept the relevant Promissory Note from the Vendor, on the date of the Special Distribution in full and final settlement of the amount of the Special Distribution due and payable to the relevant Forchn Unitholder by EC World REIT.

Purely for illustrative purposes only, assuming that the PN Principal Amount is S$39,419,700 and assuming that the period between the Completion Date and the date of payment of the Special Distribution is eight weeks such that interest on the Promissory Notes accrues during this period, it is estimated that the total amount payable to the Vendor pursuant to the Promissory Notes (comprising the PN Principal Amount and the interest payable on the PN Principal Amount at the PN Interest Rate) will be S$39,674,412.

The Purchasers have agreed to indemnify the Vendor against any costs, charges, expenses (including any taxes incurred by any member of the Vendor's Group) and/or any other losses in connection with the Transaction which the Vendor's Group would not otherwise have sustained, incurred or suffered but for the Promissory Notes Arrangement.

4.2.3 Lock-up

Further, pursuant to the Settlement Agreements to be entered into in connection with the Promissory Notes (if any), each Forchn Unitholder will undertake that it will not, directly or indirectly, sell, transfer or otherwise dispose of any of its interests in the Units owned by it during the period from the date of the Settlement Agreement until the date of the Special Distribution (inclusive).

4.3 HZBG Onshore Loan Repayment on Completion

On Completion, the Purchasers shall also repay (or procure such repayment of) the HZBG Loan Repayment Amount, representing all the outstanding onshore borrowings of Hangzhou Beigang, the amount of which shall be notified to the Purchasers in writing by the Vendor on Completion, and which shall be no more than RMB 266,361,216.

4.4 Settlement of HZBG Net Related Party Payable after Completion

The Purchasers have undertaken to pay the Vendor (or procure the payment of) the HZBG Net Related Party Payable, the amount of which shall be no more than RMB 189,901,359, and shall be notified to the Purchasers in writing by the Vendor within five Business Days from the date when the Vendor notifies the Purchasers in writing of the HZBG Net Related Party Payable, which notification shall be provided within 10 Business Days from Completion.

The HZBG Net Related Party Payable will be settled only after the cash deposit placed as collateral for the Existing SBLC is first released in the PRC, which may in turn take place only after Completion.

4.5 Completion

Subject to the Conditions, Completion shall take place on the date falling six Business Days after the Record Date or at such other date and time, and at such location, as may be agreed in writing between the Purchasers and the Vendor, and in any event, no later than the long-stop date of 31 January 2023 or such other date as may be agreed among the Parties (the "**Long-Stop Date**"). In any event, no later than the Long-Stop Date, and prior to the Record Date, the Vendor, the Sponsor or the Purchasers may, by notice in writing to the other Parties, postpone Completion to a date (not later than the Long-Stop Date).

Subject to the foregoing, each of the Parties shall use its best endeavours to procure that Completion shall take place by 31 December 2022.

Notwithstanding anything to the contrary, subject to and conditional upon satisfaction or waiver (as the case may be) of the Conditions, the Purchasers shall be obligated to proceed with Completion, regardless of whether any Transaction Financing has been entered into by the Transaction Financing Long-Stop Date (as defined herein).

If at any time prior to Completion the Vendor has repaid the Relevant Mandatory Prepayment Amount [13] the Parties upon agreement in writing may terminate the Equity Purchase Agreement (other than, among others, certain surviving provisions under the Equity Purchase Agreement (the "**Surviving Provisions**")). Upon such termination of the Equity Purchase Agreement, each Party shall bear and pay its own costs and expenses in connection with the preparation, negotiation, and entry into of the Equity Purchase Agreement and the Transaction Financing Documents (as defined herein) and the execution and performance of the transactions thereunder (including the Transaction), provided that any costs and expenses arising from or incidental to the unwinding of such Transaction Financing (including any cancellation fee payable thereunder) shall be borne by the Purchasers. In the event of such termination, where the Transaction Financing has been entered into, the Purchasers and the Sponsor shall take, and shall procure that the lenders under the Transaction Financing shall, with the reasonable efforts of the Vendor take, any necessary steps to unwind the Transaction Financing, including the termination of any Transaction Financing Documents to which any member of the Vendor's Group is a party and the release of any mortgage and any other encumbrances in connection with the Transaction Financing.

4.6 Transaction Financing

4.6.1 Overview

[13] "**Relevant Mandatory Prepayment Amount**" means, in respect of the Transaction, the higher of: (i) an amount which is 25.0% of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group; and (ii) an amount equal to the Relevant Percentage (as defined herein) of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group. "**Relevant Percentage**" means, in respect of the Transaction, the percentage of the market value of the total consolidated assets of the Target Companies sold, transferred or disposed of pursuant to the Transaction as it bears to the market value of the total consolidated assets of the ECW Group immediately prior to the Completion, as calculated by the facility agent (acting on the instructions of the lenders of the ECW Group). For the purposes of the Proposed Divestment, the Relevant Mandatory Prepayment Amount represents the sum of the Mandatory Offshore Repayment amount and the Mandatory Onshore Repayment amount.

It is intended that the Target Companies may enter into the documents in connection with the onshore tranche of financing, by no later than the Transaction Financing Long-Stop Date, for the purposes of repaying the full or part of the existing banking facilities of the Vendor's Group, which shall comply with the Agreed Financing Principles (as defined herein) (the "**Transaction Financing**"). In connection with the Transaction Financing, it is intended that the Target Companies will provide third ranking mortgages over all the Divestment Properties in favour of the lenders to secure the Transaction Financing (the "**Third Ranking Mortgages**").

As stated in the Equity Purchase Agreement, the Purchasers (or their related corporations or other affiliates) have as at the date of the Equity Purchase Agreement, or will have, on Completion, available cash from loan facilities and available cash from their own resources to unconditionally provide them with immediately available funds necessary to pay the Equity Consideration at Completion and meet their other obligations under the Equity Purchase Agreement.

4.6.2 Safeguards for EC World REIT in relation to the Transaction Financing

The Purchasers have undertaken to use commercially best efforts to procure the finalisation and entry into of the documents in connection with the Transaction Financing (the "**Transaction Financing Documents**") with the lenders under the Transaction Financing by no later than the date falling seven weeks after the signing of the Equity Purchase Agreement or such later date as may be mutually agreed by the Parties (the "**Transaction Financing Long-Stop Date**"), provided that:

(i) the Vendor shall cooperate in good faith to procure the relevant Target Companies to enter into the Transaction Financing Documents on terms and conditions reasonable to the Vendor (having regard to the Vendor's own commercial position) prior to the issuance of the notice of EGM as set out in paragraph 4.1(ii) of this announcement;

(ii) the relevant Target Companies shall only enter into the Transaction Financing Documents after obtaining clearance from the SGX-ST in respect of the Circular; and

(iii) in no event shall the Vendor or the Purchasers be required to accept any terms and conditions that are not reasonably acceptable to it, or which contradict the financing principles as set out in the Equity Purchase Agreement which the Parties agree shall govern the Transaction Financing, the financing term sheet which may be entered into by Hangzhou Beigang in respect of an onshore term loan facility of up to RMB 266,361,216 under the Transaction Financing and the Transaction Financing Documents (the "**Agreed Financing Principles**");

4.6.3 Safeguards for EC World REIT if the Transaction Financing Documents are not executed by the Transaction Financing Long-Stop Date

If the Transaction Financing Documents are not executed by the Transaction Financing Long-Stop Date:

(i) the Sponsor shall indemnify the Vendor for the costs and expenses incurred by the Vendor in connection with the preparation, negotiation and entry into of the Equity Purchase Agreement, the proposed sale of the Target Equity

Interests, the Transaction Financing and the Transaction Financing Documents;

(ii) the Vendor shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by notice in writing to the Purchasers to terminate the Equity Purchase Agreement (other than the Surviving Provisions) forthwith without liability on its part,

provided that, if the Vendor does not terminate the Equity Purchase Agreement in accordance with this paragraph 4.6.3 above and the Transaction Financing Documents are executed after the Transaction Financing Long-Stop Date, upon such execution, the indemnity described in paragraph 4.6.3(i) of this announcement above shall cease to be applicable and the Sponsor shall not be required to indemnify the Vendor and the Vendor shall not be entitled to claims for any damages pursuant to such provisions.

4.6.4 Relevant Amendments to the Transaction Financing Documents

In the event the Vendor reasonably requests for any amendments to, or any terms or conditions to be included in the Equity Purchase Agreement or the Transaction Financing Documents, in each case, arising from applicable laws and regulations (including the Code on Collective Schemes) and the Listing Manual or pursuant to any requests from any governmental authority (collectively, the "**Relevant Amendments**") and provided that such Relevant Amendments have been proposed in writing to the Purchasers and the Sponsor as soon as practicable before the clearance of the Circular is granted by the SGX-ST, the Sponsor and the Purchasers shall use commercially reasonable efforts to incorporate or to procure the lenders under the Transaction Financing to incorporate the Relevant Amendments into the Equity Purchase Agreement or the Transaction Financing Documents (as the case may be), and shall perform such other reasonable acts and things to give full effect to the Relevant Amendments. In the event the Relevant Amendments are commercially unacceptable to the Purchasers (if any Relevant Amendment results in the lenders under the Transaction Financing having to re-obtain internal approval in connection with the Transaction Financing and such internal procedure is not expected to complete within a reasonable period of time, such Relevant Amendment shall be regarded as commercially unacceptable to the Purchasers), the Sponsor or the lenders under the Transaction Financing, either the Vendor or the Purchasers has the right to terminate the Equity Purchase Agreement (other than the Surviving Provisions) forthwith without any liability on any Party, except that the Purchasers and the Sponsor shall:

(i) take, and shall procure that the lenders under the Transaction Financing shall, with the reasonable efforts of the Vendor take, any necessary steps to unwind the Transaction Financing, including the termination of any Transaction Financing Documents to which any member of the Vendor's Group is a party and the release of any mortgage and any other encumbrances in connection with the Transaction Financing; and

(ii) indemnify the Vendor or at its option any Target Company for the losses, costs and expenses incurred by the Vendor and any Target Company in connection with the entry into of the Transaction Financing Documents.

4.6.5 Safeguards for ECW in relation to the Transaction Financing should Completion not occur

Pursuant to the Equity Purchase Agreement, the Purchasers have undertaken to procure that the Transaction Financing Documents will provide that if Completion does not occur within 10 Business Days (or such later date as may be agreed by the Parties) of the Record Date (the "**Expected Completion Date**") or by the Long-Stop Date, (i) all documents entered into in connection with the Transaction Financing, and all obligations of the Vendor's Group under or in connection with the Transaction Financing, will be terminated and cancelled within 10 Business Days of the Expected Completion Date or the Long-Stop Date (as the case may be); and (ii) the Third Ranking Mortgage in connection with the Transaction Financing will be cancelled and discharged within 15 Business Days of the Expected Completion Date or the Long-Stop Date (as the case may be).

Further, subject to the Transaction Financing Documents being executed and the Equity Purchase Agreement and the Transaction Financing Documents not being terminated pursuant to paragraphs 4.5 or 4.6.4 of this announcement, in the event Completion has not occurred on the date scheduled for Completion pursuant to paragraph 4.5 of this announcement and:

(i) the Purchasers have not requested Hangzhou Beigang to make any Financing Drawdown Request by the Long-Stop Date; or

(ii) any Financing Drawdown Request has been issued but Completion does not occur on the date scheduled for Completion pursuant to paragraph 4.5 of this announcement,

in either case, the Vendor may terminate the Equity Purchase Agreement (other than the Surviving Provisions), and the Sponsor shall:

(i) take, and shall procure that the lenders under the Transaction Financing shall, with the reasonable efforts of the Vendor take, any necessary steps to unwind the Transaction Financing, including the termination of any Transaction Financing Documents to which any member of the Vendor's Group is a party and the release of any mortgage and any other encumbrances in connection with the Transaction Financing, and

(ii) indemnify the Vendor and any Target Company for any and all losses which the Vendor and such Target Company (as the case may be) suffered or is reasonably expected to suffer by reason of the failure by the Purchasers to request Hangzhou Beigang to issue the Financing Drawdown Request or Completion not occurring after the issuance of the Financing Drawdown Request (including whether arising from the Transaction Financing and the existing banking facilities of the Vendor's Group) (including, but not limited to prepayment and break funding costs) and in this regard, shall either pay the amount of such losses to the Vendor or as it may direct such that no default or event of default (however described) shall occur under the Transaction Financing Documents.

4.7 Vendor's Further Obligations

On the Completion Date (or such later date as agreed by all the existing offshore lenders and all the onshore lenders of the ECW Group), the Vendor shall ensure and procure that, (i) an amount equal to the Relevant Mandatory Prepayment Amount is applied towards the prepayment of the onshore loans and the offshore loans of the ECW Group on a pro-rata basis; and (ii) cash and rental receivables on the account of the Target Companies in the aggregate amount of no less than RMB 230,000,000.

4.8 Sponsor's Guarantee, Indemnity and Undertaking

In consideration of the Vendor and the Purchasers agreeing to enter into the Equity Purchase Agreement:

(i) the Sponsor has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance and observance by the Purchasers of all of their commitments, undertakings, warranties and indemnities under the Equity Purchase Agreement (the "**Specified Obligations**") and has agreed to pay to the Vendor or as it may direct upon the Vendor's first demand all amounts due and owing by the Purchasers to the Vendor arising from any breach by the Purchasers of the Specified Obligations. Such obligations of the Sponsor are and will remain in full force and effect by way of continuing security until no sum remains payable under the Specified Obligations by the Purchasers;

(ii) the Sponsor shall not be discharged, nor shall its liability be affected, by any act, thing, omission or other means whereby its liability would not have been discharged if it had been principal debtor, nor shall its liability be affected, by (a) any time, indulgence, waiver or consent at any time given to the Purchasers or any other person, (b) any amendment to any provision of the Equity Purchase Agreement or any other agreement or document to be entered into between the Parties pursuant to or in connection with the Equity Purchase Agreement*,* (c) the making or absence of any demand on the Purchasers or any other person for payment or (d) the insolvency, winding-up or liquidation of the Purchasers or any other person; and

(iii) the Sponsor has irrevocably agreed to indemnify and make whole the Vendor or at its option any Target Company for any and all losses which the Vendor or such Target Company (as the case may be) suffered or is reasonably expected to suffer by reason of any breach by the Purchasers of any of the Specified Obligations, and has agreed to pay the Vendor or at its option the Target Company or as the Vendor may otherwise direct the amount of such loss.

4.9 Limitation of Liability

The Purchasers have acknowledged and agreed that with effect from the date of the Equity Purchase Agreement, the Purchasers' sole remedy and right of recovery for any warranty claims shall be against the Sponsor (and not the Vendor), and no right of rescission or termination shall be available after Completion by reason of any breach of the Vendor's warranties (other than the condition precedent as set out in paragraph 4.1(vii) of this announcement) (other than fraud on the part of the Vendor's Group and then only to the extent such warranty claim relates to such fraudulent conduct). Other than fraud or gross negligence on the part of the Vendor's Group, the Purchasers will not be entitled to make, will not make, and waives any right they may have to make, any warranty claim against the Vendor, except only to the extent required to permit a warranty claim against the Sponsor but only on the basis that the Vendor shall have no liability for any warranty claim beyond S$1.00, irrespective of whether the claim against the Sponsor may be subject to limitations or exclusions.

4.10 Pre-Completion Notice

The Vendor has the right to notify the Purchasers of any matters which arise between the date of the Equity Purchase Agreement and Completion which may or would have affected any Vendor's warranty. The Parties have agreed that any such notice shall operate as a disclosure against the Vendor's warranties (other than the fundamental warranties set out in the Equity Purchase Agreement) only for the purposes of any liability of the Vendor, and shall in no event operate as a disclosure against any of the Vendor's warranties for the purposes of any liability of the Sponsor under the Equity Purchase Agreement. For the avoidance of doubt, such notice will not operate to prejudice the Purchasers' rights under or in respect of the condition precedents as set out in paragraphs 4.1(v), 4.1(vi) or 4.1(vii) of this announcement.

4.11 Audit and Risk Committee's Confirmation

The Manager, with the assistance of the Financial Adviser (as defined herein), conducted a market testing process to solicit interest in the Divestment Properties and also conducted direct outreach to several potential bidders which did not yield any indications of interest for the Divestment Properties.

The Audit and Risk Committee confirms that it has undertaken due process to ensure that the terms of the Proposed Divestment (including the Promissory Notes Arrangement and the Transaction Financing) are generally in line with that which have been obtained had the Divestment Properties been sold to a non-interested party.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

The *pro forma* financial effects of the Proposed Divestment on EC World REIT, prepared based on EC World REIT's audited consolidated financial results for financial year ended 31 December 2021 ("**FY2021**"), are set out below.

It should be noted that the *pro forma* financial effects set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of EC World REIT after Completion.

5.1 Pro Forma NAV per Unit

FOR ILLUSTRATIVE PURPOSES ONLY:

The *pro forma* financial effects of the Proposed Divestment on EC World REIT's net asset value ("**NAV**") per Unit, based on EC World REIT's audited consolidated financial results for FY2021 and the Appraised Valuation of the Divestment Properties as at 30 June 2022, and assuming that the Proposed Divestment was completed on 31 December 2021, are as follows:

	As at 31 December 2021	
	Before the Proposed Divestment(1)	**After the Proposed Divestment(1)**
NAV (S$'000)	733,142	632,955
Units in issue(2)	809,838,247	809,838,247
NAV per Unit (cents)	90.53	78.16

Notes:

(1) Based on the audited consolidated financial results for FY2021 of EC World REIT and the Appraised Valuation of the Divestment Properties as at 30 June 2022, after accounting for the estimated Relevant Transaction Costs of approximately S$10.0 million.

(2) Based on the total number of Units in issue as at 30 September 2022.

5.2 Pro Forma Distribution per Unit

FOR ILLUSTRATIVE PURPOSES ONLY:

The *pro forma* financial effects of the Proposed Divestment on EC World REIT's distribution per Unit ("**DPU**"), based on EC World REIT's audited consolidated financial results for FY2021 and assuming that the Proposed Divestment was completed on 1 January 2021, are as follows:

	FY2021	
	Before the Proposed Divestment (1)	**After the Proposed Divestment (1) (2)**
Distributable Income (S$'000)	51,908	37,061
Net Property Income (S$'000)	113,025	81,277
Units in issue (3)	809,838,247	809,838,247
DPU (cents)	6.41	4.58

Notes:

(1) Based on the audited consolidated financial results for FY2021 of EC World REIT.

(2) Adjusted based on the Appraised Valuation of the Divestment Properties as at 30 June 2022.

(3) Based on the total number of Units in issue as at 30 September 2022.

6. ESTIMATED TOTAL DIVESTMENT COST

The estimated total cost of the Proposed Divestment is approximately S$12.0 million, comprising:

(i) the divestment fee ("**Divestment Fee**") payable to the Manager for the Proposed Divestment pursuant to the deed of trust constituting EC World REIT dated 5 August 2015 (as amended and restated) (the "**Trust Deed**") of approximately S$2.0 million (being 0.5% of the Aggregate Agreed Property Value). The Divestment Fee will be paid entirely in Units (the "**Divestment Fee Units**")[14]. The Divestment Fee Units will be issued to the Manager only after the record date for the purpose of determining Unitholders' entitlements to the Special Distribution, and accordingly, the Divestment Fee Units will not be entitled to the Special Distribution; and

(ii) the estimated professional fees, loans prepayment fees, swap termination costs and other costs and expenses incurred or to be incurred by EC World REIT in connection with the Proposed Divestment of approximately S$10.0 million (the "**Relevant Transaction Costs**").

After taking into account the estimated Relevant Transaction Costs and the estimated net book value of the Target Companies as at the Completion Date the estimated net loss on the Proposed Divestment is approximately S$8.0 million[15].

7. INTENDED USE OF DIVESTMENT PROCEEDS

The Manager intends to utilise the proceeds from the Equity Consideration in the following manner:

(i) approximately RMB 862,591,007 (approximately S$172,604,461 for the settlement of the Existing Offshore Bank Loans;

(ii) approximately RMB 49,975,012 (approximately S$10,000,000) as payment of the Relevant Transaction Costs;

(iii) approximately RMB 6,498,092 (approximately S$1,300,268) for any contingent expenses, claim, warranties and other potential post-Completion obligations in relation to the Proposed Divestment; and

(iv) approximately RMB 450,935,889 (approximately S$90,232,271[16]) to fund the Special Distribution to the Unitholders.

With respect to the proceeds from the HZBG Loan Repayment Amount which are estimated to be approximately RMB 266,361,216 (approximately S$53,298,879) and are payable to the Vendor post-Completion[17], the Manager intends to utilise it to fully settle the Mandatory Onshore Repayment under the Existing Onshore Bank Loans.

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[14] As the Proposed Divestment will constitute an "interested party transaction" under the Property Funds Appendix, the Divestment Fee payable to the Manager in respect of the Proposed Divestment will be paid entirely in Units.

[15] The estimated net gain/loss is calculated by subtracting the net proceeds from the Proposed Divestment of RMB 1,320,024,988 (approximately S$264,137,000) (after deduction of estimated Relevant Transaction Costs, before taking into account savings on potential transaction-related tax expenses which would be borne by the Purchasers) from the estimated net book value of the Target Companies as at the Completion Date of RMB 1,360,255,941 (approximately S$272,187,214).

[16] For the avoidance of doubt, this is a purely illustrative figure translated based on the prevailing exchange rate as at the date of the Equity Purchase Agreement. As mentioned in paragraph 8 of this announcement, the actual quantum of the Special Distribution will be computed based on the exchange rate as at the Completion Date.

[17] The quantum of the HZBG Loan Repayment Amount shall be notified to the Purchasers in writing by the Vendor on Completion and shall be no more than RMB 266,361,216. Please refer to paragraph 2.2.2 of this announcement above for details.

8. SPECIAL DISTRIBUTION

The Manager intends to make a special distribution to Unitholders (the "**Special Distribution**") within 40 Business Days of Completion. The amount of the Special Distribution is expected to be the Singapore dollar equivalent of an RMB amount which represents the balance of the proceeds from the Equity Consideration after the utilisation of proceeds referred to in paragraph 7(i), 7(ii) and 7(iii) of this announcement above, based on the exchange rate as at the Completion Date. Purely for illustrative purposes only, based on the Illustrative Exchange Rate, the Special Distribution is expected to be approximately S$90,232,271, which represents approximately S$0.1114 per Unit[18].

The Manager will make further announcements on the Special Distribution, the applicable record date for the purpose of determining Unitholders' entitlements to the Special Distribution and the date of payment of the Special Distribution in due course.

9. REQUIREMENT FOR UNITHOLDERS' APPROVAL

9.1 The Proposed Divestment (including the Promissory Notes Arrangement) as Interested Person Transactions and Interested Party Transactions

9.1.1 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, an immediate announcement and Unitholders' approval is required in respect of a transaction between EC World REIT and EC World REIT's interested persons if the value of that transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or more than 5.0% of the latest audited consolidated net tangible assets ("**NTA**") of EC World REIT.

Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by EC World REIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) is equal to or exceeds 5.0% of EC World REIT's latest audited NAV.

Based on the audited consolidated financial results for FY2021, the audited NTA and audited NAV of EC World REIT was approximately S$751.8 million as at 31 December 2021. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by EC World REIT with an interested person or interested party is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$37.6 million, such a transaction would be subject to Unitholders' approval under Rule 906(1) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

9.1.2 The Sponsor

As at the date of this announcement, the Sponsor has a deemed interest in an aggregate of 354,653,140 Units as at the date of this announcement, representing

[18] Based on a total of 809,838,247 Units in issue. The total number of Units in issue may vary from time to time.

approximately 43.793% of the total number of Units in issue. The Sponsor holds the above interest through the following:

(i) FIPL, which is a wholly-owned subsidiary of the Sponsor, a party to the Equity Purchase Agreement. FIPL has a direct interest in 25,732,615 Units as at the date of this announcement;

(ii) FGPL, which is a wholly-owned subsidiary of FIPL. FGPL has a direct interest in 322,957,200 Units as at the date of this announcement; and

(iii) the Manager, which is a wholly-owned subsidiary of FIPL, has a direct interest in 5,963,325 Units as at the date of this announcement.

The Sponsor is therefore regarded as a "controlling unitholder" of EC World REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

9.1.3 The Proposed Divestment (including the Promissory Notes Arrangement)

The Purchasers under the Proposed Divestment are HFBEM and FIPL.

HFBEM, which is a company incorporated in the PRC, is a direct wholly-owned subsidiary of the Sponsor. Thus, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, HFBEM (being an associate of a "controlling unitholder" (as defined in the Listing Manual) of EC World REIT and an associate of a "controlling shareholder" (as defined in the Property Funds Appendix) of the Manager)) is an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of EC World REIT.

As at the date of this announcement, FIPL, a company incorporated in Singapore, holds, directly and indirectly, 354,653,140 Units, representing 43.793% of the Units in issue, and is also the sole shareholder of the Manager. FIPL is in turn wholly-owned by the Sponsor. Thus, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, FIPL (being a "controlling unitholder" (as defined in the Listing Manual) of EC World REIT and a "controlling shareholder" (as defined in the Property Funds Appendix) of the Manager) is an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of EC World REIT.

The issuers of the Promissory Notes are intended to be the Forchn Unitholders, being FIPL, FGPL and the Manager (which is the manager of EC World REIT). As at the date of this announcement, FGPL has a direct interest in 322,957,200 Units, representing 39.879% of Units in issue. FGPL is in turn wholly-owned by the Sponsor. Thus, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, FGPL (being a "controlling unitholder" (as defined in the Listing Manual) of EC World REIT) is an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of EC World REIT.

Therefore, the Proposed Divestment (including the Promissory Notes Arrangement) is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the specific approval of Unitholders is required given that the value of the Proposed Divestment will exceed 5.0% of the latest audited NTA and NAV of EC World REIT. The Aggregate Agreed Property Value for the Divestment Properties is RMB 2,032,744,059 (approximately S$406,752,086), which represents approximately 54.1% of the audited NTA and audited NAV of EC World REIT as at 31 December 2021. The NAV of the Target Companies as at 30 June 2022, being RMB 1,360,255,941 (approximately S$272,187,214), represents approximately 36.2% of the audited NTA and audited NAV of EC World REIT as at 31 December 2021. Accordingly, the Proposed Divestment (including the Promissory Notes Arrangement) is subject to the approval of Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In approving the Proposed Divestment (including the Promissory Notes Arrangement), Unitholders will be deemed to have approved all documents required to be executed or assigned by the parties in order to give effect to the Proposed Divestment (including the Promissory Notes Arrangement).

9.1.4 Abstention from Voting

Under Rule 919 of the Listing Manual, interested persons and their associates (as defined in the Listing Manual) must not vote on a resolution, nor accept appointments as proxies unless specific instructions as to voting are given, in relation to a matter in respect of which such persons are interested at the EGM. Accordingly, the Sponsor will abstain, and will procure that each of its associates (as defined in the Listing Manual), including the Manager, abstain from voting on the resolution in relation to the Proposed Divestment (including the Promissory Notes Arrangement).

Further, (i) Mr Zhang Guobiao, who is the Chairman and Non-Executive Director of the Manager and owns 80.0% of the equity interest of the Sponsor as at the date of this announcement and (ii) Mr Goh Toh Sim, who is an Executive Director and Chief Executive Officer of the Manager, will both abstain from voting on the resolution in relation to the Proposed Divestment (including the Promissory Notes Arrangement).

9.2 Existing Interested Person Transactions

For the information of Unitholders, as at the date of this announcement, save for the Proposed Divestment (including the Promissory Notes Arrangement) and any transaction whose value is less than S$100,000, the value of all other existing interested person transactions:

(i) entered into between EC World REIT (whether directly or indirectly), the Sponsor and its associates during the course of the current financial year ending 31 December 2022 up to the date of this announcement is approximately S$14.8 million, which is approximately 2.0% of EC World REIT's latest NTA as at 31 December 2021; and

(ii) entered into during the course of the current financial year up to the date of this announcement, between EC World REIT and all interested persons (including the Sponsor and its associates) is approximately S$14.8 million which is approximately 2.0% of EC World REIT's latest audited NTA as at 31 December 2021.

For the avoidance of doubt, the approval of Unitholders will not be sought in respect of all such other existing interested person transactions but such other existing interested person transactions will continue to be aggregated with the other interested person transactions (other than the Proposed Divestment in respect of which, Unitholders' approval will be sought at the EGM) which may be entered into by EC World REIT (whether directly or indirectly) in the current financial year in accordance with the Listing Manual and the Property Funds Appendix.

9.3 The Proposed Divestment as a Major Transaction

Chapter 10 of the Listing Manual classifies transactions into (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions, and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases:

(i) the NAV of the assets to be disposed of, compared with EC World REIT's NAV pursuant to Rule 1006(a) of the Listing Manual;

(ii) the net profits attributable to the assets disposed of, compared with EC World REIT's net profits pursuant to Rule 1006(b) of the Listing Manual; and

(iii) the aggregate value of the consideration received, compared with EC World REIT's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which would require the issue of an announcement. Under Rule 1014(1) of the Listing Manual, where any of the relative figures computed on the basis of the above exceeds 20.0%, the transaction is classified as a "major transaction" which would be subject to the approval of Unitholders.

The relative figures for the Proposed Divestment using the applicable bases of comparison are set out in the table below:

Criteria	The Proposed Divestment (S$ million)	EC World REIT (S$ million)	Relative Percentage (%)
<u>Rule 1006(a)</u> The NAV of the assets to be disposed of, compared with EC World REIT's NAV	282.8	678.7 (1)	41.7%
<u>Rule 1006(b)</u> The net property income(2) ("**NPI**") attributable to the Divestment Properties, compared with EC World REIT's NPI, in each case, based on the audited accounts for FY2021	31.7(2)	113.0 (1) (2)	28.1%
<u>Rule 1006(c)</u> Aggregate value of the consideration received compared with EC World REIT's market capitalisation based on the total number of issued Units	274.1 (3)	404.9 (4)	67.7%

Notes:

(1) Based on the unaudited consolidated accounts of EC World REIT in respect of the period from 1 January 2022

to 30 June 2022, as announced on 11 August 2022.
(2) In the case of a real estate investment trust, NPI is a close proxy to the net profits attributable to its assets.
(3) Based on Equity Consideration RMB1,370,000,000, converted using Illustrative Exchange Rate.
(4) Based on the number of Units in issue multiplied by the closing price of S$0.50 per Unit on 29 September 2022, being the market day immediately prior to the date of the Equity Purchase Agreement.

Given that the relative figures for the Proposed Divestment computed using the applicable bases of comparison exceed 20.0%, the Manager is seeking Unitholders' approval for the Proposed Divestment.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS[19]

As at the date of this announcement, the details of the unitholdings of the directors of the Manager (the "**Directors**") are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Mr Zhang Guobiao	-	-	354,653,140 (2)	43.793	354,653,140(2)	43.793
Mr Goh Toh Sim	1,052,675	0.129	-	-	1,052,675	0.129
Mr Chan Heng Wing	300,000	0.037	-	-	300,000	0.037
Dr David Wong See Hong	-	-	-	-	-	-
Mr Chia Yew Boon	200,000	0.024	-	-	200,000	0.024
Mr Li Guosheng	-	-	-	-	-	-

Notes:
(1) The percentage interest is based on a total of 809,838,247 Units in issue as at the at the date of this announcement.
(2) Zhang Guobiao owns 80.0% of the equity interest of the Sponsor. The Sponsor is in turn the sole shareholder of FIPL. Further, FIPL is the sole shareholder of FGPL and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by FGPL and the Units held by EC World Asset Management Pte. Ltd..

As at the date of this announcement, Mr Zhang Guobiao is a Chairman and Non-Executive Director of the Manager as well as the Chairman of the Sponsor.

Based on the Register of Substantial Unitholders as at the date of this announcement, the details of the unitholdings of the Substantial Unitholders are as follows:

19 "**Substantial Unitholders**" refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
FGPL	322,957,200	39.879	-	-	322,957,200	39.879
FIPL (2)	25,732,615	3.177	328,920,525	40.615	354,653,140	43.793
The Sponsor(3)	-	-	354,653,140	43.793	354,653,140	43.793
Zhang Guobiao(4)	-	-	354,653,140	43.793	354,653,140	43.793
Zhang Zhangsheng(5)	-	-	354,653,140	43.793	354,653,140	43.793
Fosun International Holdings Ltd.	73,966,000	9.133	-	-	73,966,000	9.133
Guo Guangchang(6)	-	-	73,966,000	9.133	73,966,000	9.133
Sunkits Resources Limited	81,526,700	10.067	-	-	81,526,700	10.067
China Cinda (HK) Asset Management Co., Limited(7)	-	-	81,526,700	10.067	81,526,700	10.067
China Cinda (HK) Holdings Company Limited(8)	-	-	81,526,700	10.067	81,526,700	10.067
China Cinda Asset Management Co., Ltd.(9)	-	-	81,526,700	10.067	81,526,700	10.067
Ministry of Finance of The People's Republic of China(10)	-	-	81,526,700	10.067	81,526,700	10.067
Dazhong Capital (Hong Kong) Co Ltd	43,546,300	5.377	-	-	43,546,300	5.377
Yang Yiqing			43,546,300	5.377	43,546,300	5.377

Notes:

(1) The percentage interest is based on a total of 809,838,247 Units in issue at the date of this announcement.

(2) FIPL is deemed to be interested in the Units held by its wholly-owned subsidiaries, FGPL and EC World Asset Management Pte. Ltd.

(3) The Sponsor is the sole shareholder of FIPL, which is in turn the sole shareholder of FGPL and EC World Asset Management Pte. Ltd.. Accordingly, the Sponsor is deemed to be interested in the Units held by FGPL and Units held by EC World Asset Management Pte. Ltd..

(4) Zhang Guobiao owns 80.0% of the equity interest of the Sponsor. The Sponsor is in turn the sole shareholder of FIPL. Further, FIPL is the sole shareholder of FGPL and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by FGPL and the Units held by EC World Asset Management Pte. Ltd..

(5) Zhang Zhangsheng owns 20.0% of the equity interest of the Sponsor. The Sponsor is in turn the sole shareholder of FIPL. Further, FIPL is the sole shareholder of FGPL and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Zhangsheng is deemed to be interested in the Units held by FGPL and the Units held by EC World Asset Management Pte. Ltd..

(6) Guo Guangchang owns 64.45% of Fosun International Holdings Ltd. Accordingly, he is deemed to be interested in the Units held by Fosun International Holdings Ltd.

(7) China Cinda (HK) Asset Management Co., Limited is deemed to be interested in the Units held by its wholly-owned subsidiary, Sunkits Resources Limited.

(8) China Cinda (HK) Holdings Company Limited is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited, which is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited.

(9) China Cinda Asset Management Co., Ltd. is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited, which is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited. China Cinda (HK) Holdings Company Limited is 100.0% owned by China Cinda Asset Management Co., Ltd.

(10) The Ministry of Finance of the People's Republic of China is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited. China Cinda (HK) Asset Management Co., Limited is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited, which is in turn 100.0% owned by China Cinda Asset Management Co., Ltd. The Ministry of Finance of the People's Republic of China owns 67.84% of China Cinda Asset Management Co., Ltd.

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries (including the Manager), holds an aggregate indirect interest of approximately 43.793% in EC World REIT and is deemed to be a "controlling unitholder" (as defined in the Listing Manual) of EC World REIT.

As at the date of this announcement and based on information available to the Manager as at the date of this announcement and save as disclosed above, none of directors of the Manager or the "controlling unitholders" (as defined in the Listing Manual) of EC World REIT has any interest, direct or indirect, in the Proposed Divestment (including the Promissory Notes Arrangement).

11. DIRECTOR'S SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Manager in relation to the Proposed Divestment or any other transactions contemplated in relation to the Proposed Divestment.

12. ADVICE OF THE IFA

The Manager has appointed Provenance Capital Pte. Ltd., as the IFA pursuant to Rule 921(4)(a) of the Listing Manual provide an opinion on whether the Proposed Divestment (including the Promissory Notes Arrangement) as an interested person transaction is carried out on normal commercial terms and is not prejudicial to the interests of EC World REIT and its minority Unitholders. The Independent Directors and Audit and Risk Committee will form their own views after reviewing the opinion of the IFA, which will be set out in the Circular.

Each of Mr Chan Heng Wing, Dr David Wong See Hong, Mr Chia Yew Boon and Mr Li

Guosheng are Independent Directors.

13. FINANCIAL ADVISER

Merrill Lynch (Singapore) Pte. Ltd. is the financial adviser (the "**Financial Adviser**") in respect of the Proposed Divestment.

14. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 6 Shenton Way #41-03, OUE Downtown, Singapore 068809 from the date of this announcement up to and including the date falling three months thereafter[20]:

(i) the Equity Purchase Agreement;

(ii) the valuation report issued by JLL dated 30 September 2022; and

(iii) the valuation report issued by KF dated 30 September 2022.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as EC World REIT is listed.

15. CAUTIONARY STATEMENT

Unitholders should note that the Proposed Divestment is subject to fulfilment of conditions. There is no certainty or assurance that the Proposed Divestment will be completed. Accordingly, Unitholders are advised to exercise caution when trading in Units.

For and on behalf of the Board

EC WORLD ASSET MANAGEMENT PTE. LTD.
(as manager of EC World Real Estate Investment Trust)
(Company registration number: 201523015N)

Goh Toh Sim
Executive Director and Chief Executive Officer
3 October 2022

20 Prior appointment with the Manager (telephone: +65 6221 9018) will be appreciated.

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.