



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

## ANNOUNCEMENT

### RESPONSES TO QUERIES FROM THE SGX-ST

EC World Asset Management Pte. Ltd., in its capacity as manager of EC World Real Estate Investment Trust (“**EC World REIT**”, and as manager of EC World REIT, the “**Manager**”), refers to the Manager’s announcement dated 26 October 2024 (the “**26 October 2024 Announcement**”) in relation to the updates on the existing facilities on EC World REIT (“**Facilities**”) and wishes to make the following clarifications in response to the following queries from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which the Manager received on 28 October 2024.

#### Responses to Queries from the SGX-ST

1. **It was stated in the 26 October 2024 Announcement that, “the Enforcement Order and Notice of Seizure constitute an event of default pursuant to the Offshore Facilities. This in turn triggers a cross-default under EC World REIT’s existing onshore facilities (the “Onshore Facilities” and together with the Offshore Facilities, the “Facilities”). The lenders under the Facilities may, among others, accelerate the Facilities if an event of default is continuing.”**

(i) **Please clarify whether there is a grace period for EC World REIT to cure / remedy the above event of default. If yes, please provide details. When does the event of default cease to be continuing?**

There is no grace period to cure/remedy the above event of default. The event of default ceases to be continuing when waived by the majority lenders under the existing onshore facilities of EC World REIT and its subsidiaries (the “**Group**”, and existing onshore facilities of the Group, “**Onshore Facilities**”) and the existing offshore facilities of the Group (“**Offshore Facilities**”).

(ii) **Please disclose (a) the total amount of loan under the Facilities; and (b) the impact and consequences on EC World REIT and the ECW Group, in the event that the lenders accelerate the Facilities. Please disclose the action steps taken by the Board and management to address it, if any.**

- (a) As at the date of this response, the aggregate amount outstanding under the Facilities is S\$473.3 million<sup>1</sup>.
- (b) In the event that the lenders accelerate the Facilities, the impact and consequences on EC World REIT and the EC World REIT group are as follows:
  - (1) the facility agent under the Offshore Facilities and the facility agent under the Onshore Facilities may respectively declare that all amounts under the Offshore Facilities or, as the case may be, the Onshore Facilities are due and payable;
  - (2) the facility agent under the Onshore Facilities may instruct the security agent under the Onshore Facilities to exercise all rights and remedies available under the onshore finance documents, including enforcement of the onshore security (e.g. the property mortgage) through legal proceedings; and
  - (3) EC World REIT will be required to obtain funds as soon as possible to settle the outstanding amount owing under the Facilities (e.g. by way of disposal of its assets).

**(iii) Taking into consideration, amongst others, the aggregate borrowings and defaulted bank loans, please provide the Board of Directors' assessment of the ability of EC World REIT to operate as a going concern and meet its financial obligations, including its basis of assessment.**

Taking into consideration the above, the board of directors of the Manager has assessed that EC World REIT will be able to continue as a going concern and meet its financial obligations, on the following basis:

- (i) the operating cash flows of the Group have improved in the half-year period from 1 January 2024 to 30 June 2024 with the novation of the underlying subleases from the master leases and related party leases of Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT ("**Sponsor**"), and its subsidiaries to the Group;
- (ii) as mentioned in the Manager's announcement dated 17 July 2024, the restructuring of the Onshore Facilities has been completed following the entry into of a supplementary agreement to the Onshore Facilities dated 16 July 2024, allowing the Group to, *inter alia*, defer part of the interest expense payments and principal instalment repayments to April 2026;
- (iii) although the facility agent under the offshore facility agreement dated 31 May 2023 (the "**Offshore Facility Agreement**", and the facility agent under the Offshore Facility Agreement, the "**Offshore Facility Agent**") had on 10 June 2024 issued a

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<sup>1</sup> Calculated based on the exchange rate of RMB1.00 = S\$0.1826 and US\$1.00 = S\$1.2806 as at 30 September 2024. For the avoidance of doubt, this amount is inclusive of the Tranche B Outstanding Sum (as defined in the condensed interim financial statements of EC World REIT for the six months ended 30 June 2024 uploaded by the Manager on SGXNET on 7 August 2024). The Tranche B Outstanding Sum is excluded from the total liabilities that are subject to acceleration (in the event the offshore lenders under the Offshore Facilities decide to take any enforcement action against the Group).

letter (“**Pre-enforcement Notice**”) stating, among others, that the Majority Lenders (as defined in the Offshore Facility Agreement) are prepared to instruct and authorise the Offshore Facility Agent to commence Enforcement Action (as defined in the Intercreditor Deed (as defined in the Offshore Facility Agreement)) against the Offshore Obligors (as defined in the Offshore Facility Agreement) if certain conditions and milestones (including those set out in the Schedule to the Manager’s announcement dated 11 June 2024) are not fulfilled within the time prescribed, the Pre-enforcement Notice allows up to 31 May 2025 for the Group to divest its assets in such amount sufficient to repay the Offshore Facilities;

- (iv) the Manager is confident of being able to divest one or more properties of the Group with its appointment of two established consultants, Savills Property Services (Shanghai) Co., Ltd. and Cushman & Wakefield (HK) Ltd., in relation to sourcing for potential purchaser(s) of the properties;
- (v) the Manager has appointed a financial adviser, KPMG Services Pte Ltd, to explore various options for the Group to address its ongoing challenges; and
- (vi) the Manager is in active negotiations with the lenders of the Offshore Facilities on a possible refinancing package and is optimistic that a favourable outcome would be achieved.

**2. We note that the Enforcement Order was issued on 12 August 2024 and the Notice of Seizure was issued on 2 September 2024. However, the Manager was only informed of the foregoing on 17 October 2024. Please share with us the reason(s) for the Sponsor’s delay in informing the Manager on the same.**

According to the Sponsor, Mr Zhang Guobiao was served with the Enforcement Order and the Notice of Seizure only on 17 October 2024.

### **Cautionary Statement**

Unitholders are advised to read this announcement and any further announcements by the Manager carefully. The Manager wishes to highlight that there is no certainty or assurance as at the date of this announcement that any discussion or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. Unitholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions that they should take.

The Manager will make further announcements on the SGXNET in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual. Unitholders and investors are advised to refrain from taking any action in respect of EC World REIT units (“**Units**”) which may be prejudicial to their interests, and to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

For and on behalf of the Board

**EC WORLD ASSET MANAGEMENT PTE. LTD.**  
(as manager of EC World Real Estate Investment Trust)  
(Company Registration No. 201523015N)

**Goh Toh Sim**  
Executive Director and Chief Executive Officer  
11 November 2024

## **Important Notice**

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee or any of their affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Unitholders and potential investors are advised to exercise caution when dealing in Units. Unitholders and potential investors are advised to read this announcement and any further announcements to be released by EC World REIT carefully. Unitholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

The past performance of EC World REIT is not necessarily indicative of the future performance of EC World REIT.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.