



**EC World**  
运通网城 REIT

ANNUAL REPORT 2023



STRATEGIC  
**ADAPTABILITY**

# CONTENTS

Corporate Profile	<b>01</b>
Trust Structure	<b>02</b>
Financial Highlights	<b>03</b>
Letter to Unitholders	<b>06</b>
Management Review	<b>13</b>
Property Portfolio Overview	<b>20</b>
The Property Manager	<b>29</b>
Board of Directors	<b>32</b>
Management Team	<b>36</b>
Stakeholders Engagement and Investors Relations	<b>38</b>
Sustainability	<b>39</b>
Corporate Governance	<b>41</b>
Enterprise Risk Management	<b>65</b>
Financial Statements	<b>67</b>
Additional Information	<b>128</b>
Statistics of Unitholdings	<b>130</b>



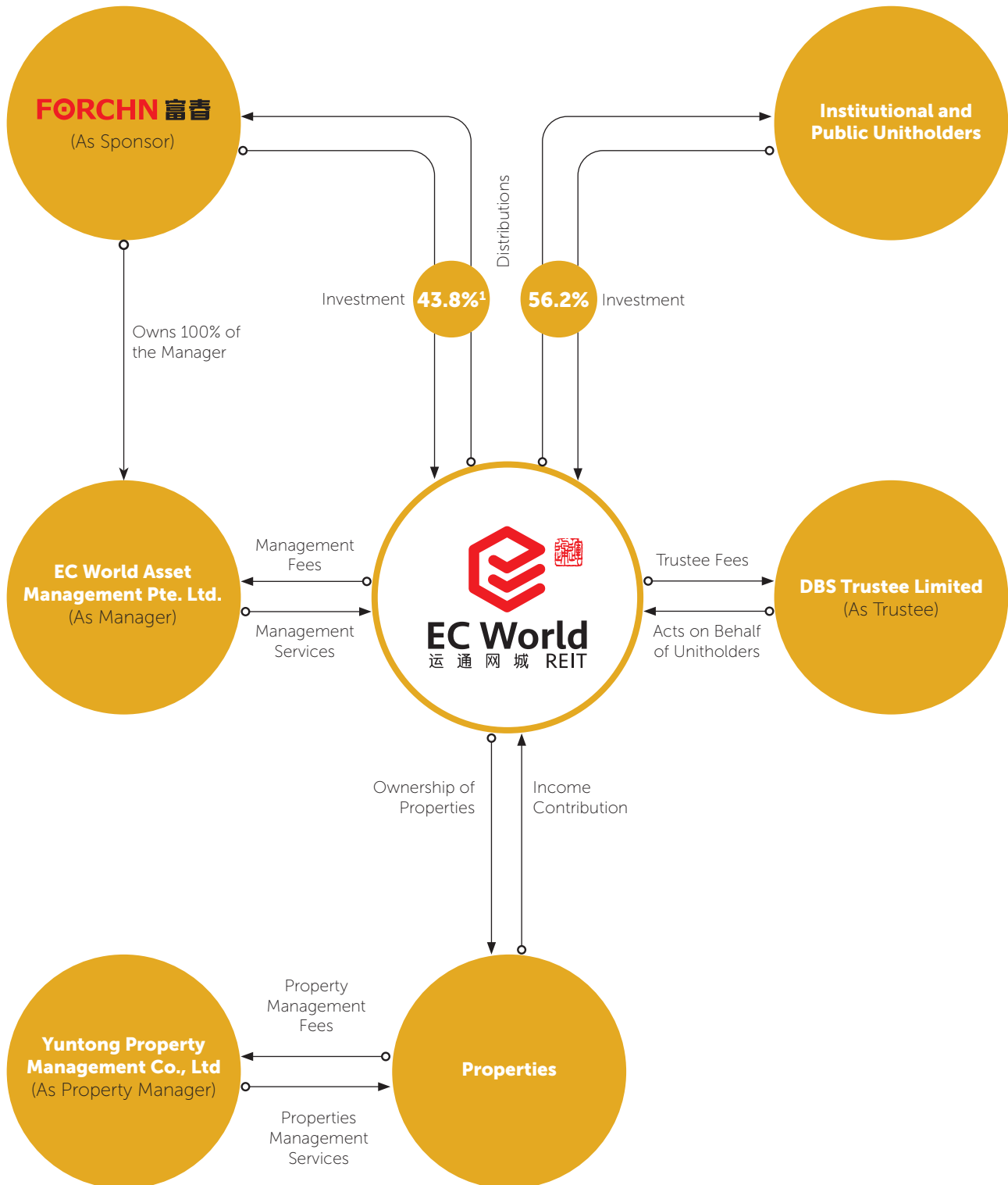
## CORPORATE PROFILE

Listed on 28 July 2016, EC World Real Estate Investment Trust ("ECW REIT" or "ECW") is the first specialized and e-commerce logistics real estate investment trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). ECW's investment strategy is to invest principally, directly or indirectly, in a diversified portfolio of income producing real estate which is used primarily for e-commerce, supply-chain management and third-party logistics purposes, as well as real estate-related assets, with an initial geographical focus on the People's Republic of China ("PRC").

ECW offers investors a unique exposure to the specialised logistics and e-commerce sector in the PRC. As at 31 December 2023, its portfolio consists of seven properties located within the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan, with an aggregate net lettable area of 927,157 sqm valued at approximately S\$806 million. ECW is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of Forchn Holdings Group Co., Ltd., the Sponsor of EC World REIT (the "Sponsor"). Established in 1992 and headquartered in Shanghai, the Sponsor is a Shanghai-based conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors.



# TRUST STRUCTURE

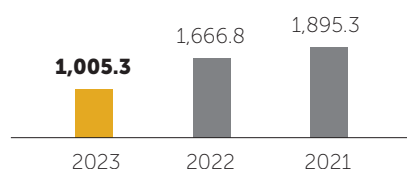


<sup>1</sup> As at 31 December 2023. Includes Units held by the Manager.

# FINANCIAL HIGHLIGHTS

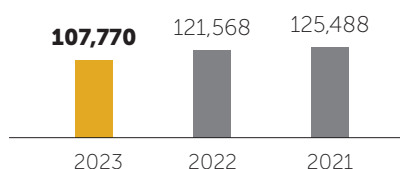
## Total Assets

S\$ (m)



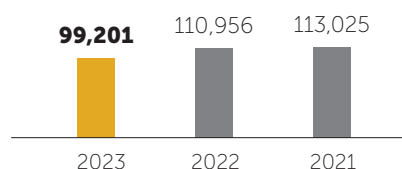
## Gross Revenue

(S\$'000)



## Net Property Income

(S\$'000)



Balance Sheet (S\$ million)	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total Assets	1,005.3	1,666.8	1,895.3	1,815.7	1,724.0
Investment Properties	805.6	1,469.8	1,673.9	1,623.7	1,567.6
Total Liabilities	910.4	1,059.8	1,143.5	1,100.1	1,040.1
Net Assets	94.9	607.0	751.8	715.5	683.9

## Key Financial Indicator

Gross borrowings / Total assets	57.9%	38.8%	38.2%	38.1%	38.7%
Interest cover ratio (times) <sup>1</sup>	2.1	2.7	2.9	2.6	2.8
Weighted average debt maturity (years) <sup>2</sup>	1.0	0.4	0.6	1.6	2.6
Annualised all-in interest rate	7.2%	5.8%	4.9%	5.1%	5.4%
Annualised all-in blended running interest rate <sup>3</sup>	6.3%	4.9%	4.1%	4.3%	4.5%
Total operating expenses as percentage of net assets <sup>4</sup>	9.0%	1.7%	1.7%	1.3%	1.4%

Financial Performance	For the Financial Year Ended 31 December 2023	For the Financial Year Ended 31 December 2022	For the Financial Year Ended 31 December 2021	For the Financial Year Ended 31 December 2020	For the Financial Year Ended 31 December 2019
Gross Revenue (S\$'000)	107,770	121,568	125,488	109,726	99,128
Net Property Income (S\$'000)	99,201	110,956	113,025	100,307	89,737
Calculated Distribution to Unitholders (S\$'000)	29,631	38,564	50,615	43,111	48,208
Calculated Distribution Per Unit (Singapore cents)	3.659 <sup>9</sup>	4.762 <sup>8</sup>	6.263 <sup>7</sup>	5.359 <sup>6</sup>	6.047 <sup>5</sup>
Calculated Distribution yield (%) (Based on IPO price of S\$0.81 per Unit)	4.5	5.9	7.7	6.6	7.5
Calculated Distribution yield (%) (Based on Unit Price of S\$0.28 per Unit on 28 Aug 2023)	13.1	10.7	14.1	12.0	13.6

[1] Calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

[2] Calculated based on original loan maturity date.

[3] Exclude upfront financing fee.

[4] Defined as property expenses divided by net assets.

[5] For FY19, the Manager resolved to distribute 98.7% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 6.127 cents.

[6] For FY20, the Manager resolved to distribute 91.3% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 5.869 cents.

[7] FY21 distribution includes payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021 amounting to approximately S\$2.0 million.

[8] FY22 distribution includes payout of distribution previously retained in 2Q2020 (balance) and 3Q2020 (partial) in 2Q2022 amounting to approximately S\$1.3 million.

[9] ECW was not able to pay the distribution to unitholders with effect from 1 January 2023. The payment of the distribution will be deferred to a future date when ECW has sufficient free cash for the said distribution.





# RESILIENCE

TRANSFORMING CHALLENGES  
INTO OPPORTUNITIES

## LETTER TO UNITHOLDERS



### Dear Unitholders,

We faced extremely challenging operating conditions in FY2023. Several factors have significantly impacted our financial performance and stability, necessitating urgent strategic adjustments to ensure our sustainability.

Financial performance has been further strained by the financial difficulties faced by Sponsor group, Forchn Holdings Group Co., Ltd. The proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics failed to materialize as the Sponsor was unable to secure the necessary financing by the long-stop date of 31 October 2023. The Sponsor's inability to pay outstanding rent resulting in substantial rent arrears, has directly impacted EC World REIT's cash flow. The long-term arrears from the master leases have necessitated the novation process as part of the remedial measure to address the rental arrears.

The occupancy rate across our investment properties has been a significant challenge, with an overall rate of 79.9% as of the end of 2023. Several factors have contributed to these lower occupancy rates. The market is currently oversupplied, including major cities like Hangzhou and Wuhan, where new warehouse developments have outpaced demand. This oversupply, along with a broader economic slowdown, has intensified competition and increased vacancy rates across the board. The discontinuation of significant leases, such as with China Tobacco at Hengde Logistics Phase 1, has required aggressive re-marketing to improve occupancy, reflecting the broader challenges we face in a competitive and unstable macroeconomic environment.

The situation is compounded by the novation of underlying leases, initiated in response to the long overdue rental and the need to adjust to current market rentals, which have not seen significant growth post-COVID-19.



Occupancy Rate at

**79.9%**

Portfolio valuation at

**RMB4,336 million***As of 31 December 2023*

These factors necessitate offering larger concession packages to attract and retain tenants, thereby increasing our leasing costs and depressing market rentals. Despite active marketing strategies to counter these trends, our properties have struggled to attract and retain tenants, adversely affecting our rental income and overall financial health. In anticipation of the novation of underlying leases within the Master leases, the valuation of our property portfolio has seen a substantial decline. As of 31 December 2023, the valuation dropped by 43% to RMB4,336 million, compared to RMB7,604 million at the end of 2022. This drastic reduction was also attributed to deteriorating market conditions in China, marked by an influx of new warehouse supply and a slowdown in both the global and local economies. These factors led to softer demand, higher vacancy rates, and increased competition, resulting in lower market rental rates and higher leasing costs.

Our capital structure has also been under significant pressure. The increased leverage ratio, which rose from 36.9% as of 30 September 2023, to 57.9% as of 31 December 2023, reflects the impact of significant drop in property valuations and the financial difficulties we are facing. To address these challenges, the Manager is exploring various options to reduce our aggregate leverage ratio and closely monitoring our interest rate risk.

Due to these financial challenges, the distributions to unitholders for the period from 1 January 2023, to 30 June 2023 has been deferred indefinitely until ECW has sufficient available cash. No distribution was declared for 2H FY2023, and it is highly likely that no distribution for the financial year 2024 will be declared too, in light of the financial challenges present and ahead.

### Meeting the Challenges Ahead

As of the end of 2023, the drop in overall occupancy rate and the novating of underlying leases from the master leases and other related party leases had significant adverse impact on overall income of the REIT. To meet these challenges, the Manager has formulated new leasing strategies to improve occupancy rates and lease terms. The REIT's committed occupancy rate have improved to 80.2% as of 30 June 2024.

Amid these severe challenges, we are constantly reviewing our investment portfolio. Management has decided to actively seek to divest one or more of the properties to third parties through open market sales. We have appointed Savills Property Services (Shanghai) Co., Ltd. and Cushman & Wakefield (Hong Kong) Ltd. as our advisors to seek potential buyers for the divestment of one or more properties of the REIT.

# LETTER TO UNITHOLDERS



To address our financial and operational difficulties, we have also appointed KPMG Services Pte. Ltd. as our financial adviser to explore various strategic options available to EC World REIT. These options include restructuring our existing facilities, negotiating with lenders, and identifying opportunities for divestment.

### Future Outlook

Since the beginning of 2023, the real estate market has remained sluggish. According to the National Bureau of Statistics of China, total completed floor area of houses increased by 17% year-on-year in 2023, but sales of commercial properties dropped by 6.5%, and real estate development investment fell by 9.6%<sup>1</sup>. The sector continues to hinder China's economic

recovery. In the first quarter of 2024, real estate investment decreased by 9.5% year-on-year, and sales area of newly built commercial buildings fell by 19.4%<sup>2</sup>. In March 2024, the national real estate development prosperity index was 92.07, a 2.56% year-on-year decrease<sup>3</sup>. Cumulative financing amount of 80 typical real estate companies in 2023 was only 575.228 billion yuan, a 30.38% decrease year-on-year<sup>4</sup>, highlighting the sector's struggling financial environment.

In the second half of 2023, Chinese authorities introduced easing measures such as the "no housing, no loans" policy, removal of dual restrictions, and relaxation of price controls<sup>5</sup>. The Chinese government has focused on supply-side support, including equipment upgrades and local debt

<sup>1</sup> [https://www.stats.gov.cn/english/PressRelease/202402/t20240201\\_1947107.html](https://www.stats.gov.cn/english/PressRelease/202402/t20240201_1947107.html)

<sup>2</sup> [https://www.stats.gov.cn/english/PressRelease/202404/t20240424\\_1948701.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240424_1948701.html)

<sup>3</sup> [https://www.stats.gov.cn/english/PressRelease/202406/t20240625\\_1955165.html](https://www.stats.gov.cn/english/PressRelease/202406/t20240625_1955165.html)

<sup>4</sup> <https://www.stcn.com/article/detail/1088897.html>

<sup>5</sup> [https://english.www.gov.cn/policies/policywatch/202310/02/content\\_WS651ac77bc6d0868f4e8dfef6.html](https://english.www.gov.cn/policies/policywatch/202310/02/content_WS651ac77bc6d0868f4e8dfef6.html)



**Amid a challenging year and complex market conditions, we remain committed to fortifying our operations, optimizing resource allocation, and ensuring the long-term stability and development of the REIT.**

risk management. On 17 May 2024, the People's Bank of China and the Financial Regulatory Administration announced three major demand-side easing policies: lowering the minimum down payment ratio, removing the lower limit of mortgage interest rates, and reducing the housing provident fund loan interest rate<sup>6</sup>. Additionally, Chinese authorities established a RMB300 billion re-lending facility for affordable housing<sup>7</sup>. These measures are positive signals for boosting real estate demand for 2H 2024.

Looking ahead to 2024, the economic outlook for China's real estate sector remains challenging. Although the Chinese e-commerce market still has growth potential, its growth rate may slow, and the market environment is expected to become more complex and volatile. Our REIT's ability to adapt to the current market conditions and shifting business trends will be critically tested.

We will continue to closely monitor the macroeconomic environment and adjust our strategies to meet evolving market. Despite the less optimistic outlook, we are committed to maintaining stable operations, optimizing resource allocation, and improving our cash flow and financial stability. Our goal is to make steady progress in the coming year, gradually adapting to the economic rebound and returning to normalcy, ultimately providing sustainable value to all stakeholders.

#### **Sustainability**

If we do not take measures to manage climate-related risks and reduce emissions, our operations will have a negative impact on the environment. In this regard, we continue to adhere to and practice our core values of sustainability in all business activities and raise sustainability awareness among our internal and external stakeholders.

In 2023, our properties completed several environmental initiatives, including the installation of more LED bulbs and conducting feasibility studies for installing solar panels. Additionally, the Manager conducted qualitative assessments of climate-related transition and physical risks for all our properties, and disclosed the findings under different scenarios in our latest sustainability report. These measures reflect our ongoing efforts and commitment to sustainability.

#### **Acknowledgments**

During this year, despite facing economic downturns, turmoil in the real estate market and our financial difficulties, we have received continuous support from our unitholders, tenants, and all business partners, for which we are deeply grateful. I would also like to thank the Board members for their active contributions and leadership in strategic adaptation over the past year. Special thanks to the management team for their relentless efforts and adaptability in an ever-changing environment.

Looking ahead to the 2024 fiscal year, although the road ahead will be full of challenges, we will persevere, optimize resource allocation and maintain stable operations. Our primary task is to ensure the survival and long-term development of the REIT, minimizing the impact on all stakeholders. We will remain cautious, actively explore opportunities and work towards gradual recovery and improvement.

#### **Zhang Guobiao**

Chairman and Non-Executive Director

<sup>6</sup> <https://www.reuters.com/markets/asia/china-new-home-prices-fall-fastest-pace-over-9-years-2024-05-17/>

<sup>7</sup> <https://www.cnbc.com/2024/05/17/china-pledges-billions-in-measures-to-support-struggling-property-sector.html>

## 致单位持有人

### 单位持有人,

在2023财年,运通网城房地产信托面临了极其严峻的经营环境。多种因素严重影响了信托的财务表现和稳定性,迫使我们必须进行紧急战略调整,以确保我们的可持续性。

运通网城房地产信托的财务表现因发起人富春控股集团有限公司的财务困难而进一步恶化。发起人未能在2023年10月31日的最后期限前获得所需要的融资,原计划将北港物流一期和崇贤港物流物业出售的提议未能实现。发起人也未能支付拖欠的租金,直接影响了运通网城房地产信托基金的现金流。由于整租协议的长期拖欠,我们不得不直接收取底层租金,作为解决整租租金拖欠问题的补救措施之一。

截至2023年底,我们的投资物业的总体入住率仅为79.9%。多个因素导致了入住率的下降。市场目前供过于求,包括杭州和武汉等地区,新的仓库开发已超过了需求。这种供过于求,加上更广泛的经济放缓,导致竞争加剧和空置率上升。重要的租赁如恒德物流一期的浙江中烟租赁终止,迫使我们积极重新推广以提高入住率,反映了我们在竞争激烈且不稳定的宏观经济环境中面临的多重挑战。

由于长期租金拖欠及需要调整当前市场租金的影响,我们不得不提供更大的优惠政策以吸引和留住租户,从而增加了租赁成本并压低了市场租金。尽管我们采取了积极的营销策略来应对这些趋势,我们的物业仍然难以吸引和留住租户,严重影响了租金收入和整体财务健康状况。整租租赁和其他相关方租赁的转让,导致我们的物业组合估值大幅下降。截至2023年12月31日,估值降至人民币43.36亿元,比2022年底的76.04亿元下降了43%。这一大幅下降也归因于中国市场条件的恶化,新的仓库供应涌入以及全球和当地经济放缓。这些因素导致需求疲软,空置率上升,竞争加剧,从而导致市场租金下降和租赁成本增加。

我们的资本结构也面临巨大压力。杠杆率从2023年9月30日的36.9%上升到2023年12月31日的57.9%,反映了物业估值大幅下降和我们面临的财务困难。为应对这些挑战,管理人正在探索各种减少杠杆率的选项,并密切监控利率风险。

由于这些财务挑战,从2023年1月1日到2023年6月30日期间的派息已被无限期推迟,直到运通网城房地产信托基金有足够的可用现金为止。2023年下半年的派息未宣派,鉴于目前和未来的财务挑战,2024财年的派息也极有可能不会宣派。

### 面对未来的挑战

截至2023年底,总入住率的下降和整租租赁以及其他关联方租赁的转让,对运通网城房地产信托的整体收入产生了重大的不利影响。为了应对这些挑战,管理人制定了新的租赁策略,以提高整体入住率和租赁条款。截至2024年6月30日,信托的承诺入住率已提高到80.2%。

在这些严峻的挑战下,我们不断审查投资组合。管理人决定积极寻求通过公开市场销售将一个或多个物业出售给第三方。我们已聘请第一太平戴维斯物业服务(上海)和高力国际有限公司(香港)作为我们的顾问,寻找潜在买家进行物业出售。

为应对我们的财务和运营困难,我们还聘请了毕马威服务有限公司作为我们的财务顾问,探索运通网城房地产信托基金的各种战略选项。这些选择包括重组现有贷款、与贷方谈判以及寻找出售机会。

### 展望未来

自2023年初以来,房地产市场一直低迷。根据中国国家统计局的数据,2023年房屋竣工总面积同比增长17%,但商业地产销售下降了6.5%,房地产开发投资下降了9.6%。该行业继续阻碍中国经济复苏。2024年第一季度,房地产开发投资同比下降9.5%,新建商业建



筑销售面积下降了19.4%。2024年3月，全国房地产开发景气指数仅为92.07，同比下降2.56%。2023年80家典型房地产企业的累计融资额仅为5752.28亿元，同比下降30.38%，凸显了该行业的财务困境。

中国有关当局于2023年下半年推出一系列重磅宽松政策，如“认房不认贷”，“双限”解除，限价松绑等，同时推动大规模设备更新，以旧换新，部署并化解地方债务风险刺激供需关系的平衡。中国政府的政策支持力度更侧重于供给端。直至近日，中国房地产领域的刺激政策不断酝酿，2024年5月17日，央行、金融监管总局发布3大地产需求端放松政策，包括降低最低首付比例、取消房贷利率政策下限、以及调降公积金贷款利率等，并宣布设立人民币3000亿元保障性住房再贷款，支持地产去库存等需求端政策。这些措施对2024年下半年提振房地产需求是积极信号。

展望2024年，中国房地产行业的经济前景依然严峻。虽然中国电子商务市场仍有增长潜力，但其增长率可能会放缓，市场环境预计会变得更加复杂和波动。我们的房地产信托基金适应当前市场条件和不断变化的业务趋势的能力将受到严峻考验。

我们将继续密切关注宏观经济环境，并调整我们的策略以满足不断变化的市场需求。尽管前景不太乐观，我们仍致力于保持稳定运营，优化资源配置提高现金流和财务稳定性。我们的目标是在来年取得稳步进展，逐步适应经济复苏，回归正常，为所有利益相关者提供可持续的价值。

### 可持续性

如果我们不采取任何措施来管理与气候相关的风险并减少排放，我们的运营将对环境产生负面影响。在这方面，我们继续在所有业务活动中坚持和践行我们的可持续发展核心价值观，并提高内部和外部利益相关者的可持续发展意识。

在2023年，我们的物业完成了几项重要的环保措施，包括安装更多的LED灯泡和进行太阳能电池板安装的可行性研究。此外，管理人还对我们所有物业的气候相关转型和物理风险进行了定性评估，并在最新的可持续发展报告中披露了不同情景下的调查结果。这些措施体现了我们在可持续发展方面的持续努力和承诺。

### 致谢

在这一年中，尽管面临经济低迷，房地产市场的动荡和财务困难，我们仍得到了单位持有人、租户和所有业务合作伙伴的持续支持，我深表感谢。同时，我也要感谢董事会成员在过去一年中对战略调整的积极贡献和领导。特别要感谢管理团队在不断变化的环境中所做的不懈努力和适应能力。

展望2024财年，尽管前路充满挑战，我们将继续努力，优化资源配置，维持业务的稳定运营。我们的首要任务是确保公司的生存和长远发展，以尽可能减少对利益相关者的影响。我们将保持谨慎态度，努力寻求机会，实现逐步复苏和改善。

### 张国标

董事长兼非执行董事



# EMBRACING CHANGE

ADAPTING PROACTIVELY TO  
UNCERTAINTY, FOSTERING INNOVATION  
FOR SUSTAINABLE RECOVERY



## MANAGEMENT REVIEW

As at 31 December 2023, the overall occupancy for ECW's portfolio stood at 79.9%<sup>1</sup>. Of the seven properties of ECW, four properties achieved full occupancy, while Chongxian Port Logistics reported near full occupancy, at 99.3%. The occupancy rate of Hengde Logistics had declined to 31.4%.

### Challenging Market Conditions and Strategic Adjustments

Of the seven assets, Chongxian Port Investment, Fu Heng Warehouse, Bei Gang Logistics, and Fuzhou E-commerce have faced significant challenges in maintaining their long term master leases with related parties due to severe financial difficulties faced by the sponsor group, Forchn Holdings Group Co., Ltd. The Manager executed the novation process to take over the underlying leases as part of the remedial measures to address the rental arrears matter and ensure stable cash flow. This strategic move aimed to reflect the real current market situation and secure occupancy in the logistics market. However, this transition has resulted in lower rental rates compared to the previous master leases, significantly impacting property valuations.

With the reopening of the economy in early 2023, initial expectations for growth in e-commerce volumes as consumers gravitated towards online shopping were high. However, the overall economic slowdown has significantly tempered these expectations. The growth rate of online retail has normalized, while offline brick-and-mortar retail sales have not rebounded as strongly as anticipated due to ongoing economic uncertainties and diminished consumer confidence<sup>2</sup>.

### Overdue Rent Receivables and Financial Impact

As at 31 December 2023, the REIT and its subsidiaries are owed more than RMB289.1 million (S\$53.7 million) in overdue rent receivables by their sponsor group, Forchn Holdings Group, and its subsidiaries. Of the outstanding rent receivables, RMB224.7 million (S\$41.7 million) represents the rent payable pursuant to master leases between the sponsor group (as master lessee) and the ECW Group (as master lessor), while the balance RMB64.4 million (S\$12.0 million) represents the rent payable by the Sponsor Group pursuant to other related party leases.

During 2023, more than 80% of the revenue of the ECW Group came from rental income pursuant to related party leases with the Sponsor Group. As a result, the distributions to unitholders for the period from 1 January 2023 to 30 June 2023 has been deferred indefinitely until ECW has sufficient available cash. No distribution was declared for 2H FY2023, and it is highly likely that no distribution for the financial year 2024 will be declared too, in light of the financial challenges present and ahead.

The manager had completed the novation process to take over underlying leases from the master leases and other related party leases due to long overdue rent receivables by the Sponsor and its subsidiaries on 30 June 2024. The overall committed occupancy stood at 80.2% as at 30 June 2024.

<sup>1</sup> Underlying occupancy rate weighted by NLA.

<sup>2</sup> <https://www.spglobal.com/ratings/en/research/articles/230109-china-retail-outlook-2023-more-bricks-fewer-clicks-12599181>.

## MANAGEMENT REVIEW

Assets	Type of Lease (As at 31 Dec 2023)	Committed Occupancy Rate (As at 31 Dec 2023)	Committed Occupancy Rate (As at 30 June 2024)
Chongxian Port Investment	MLA/ Novation completed	100%	95.6%
Fu Heng Warehouse	MLA/ Novation completed	100%	78.1%
Hengde Logistics <sup>3</sup>	Multi-tenanted	31.4%	76.2%
Wuhan Meiluote <sup>4</sup>	Multi-tenanted	44.0%	33.8%
Fuzhou E-commerce	MLA/Novation completed	100%	70.8%
Stage 1 Properties of Bei Gang Logistics	Master leased	100%	100%
Chongxian Port Logistics	Multi-tenanted	99.3%	92.9%
Total Occupancy Rate		79.9%	80.2%

### Decline in Property Valuations and Occupancy

The independent valuations of our properties as of 31 December 2023 have shown a significant decline, with the overall portfolio value dropping by 43% from RMB7,604 million to RMB4,336 million. This decline is attributed to several factors:

1. **Market Situation:** The influx of new warehouse supply and the slowdown in both the global and local economy have led to softer demand, higher vacancy rates, and increased competition. Consequently, higher concession packages are needed to attract new tenants or retain existing ones, resulting in higher leasing

costs and lower market rentals.

2. **Local Economic Slowdown:** The economic slowdown in Hangzhou has caused higher vacancy rates, inactive leasing activities, and a more passive capital market, further exacerbated by the significant new warehouse supply in Wuhan.

3. **Rental Arrears and Lease Novation:** To address rental arrears issues, the Manager commenced the novation process to take over underlying leases from the master leases. This has led to rentals reflecting the current market situation, resulting in a significant gap between previous and current rental rates,

particularly affecting Chongxian Port Investment, Chongxian Port Logistics, Fuheng Warehouse, and Fuzhou E-Commerce.

4. **Financial Difficulties of the Sponsor:** Forchn Holdings Group Co., Ltd. faced severe financial difficulties in the second half of 2023, halting asset enhancement work on Bei Gang Logistics Stage 1.

5. **Lease Discontinuation:** The discontinuation of the lease with China Tobacco in Hengde Logistics Phase 1 has impacted property assessments, considering the necessary new-tenant take-up period.

<sup>3</sup> The decrease in occupancy rate of Hengde Logistics was due to China Tobacco Zhejiang Industrial Co., Ltd deciding not to continue its lease in relation to Hengde Phase 1 (forming 159,794 square metres of Hengde Logistics).

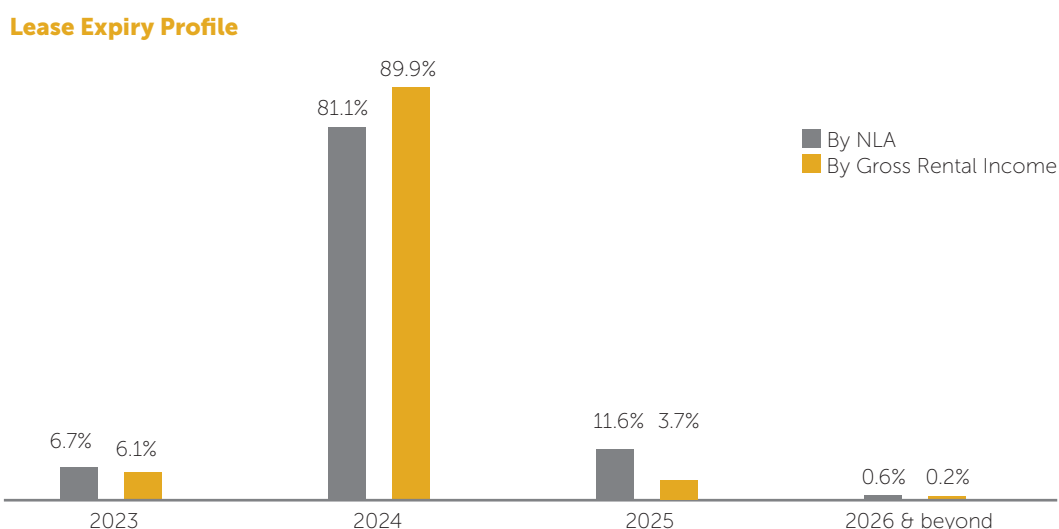
<sup>4</sup> The decrease in occupancy rate of Wuhan Meiluote was due to, among others, an influx of new warehouse supply as well as global and local economic slowdown in Wuhan.



### Active Lease Management

The Manager continues to work closely with the Property Manager to optimize the occupancy rates of the properties. Existing and prospective tenants are engaged well in advance of lease expiry dates to mitigate the risk of non-renewals and vacancies. As at 31 December 2023, the portfolio WALE was 0.8 by both committed net lettable area and gross revenue.

The expiry profile of leases that were committed as at 31 December 2023 is shown in the chart below.



As a result of proactive leasing strategy, the team managed to secure a total of 15 new leases for Hengde Logistics Phase 1. The new leases took up 65.2% of the occupancy rate in Hengde Logistics Phase 1. All the new tenants joining Hengde Logistics Phase 1 are from medical logistics sector which is aligned with the marketing strategy to create a medical logistics hub in Hengde Logistics Phase 1. Among those new leases, there is a key tenant, ATM Cloud that specialised in medical logistics has taken up 34.5% of the leased area in Hengde Logistics.

The asset (both Hengde Logistics Phase 1 and 2) achieved an overall committed occupancy of 76.2% as at 30 June 2024.

The duration and rental escalation of the leases are shown in the table below:

Assets	Lease Terms (As at 30 June 2024)	Rental Escalation
<b>E-COMMERCE LOGISTICS</b>		
Fu Heng Warehouse	Multiple tenancies	Leases come with rent escalation up to 5%
Stage 1 Properties of Bei Gang Logistics	Master lease: From 1 Nov 2020 to 31 Oct 2024	1.0% annually
Wuhan Meiluote	Multiple tenancies	Current leases have no escalation
Fuzhou E-commerce	Multiple tenancies	Leases come with rent escalation up to 5%
<b>SPECIALISED LOGISTICS</b>		
Hengde Logistics	Multiple tenancies	Leases come with rent escalation up to 5%
<b>PORT LOGISTICS</b>		
Chongxian Port Investment	Multiple tenancies	Current leases have no escalation
Chongxian Port Logistics	Multiple tenancies	Current leases have no escalation

## MANAGEMENT REVIEW

During 2023, the gross revenue of the portfolio was S\$107.8 million and the DPU for the full year was 3.659 Singapore cents.

The projected revenue derived from market rent would have been S\$79.6 million and the corresponding DPU would have been 1.424 Singapore cents per unit.

As compared to the projected market rents<sup>5</sup>, the master lease gross rents for Chongxian Port Investment, Bei Gang Logistics, Fu Heng Warehouse and Fuzhou E-Commerce are approximately RMB86.8 million, RMB45.0 million, RMB13.3 million and RMB8.4 million higher respectively. The total difference of RMB153.5 million is 27.0% of the portfolio gross rent in 2023.

Assets	Master Lease Gross Rent in 2023 (RMB'000)
Chongxian Port Investment	173,229
Fu Heng Warehouse	52,063
Fuzhou E-commerce	92,760
Stage 1 Properties of Bei Gang Logistics	132,516

### Diversified Tenancy

As at 31 December 2023, there were a total of 15 different tenants across the portfolio and contribution to gross rental income, based on lock-in rental, by the top 10 tenants is as follows:

Tenants	% of Contribution
1. 杭州富港供应链有限公司 (Hangzhou Fu Gang Supply Chain Co., Ltd.)	43.67%
2. 富春控股集团有限公司 (Forchn Holdings Group Co., Ltd.)	24.21%
3. 杭州富阳运同电子商务有限公司 (Hangzhou Fuyang Yuntong E-commerce Co., Ltd.)	23.26%
4. 浙江运通电子商务有限公司 (Zhejiang Yuntong E-commerce Co., Ltd.)	4.51%
5. 浙江中烟工业有限责任公司 (China Tobacco Zhejiang Industrial Co., Ltd.)	3.48%
6. 辑美包装印刷科技(厦门)有限公司 (Jimei Packaging and Printing Technology (Xiamen) Co., Ltd.)	0.25%
7. 广东中贸物流股份有限公司 (Guangdong Zhong Mao Logistics Co., Ltd.)	0.20%
8. 武汉希冀锂电新材料科技有限公司 (Wuhan Xiji Lithium New Materials Technology Co., Ltd.)	0.18%
9. 上海仟佶实业有限公司 (Shanghai Qianji Industrial Co., Ltd.)	0.09%
10. 网赢如意仓供应链有限公司 (Wangying Ruyi Warehouse Supply Chain Co., Ltd.)	0.05%

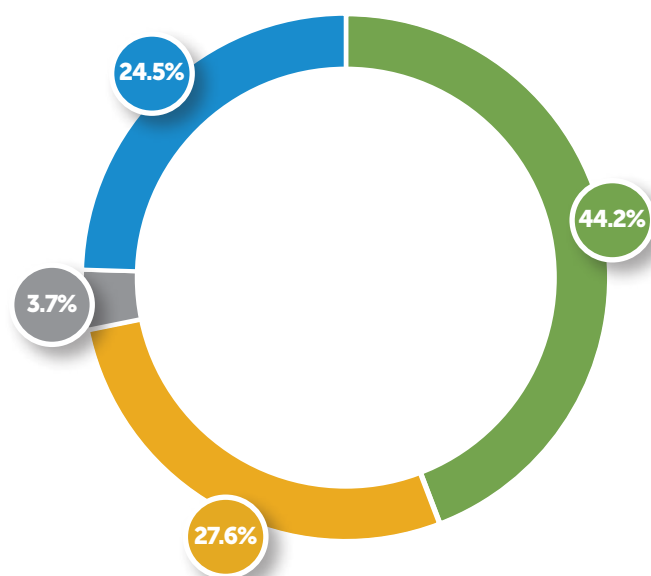
<sup>5</sup> Projected market rents for Chongxian Port Investment, Bei Gang Logistics, Fu Heng Warehouse and Fuzhou E-Commerce are based on the average market value on the rent valuation conducted by Colliers and Savills on 31 Dec 2023.

As at 30 June 2024, there were a total of 74 multiple tenants across the portfolio and the contribution to gross rental income, based on lock-in rental, by the top 10 tenants is stated below:

Tenants	% of Contribution
1. 杭州富港供应链有限公司 (Hangzhou Fu Gang Supply Chain Co., Ltd.)	38.1%
2. 富春控股集团有限公司 (Forchn Holdings Group Co., Ltd.)	30.5%
3. 浙江中烟工业有限责任公司 (China Tobacco Zhejiang Industrial Co., Ltd.)	4.2%
4. 杭州富春康复医院管理有限公司 (Hangzhou Forchn Rehabilitation Hospital Management Co., Ltd.)	3.3%
5. 浙江京鸿供应链管理有限公司 (Zhejiang Jinghong Supply Chain Management Co., Ltd.)	1.9%
6. 杭州富阳宇通速递有限公司 (Hangzhou Fuyang Yutong Express Co., Ltd.)	1.7%
7. 阿童木云仓(杭州)人工智能科技有限公司 (ATM Cloud (Hangzhou) Artificial Intelligence Technology Co., Ltd.)	1.4%
8. 杭州大冷供应链有限公司 (Hangzhou Daleng Supply Chain Co., Ltd.)	1.4%
9. 杭州四港物流有限公司 (Hangzhou Sigang Logistics Co., Ltd.)	1.3%
10. 张小泉股份有限公司 (Zhang Xiaoquan Co., Ltd.)	1.1%

**Tenants Operate Across Diverse Industries**

**Breakdown of tenancy according to trade sector, by gross revenue contribution**



The tenants of the properties operate across diverse industries. The chart to the left shows the breakdown of tenancy according to trade sector, weighted on gross revenue contribution in 2023.

- Delivery, logistics and distribution
- E-commerce services
- Industrial
- Others

# STRATEGIC

ADAPTABILITY NAVIGATING  
CHALLENGES, RESTORING  
STABILITY





# PROPERTY PORTFOLIO OVERVIEW

## 34

Average Remaining  
Tenure (Years)  
[as at 31 December 2023]

### E-COMMERCE LOGISTICS

#### ▶ Fu Heng Warehouse

Land Tenure (Expiry):  
3 May 59  
Remaining Tenure (Years):  
35

#### ▶ Fuzhou E-Commerce

Land Tenure (Expiry):  
3 May 59  
Remaining Tenure (Years):  
35

#### ▶ Stage 1 Properties of Bei Gang Logistics

Land Tenure (Expiry):  
14 Mar 52  
Remaining Tenure (Years):  
28

#### ▶ Wuhan Meiluote

Land Tenure (Expiry):  
29 Jun 65  
Remaining Tenure (Years):  
42





**PORT LOGISTICS**

► **Chongxian Port Investment**

Land Tenure (Expiry):  
30 Dec 55  
Remaining Tenure (Years):  
32

► **Chongxian Port Logistics**

Land Tenure (Expiry):  
30 Dec 55  
Remaining Tenure (Years):  
32

**SPECIALISED LOGISTICS**

► **Hengde Logistics - complex 1**

Land Tenure (Expiry):  
9 Jul 59  
Remaining Tenure (Years):  
36

► **Hengde Logistics - complex 2**

Land Tenure (Expiry):  
28 Jul 53  
Remaining Tenure (Years):  
30

# PROPERTY PORTFOLIO OVERVIEW

## E-COMMERCE LOGISTICS



EC World REIT's e-commerce logistics assets houses tenants mainly from the 3PL industry and e-commerce platforms. To suit the demands of the e-commerce logistics, the warehouses are typically fitted with wide column spacing, spacious and modern loading docks as well as enhanced safety systems and the integration with inventory and warehouse management technology as well as other value-added features.

### Fu Heng Warehouse

Located in Dongzhou Industrial Park, Fuyang District, Hangzhou, Fu Heng Warehouse serves as a full capability e-commerce centre with its integrated and highly developed system of storage and warehousing, inventory control, pick-and-pack services and express delivery capabilities.

Fu Heng Warehouse comprises two four-storey buildings housing e-commerce merchant offices, online-to-offline ("O2O") businesses, retail outlets, and warehouse space.

### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	95,076*
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	444.2
Valuation (RMB Million)	295.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntan E-commerce Co., Ltd.
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.0

\* per NLA after completion of novation in first half of 2024, includes covered outdoor space and underground space.

Note:

The valuations of the respective properties were conducted as at 31 December 2023.



## E-COMMERCE LOGISTICS



### Fuzhou E-Commerce

Fuzhou E-Commerce was acquired on 8 August 2019. Strategically located on the western side of Mingxing Road, Fuyang District, Hangzhou, this e-commerce logistics property is in close proximity to the Changshen Highway and Hangzhou city centre and enjoys convenient water transportation provided by the Fuchun River.

Fuzhou E-Commerce is adjacent to Fu Heng Warehouse, which is also focused on e-commerce related fulfilment activities. Together with Fu Heng Warehouse, these two properties form a combined 303,400 sq m logistics hub, well supported by industry participants such as online market places, brand manufacturers, last mile delivery companies as well as office space and other auxiliary facilities.

### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	208,324*
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	1,112.5
Valuation (RMB Million)	709.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntong E-commerce Co., Ltd. and Zhejiang Yuntong E-commerce Co., Ltd.
WALE (by NLA)	0.6
WALE (by Gross Rental Revenue)	0.6

\* per NLA after completion of novation in first half of 2024

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

# PROPERTY PORTFOLIO OVERVIEW

## E-COMMERCE LOGISTICS



### Wuhan Meiluote

Located in Caidian District in Wuhan, China, Wuhan Meiluote comprises three two-storey warehouses, one five-storey multi-purpose building and one six-storey building. The property is mainly used for warehousing purposes with ancillary building for dormitory usage. The Wuhan Property is leased to reputable logistics and e-commerce tenants.

#### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	48,695
Land Use Expiry	29 Jun 2065
Purchase Consideration (RMB million)	145.0
Valuation (RMB Million)	140.0
Committed Occupancy	44.0%
Key Tenant	Jimei Packaging Printing Technology (Xiamen) Logistics Co., Ltd.
WALE (by NLA)	1.5
WALE (by Gross Rental Revenue)	1.5

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

## E-COMMERCE LOGISTICS



### Stage 1 Bei Gang Logistics

Stage 1 Bei Gang Logistics comprise eight buildings (Buildings No. 1 to No. 8) of which, Building No. 1 is a 15-storey building, Building No. 2 is a four-storey building, and Buildings No. 3 to No. 8 are five-storey buildings. The properties serve as a logistics hub to enhance the e-commerce ecosystem in Zhejiang province and could offer huge potential for retail space and other commercial businesses.

The National Development and Reform Commission (the "NDRC") has granted accreditation to Hangzhou Beigang Logistics Co., Ltd. Under the National Key Logistics Project 2015.

### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	120,449*
Land Use Expiry	14 March 2052
Purchase Consideration (RMB million)	1,039.7
Valuation (RMB Million)	686.0
Committed Occupancy	100%
Key Tenant	Master leased to Forchn Holdings Group Co., Ltd
WALE (by NLA)	0.8
WALE (by Gross Rental Revenue)	0.8

\* includes underground carpark space

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

# PROPERTY PORTFOLIO OVERVIEW

## SPECIALISED LOGISTICS



### Hengde Logistics

Hengde Logistics is located in Dongzhou Industrial Park, Hangzhou City. It comprises two clusters of high-specification warehouses with the capability to store temperature and humidity sensitive goods and products, such as tobacco, wines, cosmetics and perishables. The first complex of the Property comprises six five-storey blocks and a six-storey block, while the second complex comprises two five-storey blocks and one three-storey block.

The buildings are equipped with a dedicated onsite power generator with an isolated power grid to reduce any risks of electrical blackouts which may affect the operations of the building. In addition, the availability of containment areas and docking bays facilitates efficient and effective loading and unloading of goods for transportation.

### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	238,032
Land Use Expiry	Phase 1: 9 July 2059 Phase 2: 28 July 2053
Purchase Consideration (RMB million)	1,173.9
Valuation (RMB Million)	846.0
Committed Occupancy	31.4%
Key Tenant	China Tobacco Zhejiang Industrial Co., Ltd.
WALE (by NLA)	2.0
WALE (by Gross Rental Revenue)	1.9

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

## PORT LOGISTICS



Strategically located at the side of the National Highway No. 320 and the Jiaxing-Huzhou Expressway, EC World REIT's port logistics assets are coveted assets with prime access to the Beijing-Hangzhou Grand Canal which has been zoned UNESCO Heritage Site. The UNESCO Heritage Site zoning hinders any construction of new ports along the canal, intensifying demand for such quality port operations.

### Chongxian Port Investment

Strategically located in north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, Chongxian Port Investment is one of the key inland port operations in the China. It is the largest inland port in Hangzhou in terms of the total number of berths and the scale of annual throughput, with growing annual throughput, providing income stability to the portfolio.

It is a large and comprehensive logistics complex that integrates, inter alia, port operation, storage processing and logistics distribution for steel products and is currently leased to the port operator, a subsidiary of the Sponsor.

### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	102,560*
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	1,682.1
Valuation (RMB Million)	1,108.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.0

\* per NLA after completion of novation in first half of 2024

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

# PROPERTY PORTFOLIO OVERVIEW

## PORT LOGISTICS



### Chongxian Port Logistics

Chongxian Port Logistics is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaying-Huzhou Expressway. It is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment, and is one of the largest metal warehouse and logistics developments in the Yangtze River Delta.

#### Property Information (As at 31 December 2023)

Net Lettable Area (sqm)	114,021*
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	685.5
Valuation (RMB Million)	552.0
Committed Occupancy	99.3%
Key Tenant	Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	0.2
WALE (by Gross Rental Revenue)	0.2

\* per NLA after completion of novation in first half of 2024

Note:

The valuations of the respective properties were conducted as at 31 December 2023.

# THE **PROPERTY MANAGER**

The management of the daily operations of EC World REIT's portfolio of properties is undertaken by Yuntong Property Management Co., Ltd. (运通网城资产管理 有限公司) ("Yuntong"), a wholly-owned subsidiary of the Sponsor. Yuntong is responsible for providing the following main services to the properties in the REIT's portfolio:

- **Property and Lease Management Services:** To manage rental leases and ensure the desired level of customer service is provided to the tenants of the properties.

- **Marketing Services:** To market and lease vacant space in ECW's portfolio of properties. Where appropriate, the Property Manager may help to enhance the market positioning and attractiveness of the properties, thereby maximising returns to Unitholders.

- **Property Maintenance and Repair Services:** To maintain the properties in good condition.

The Property Manager has a team of experienced professionals dedicated to providing services to ECW's

properties. Among the professionals employed by the Property Managers are skilled executives and technicians who have experience in managing well-known real estate developments in China.

The National Development and Reform Commission (NDRC) has granted accreditation to the Property Manager under the Internet Plus Key Project (互联网+重大项目). This accreditation allows the Property Manager to provide value-added services to the tenants of the properties.



Fuzhou E-Commerce







# RESOLUTE

NAVIGATING CHANGE  
FOR A BRIGHTER FUTURE

## BOARD OF DIRECTORS



**MR ZHANG GUOBIAO**  
Chairman and Non-Executive Director

Born in 1960 in Zhejiang Province, China, Mr Zhang Guobiao is the Chairman of Forchn Holding Group. He is the first runner-up for the National Science and Technology Progress Award, winner of the Science and Technology Progress Award of the People's Liberation Army, and was awarded the "Outstanding Zhejiang Businessman Award" and the "Global Zhejiang Businessman Award" at the third and fifth Zhejiang Businessman Conference respectively. In addition, he has been accredited for the development of socialism with Chinese Characteristics in Zhejiang and has received several accolades including the Zhejiang Province Native Model Developer award, Outstanding Social Entrepreneur of Zhejiang and has been credited with his efforts towards the fight against the COVID-19 epidemic. He is also included in the National Veteran list in the 2021 Veteran Entrepreneurship Hall of Fame. His achievements were cited in various literature and magazines. In 1992, Mr Zhang founded Forchn Trading. Under his leadership and over 30 years of dedication, the small construction materials firm grew into a conglomerate with diversified businesses in supply chain management, manufacturing, healthcare and finance. Since 2003, following the Zhejiang Provincial Government's campaign for successful Zhejiang businessmen residing outside Zhejiang to return and invest in the province, Mr Zhang led the acquisition and modernisation of one of the key inland ports in the PRC, namely Chongxian Port in Hangzhou. He spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Zhang Xiao Quan Group Co., Ltd. and other investments in hospitality such as the Grand Century Hotel, Fuyang and integrated projects such as China Wood Sculpture Museum. Forchn Group was one of the founders for Cainiao Network in 2013. At the same time, Ruyicang, an e-commerce omni channel warehousing

and distribution platform is a key business in the Forchn Group to support the online and offline integration and development of e-commerce businesses. In 2017, Forchn Group collaborated with Zhejiang Industrial Integration Fund to set up "Hangzhou Unilogix" to build a leading domestic intelligent supply chain platform. Mr Zhang led the expansion of the Forchn Group in 2016 into the hospitality sector with the acquisition of Fuchun Resort. Located in Hangzhou, Fuchun Resort is a premier integrated holiday resort with elements of health and fitness, medical, leisure, entertainment, culture as well as sports, providing a highly customized and personalized wellness for its customers. In 2019, it entered a strategic cooperation with Zhejiang University and the first hospital of Zhejiang University to jointly develop a rehabilitation centre incorporating the latest in technological advancement to enhance the services that Fuchun Resort can provide and to better cater to the health and wellness sector in Zhejiang, Hangzhou and also the rest of China. In 2022, Forchn Health & Wellness Group was formally established encompassing the Group's various initiatives in this sector. At the same time, he responded to the national "One Belt and One Road" initiative and set up an overseas investment expansion platform, Forchn International, with Hong Kong and Singapore as the dual headquarters. He actively promoted the company to enter overseas markets by sponsoring EC World Real Estate Investment Trust on its listing on the mainboard of the Singapore Stock Exchange in July 2016. The REIT's successful listing on the Singapore Mainboard has created a precedent for the listing of Chinese e-commerce logistics assets in the Singapore capital market. In September 2021, Mr Zhang successfully listed "Zhang Xiao Quan" on the Shenzhen Stock Exchange which became China's first ever A share listed scissors maker. In recent years, Mr Zhang led the company to deepen its roots in Zhejiang Province to better serve the country. He also mooted the expansion into Southeast Asia market and is committed to build Forchn Holding Group into a comprehensive service platform industry with social responsibility at the heart of its operations.



**MR CHAN HENG WING**

*Independent Non-Executive Director and  
Lead Independent Director*

Mr Chan was appointed as Non-Executive Director and Lead Independent Director on 21 June 2016. He is also a member of the Nominating and Remuneration Committee. Mr Chan currently serves as the Non-Resident Ambassador

of Singapore to the Republic of Austria. Mr Chan is an Independent Non-Executive Director of Fraser and Neave Limited in Singapore and One Bangkok Holdings in Thailand. In November 2022, Mr Chan was appointed Strategic Advisor of the Optima Integration Group from Shenzhen, China. Mr Chan was appointed to the Executive Board of the Singapore China Cultural Centre in 2020. Mr Chan was previously the Ambassador to Thailand and Consul-General to Hong Kong and Shanghai. He also held the position of Singapore Non-Resident High Commissioner to the People's Republic of Bangladesh. He later joined Temasek Holdings (Private) Limited as Chief Representative in China and Managing Director for International Relations in Temasek International (Singapore) Pte. Ltd. Mr Chan was awarded the Public Administration Medal (Silver) in 1980 by the Singapore Government. He holds a Master of Science from the Columbia Graduate School of Journalism and a Bachelor of Arts (Honours) and a Master of Arts from the University of Singapore.



**DR DAVID WONG SEE HONG**

*Independent Non-Executive Director*

Dr Wong was appointed as Independent Non-Executive Director on 21 June 2016. He is also the Chairman of the Audit and Risk Committee. Dr Wong has over 30 years of experience in the banking sector and has extensive knowledge and experience in treasury and financial products. He is a Finance Management Committee Member of the Hong Kong Management Association, Hong Kong. He also serves as the Independent Non-Executive Director of China Merchant Bank Co., Limited, Frasers Hospitality Asset Management Pte. Ltd. (the Manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte. Ltd. (the trustee-manager of Frasers Hospitality Business Trust).

Dr Wong was the Deputy Chief Executive of the Bank of China (Hong Kong) Group from 2008 to 2013, with overall responsibility for the financial market businesses which include Global Markets, Global Transaction Banking, Investment Management, Insurance, Asset Management and other capital market-related businesses. He was also a Director of BOC Group Life Assurance Company Limited from 2008 to 2013 and concurrently the Chairman of BOC International Prudential Trustee Limited. From 2010 to 2012, he was the Chairman of BOCHK Asset Management Limited. Prior to joining the Bank of China (Hong Kong) Group, Dr Wong was the Corporate Executive Vice President and Country Executive of ABN AMRO Bank ("ABN") and was responsible for ABN's operations in South East Asia. He joined ABN in 1995 and had held various senior positions within ABN, including Regional Head of Financial Markets, Country Executive in Singapore, and Managing Director of the Hong Kong Branch. Dr Wong has spent over 30 years in the banking sector and has extensive knowledge and experience in treasury and financial products. Dr Wong served as a board member of Energy Market Authority until March 2009 and was a Board Member of the Civil Service College in Singapore from March 2007 to October 2013. Dr Wong graduated from the University of Singapore with a Bachelor's Degree in Business Administration and was awarded a Master's Degree in Science in Investment Management by the Hong Kong University of Science and Technology, and a Doctorate degree in Transformation Leadership from the Bethel Bible Seminary. He is also a Financial Industry Certified Professional with the Institute of Banking and Finance, Singapore.

## BOARD OF DIRECTORS



**MR CHIA YEW BOON**

*Independent Non-Executive Director*

Mr Chia was appointed as Independent Non-Executive Director on 21 June 2016. He is also a member of the Audit and Risk Committee, and Nominating and Remuneration Committee. Mr Chia has more than 30 years of experience working in various fields such as investments, business consultancy and corporate finance. He is the founding Managing Director of Catalyst Advisors Private Ltd. and

Catalyst Advisors International Private Limited, which are both private equity investment and venture capital business consultancy firms. In September 2011, Mr Chia was appointed as an Independent Non-Executive Director of Technovator International Limited, a leading company in energy management systems, solutions and services; it is part of the Tsinghua Tongfang group of companies. He is also a Board Director of Hydrecyc, a waste-to-energy technology engineering company, and an Advisor to Rosemoor Capital, a firm investing in blockchain infrastructure companies. From July 2005 to June 2007, Mr Chia was the Director of Business Development at SGX-listed Boustead Singapore Limited, and concurrently the Chief Executive Officer of a Boustead subsidiary, ASX-listed EasyCall International Ltd. Prior to that, from January 1999 to June 2005, Mr Chia served as Senior Vice President of GIC Special Investments Pte Ltd. ("GIC SI"), the venture capital and private equity arm of GIC, the sovereign wealth fund of Singapore.

Mr Chia holds a Diplôme d'Ingénieur (equivalent to a Master's Degree in Engineering) from L'École Nationale Supérieure de Chimie de Strasbourg, France.



**MR LI GUOSHENG**

*Independent Non-Executive Director*

Mr Li was appointed as Independent Non-Executive Director on 21 June 2016. He is also the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee. Mr Li is the Managing Director of Horizonline Pte Ltd, a company involved in the

import and wholesale of security products and systems, since December 2006 and a non-executive director of Horizonline Capital Pte Ltd since May 2019. He is also the Managing Director of Ningbo Horizonline Technologies Co. Ltd., a PRC manufacturing company, since December 2009. Mr Li currently serves as a Director of Linear Furnishings Pte Ltd. From June 2004 to December 2006, he was a technical manager with China Enersave Limited (now known as Charisma Energy Services Ltd), a company that operates in the renewable energy industry, where he was responsible for the evaluation of the waste energy power plants. Mr Li began his career in 1988 as an electrical engineer with Beilungang Thermal Power Plant Engineering Co. Ltd., a PRC company which constructed thermal power plants. Mr Li has been the President of the Zhejiang (S) Entrepreneurs Association, a non-profit association for people with links to the Zhejiang Province, since 2013. Mr Li holds a Bachelor Degree in Automation of Electrical Power System from Shanghai Jiaotong University, Shanghai, PRC, and a Master of Business Administration from the National University of Singapore.



**MR GOH TOH SIM**

*Executive Director and Chief Executive Officer*

Refer to management profile on the following page.



## MANAGEMENT TEAM



### MR GOH TOH SIM

*Executive Director and Chief Executive Officer*

Mr Goh has over 26 years of experience in the management of industrial parks, real estate development and business management in China. Prior to joining the Manager, he was the Chief Representative in China for Keppel Corporation Limited where he was responsible for government relations and business development. Prior to that, Mr Goh was the Chief Executive Officer of SGX-listed Evergro Properties Limited, a real estate developer in Tianjin, Jiangyin and Changzhou. Mr Goh also served as the Chief Executive Officer of Ascendas (China) Pte Ltd from January 2004 to June 2006, where he was responsible for developing and managing Ascendas' businesses in China. He was the Deputy Chief Executive Officer of China- Singapore Suzhou Industrial Park Development Co., Ltd. from January 2000 to December 2003 where he was responsible for infrastructure development, finance and government relations. Mr Goh holds a Diplôme d' Ingénieur (French engineering degree which is equivalent to a Master's degree) in Telecommunications from the Ecole Nationale Supérieure des Télécommunications, Paris, France, and a Master of Business Administration from INSEAD, Fontainebleau, France.



### MR WANG FENG (FCCA, CA, CIA)

*Chief Financial Officer*

Mr Wang is responsible for the overall finance, accounting, tax, treasury and risk management function for ECW REIT as well as overseeing compliance matters and the implementation of EC World REIT's short and medium-term business plans, and REIT management activities. Prior to his current appointment, he was heading the compliance and risk management functions of the Manager where he was responsible for internal audit, risk management and compliance with requirements under the Securities and Futures Act and the Code on Collective Investment Schemes for ECW and the Manager.

Prior to joining the Manager, Mr Wang was an Audit Manager with KPMG Singapore. He spent over five years at KPMG providing audit and review services to many multinational corporations listed in Singapore and overseas exchanges. Mr Wang has in-depth knowledge on key corporate reporting issues such as valuation, lease and revenue recognition in construction, shipping and freight forwarders, offshore oil and gas segment, health and aviation industry. In addition, Mr Wang had more than 12 years' experience as a project manager in real estate development industry before joining KPMG. Mr Wang is currently a Fellow member (FCCA) of Association of Chartered Certified Accountants in United Kingdom, a Chartered Accountant (CA) with Institute of Singapore Chartered Accountants and a Certified Internal Auditor (CIA) accredited by the Institute of Internal Auditors.

**MS JOYCE WANG XIAOOU***Senior Manager, Finance*

Ms Wang assists the Chief Financial Officer in financial reporting, taxation and financial planning & analysis matters of the ECW. She has over 20 years of experience in statutory reporting, taxation and finance. Ms Wang started her professional career as an external auditor with Deloitte LLP Singapore, providing audit and review services to a number of clients in various industry. She spent over 10 years in Real Estate Industry, prior to joining ECW REIT, she was responsible for group reporting in several public-listed companies in Singapore including WingTai, Mapletree, Keppel and CapitaLand. Ms Wang graduated with a Bachelor's degree in Applied Accounting (First Class Honours) from Oxford Brooks University. She is currently a Fellow member (FCCA) of Association of Chartered Certified Accountants in United Kingdom, a Chartered Accountant (CA) with Institute of Singapore Chartered Accountants.

**MS EVELYN KU MEEI SHYEN***Manager, Investment & Asset Management*

Ms Ku is responsible for executing both the acquisition and divestment transactions. She is also responsible for driving the business plans and strategic initiatives to maximise asset performance. She has more than 10 years of experience in the real estate industry, covering areas such as property management, leasing, investment and asset management.

Prior to joining the Manager in May 2023, she held investment and asset management roles in Viva Capital (SG) Pte Ltd covering a mixed portfolio of office, retail shophouse and hotel assets. She graduated from University of Technology Malaysia with a Bachelor's degree (Honours) in Property Management.

**MS YU WENSU***Manager, Investor Relations*

Ms. Yu oversees the investor relations function at EC World REIT. Her responsibilities include building and sustaining credibility with stakeholders, keeping the investment community informed about the REIT's corporate strategies, operational performance, and financial information. Ms. Yu also supports the Senior Management of the Manager in the REIT's sustainability reporting and the implementation of various initiatives to reduce emissions in its operations, aligning with industry best practices.

She began her career as an investment associate, providing insights and analysis on investment portfolios for a family office. Ms. Yu has over 5 years of experience in strategic planning and relationship management across different industries. She was actively involved in engagements with analysts, fund managers, and financial professionals.

Ms. Yu holds a Bachelor of Engineering from Nanyang Technological University, majoring in Civil Engineering (Honours).



# STAKEHOLDERS ENGAGEMENT AND INVESTORS RELATIONS

The Manager has a dedicated investor relations and corporate communications function to keep the market informed of its operational and financial performance, and strategies. To ensure regular, effective, and fair communication, the Manager has implemented a Unitholders' Communication and Investor Relations policy. Committed to providing timely, accurate, and clear information, the Manager aims to foster constructive relations with unitholders and uphold high standards of corporate governance.

ECW's financial and corporate information such as financial results, press releases, results and corporate presentations, company announcements as well as yearly publications, comprising annual report and sustainability report are available on our corporate website aside from releasing through SGXNET to the market. Unitholders and public who are keen to receive the latest updates on ECW can subscribe to email alerts via our corporate website. The contact details of the Investor Relations department are published on ECW's website to facilitate communication with its stakeholders. With the easing of the COVID-19 community safe management measures in Singapore in the second quarter of 2022, the Company held its AGM for the financial year ended 31 December 2022 ("2023 AGM") on 24 July 2023 in a wholly physical format. Unitholders (themselves or through their appointed proxies) were able to vote and ask questions in person at the said AGM. All the Directors except the Board Chairman were present at the AGM.

## Calendar of Financial Events for 2023

Subject to changes by the Manager without prior notice

February 2024	Release of Financial Year FY2023 Results
May 2024	Release of First Quarter FY2024 Financial Results
July 2024	Annual General Meeting for FY2023
August 2024 <sup>1</sup>	Release of FY2024 Second Quarter and Half-Yearly Financial Results
November 2024	Release of FY2024 Third Quarter Financial Results
February 2025	Release of Financial Year FY2024 Results

1. AGM for FY2023 has been extended from April 2024 to July 2024. For more information, please refer to SGXNET announcement dated 26 March 2024

## ECW's FY2023 Distribution

Period	Distribution Per Unit (Singapore cents)	Payment Date
1 January 2023 to 30 June 2023 <sup>2</sup>	2.053	28 September 2023
1 July 2023 to 31 December 2023 <sup>3</sup>	1.606	–
Total Distribution for the year <sup>5</sup>	3.659	

2. Due to insufficient funds, EC World REIT was unable to make the Distribution to Unitholders on 28 September 2023 and that the payment of the Distribution will instead be deferred to a future date when EC World REIT has sufficient free cash for the Distribution.
3. EC World REIT suspended distribution for 2H2023 due to insufficient funds.

## ECW Unit Price Performance in FY2023

Opening Price (as at 8 January 2023) (S\$)	0.445
Highest (S\$)	0.480
Lowest (S\$)	0.280
Closing Price (31 December 2023) (S\$) <sup>4</sup>	0.280
Average daily trading volume (units)	229,512
Trading Volume for the year (units)	37,410,500
Calculated Distribution Yield <sup>5</sup>	13.07%

4. The trading of the units has been suspended since August 31, 2023, and will remain suspended until further notice
5. Based on share price of S\$0.28 per unit as at 28 August 2023



# SUSTAINABILITY

The Manager strives to uphold its core sustainability values in business activities and strategic initiatives. We regularly refine our approaches to integrate sustainability into ECW through our top-down governance structure and robust framework led by the Board. The Manager continues to plan and undertake Environmental, Social, and Governance (ESG) initiatives in day-to-day operations to generate favorable financial and non-financial impacts and create long-term, sustainable value. Additionally, the Manager seeks to enhance sustainability awareness among ECW's stakeholders, including Unitholders, through targeted capability-building sessions.

At ECW, the Executive Director and Chief Executive Officer, Mr. Goh Toh Sim, leads the assessment of ESG policies and practices. He is supported by the Management of the Manager and Property Manager, who facilitate evaluation and maintain accountability for sustainability practices. Through the adaptation of best corporate practices in the ESG framework and reporting in accordance with SGX-ST Listing Manual Rules 711(A) and 711(B), and referencing the Global Reporting Initiative (GRI) Universal Standards 2021 and GRI's Construction and Real Estate Sector Supplement (CRESS). As part of our ongoing journey towards enhancing sustainability disclosures, the Manager disclosed climate-related disclosures in FY2023 based on the illustrative phased approach of the SGX guidelines for TCFD. The Manager has disclosed our key ESG performance in a balanced report to communicate ECW's progress and continued maturity in its sustainability journey.

In 2023, ECW faced significant challenges that impacted its performance, despite efforts with the Business Continuity Plan and Enterprise Risk Management framework. As the wider economic

environment remains uncertain, ECW anticipates continued difficulties in the coming year. Nevertheless, ECW remains committed to its sustainability strategy and to supporting its stakeholders through these challenging times.

## Governance

Robust risk management is an integral part of the business, both at strategic and operational levels for ECW and its subsidiaries (collectively, the "ECW Group"). The Manager undertakes to execute timely and proactive measures to identify, manage, monitor, and report material risks across the ECW Group.

## Enterprise Risk Management

The Audit and Risk Committee (the "ARC") assists the Board who maintains overall responsibility for the oversight and execution of risk management functions at ECW. The Board's responsibilities include the determination of ECW Group's overall risk appetite and oversight of its Enterprise Risk Management ("ERM") framework. In addition, the Board regularly reviews ECW Group's risk profile, material risks and mitigation strategies, and ensures the effectiveness of risk management policies and procedures. The ERM programme consolidates the ECW's risk management practices in a structured framework, which is substantively aligned with best practices in Singapore. In the current reporting period, the Board has reviewed the augmentation of the Environmental Risk Management Guidelines to extend into the management of climate related risks in the ERM framework, to ensure all risks are managed holistically.

## Code of Business Conduct

At ECW, the Manager assumes responsibility for maintaining integrity and reputation of our business. All employees are required to comply with applicable laws and regulations, ECW's code of conduct, and internal ethical standards. ECW and the Manager maintain zero tolerance

of any unethical behaviour and will not hesitate to take disciplinary actions if situations so warrant. A comprehensive set of policies on regulatory compliance has been adopted to ensure ethical behaviour in conduct of business. These include Insider Trading, Gifts and Entertainment Policy, Anti-Money Laundering and Countering the Financing of Terrorism, Prevention of Corruption Act ("PCA"), Use of Employee Personal Data, as well as policies on the Access and Correction Requests of the Employee. For cross-border transactions, the Manager requires employees to strictly abide by laws and regulations in the respective operating countries. With regards to conflicts of interest, the Manager has established policies to identify and manage any potential cases of conflict between the Manager, its directors, and/or employees. Procedures in place include internal mediation and disclosure with consent from the affected parties.

The Manager requires all employees to complete an annual declaration pledging to uphold the Manager's core values and refrain from any corrupt or unethical practices.

## Whistle-Blowing Policy

ECW has adopted a clear and trustworthy whistle-blowing policy to enhance overall enterprise risk management. Management has refined this policy during the current reporting period and communicated the updates to all employees. Employees are encouraged to report any concerns, including ethical breaches such as fraud, corruption, bribery, blackmail, criminal offenses, non-compliance with legal or regulatory requirements, miscarriage of justice, health and safety threats, and risks. The policy protects whistle-blowers from discrimination, retaliation, harassment, or reprisal. Whistle-blowers can directly contact the ARC Chairman via email, who will review all reports and direct an independent investigation as needed.

# SUSTAINABILITY

## Asset Improvements

Quality property management is crucial for improving tenants' leasing experiences, attracting and retaining key tenants, and generating sustainable returns for stakeholders. The Manager actively assesses the need for asset, facility, and equipment improvements, implementing upgrades and production innovation strategies to solidify our position in the e-commerce logistics market. In the past year, key initiatives included:

- **Wuhan Meiluote:** Signed a leasing agreement to install a 5.5 MW rooftop photovoltaic power station to meet internal energy needs and reduce carbon emissions.
- **Fu Heng Warehouse and Fuzhou E-commerce:** Upgraded 126 perimeter lights to energy-efficient LED fixtures, saving an estimated 40,735 kWh annually.
- **Hengde Logistics:** Upgraded 335 perimeter lights to energy-efficient LED fixtures, saving an estimated 11,050 kWh annually.

## Workplace Health and Safety

The Manager of ECW prioritizes workplace health and safety for employees, visitors, and customers through a robust health and safety promotion program, complying with relevant regulations in all operating countries. Occupational health and safety training is mandatory for all employees. In FY2023, our employees received an average of 6.6 hours of training, in which managerial employees received an average of 7.9 hours and non-managerial employees received 5.9 hours of training. In Fuzhou and Fu Heng, an annual fire drill is conducted to emphasize safety and familiarize employees with fire emergency procedures. The drill includes sounding the fire alarm, role playing and evacuating from the building, with employees following designated escape routes to a specified assembly area outside.

## Environmental Initiatives

The Manager recognizes that reducing energy use and GHG emissions positively impacts business performance through cost reductions and enhances market reputation. Energy usage and GHG emissions are evaluated through various initiatives and raising energy-saving awareness. Key initiatives in the past year included:

- **Fu Heng Warehouse, Fuzhou E-commerce and Hengde Logistics:** transitioned lighting to LED lights, resulting in an estimated reduction of 51,785 kWh in electricity consumption
- **Wuhan Meiluote:** successfully signed a leasing agreement for the installation of a photovoltaic power station with a rooftop capacity of approximately 5.5 MW

The Manager is aware of the risks and opportunities associated with energy use and GHG emissions. EC World REIT adopted the TCFD recommendations and met the requirements of SGXRegCo ahead of time by incorporating climate related financial disclosures based on TCFD recommendations from previous reporting year onwards. The FY2023 marks the second year of reporting the TCFD disclosures aligned as per the year 2 of phased implementation by SGX.

# CORPORATE GOVERNANCE

## OUR CORPORATE GOVERNANCE CULTURE

EC World Real Estate Investment Trust ("ECW") is a real estate trust listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

EC World Asset Management Pte. Ltd. (the "Company") is the manager (the "Manager") of ECW and aspires to achieving the highest standards of corporate governance.

The Manager is committed to ongoing improvement in corporate governance, policies and practices to meet the specific business needs of ECW and to provide a firm foundation for a trusted and respected business enterprise. The Manager shall endeavour to comply with the substance and spirit of the principles and provisions of the Code of Corporate Governance 2018 (the "Code") while achieving operational excellence and delivering ECW's long-term strategic objectives. The Board of Directors of the Manager (the "Board") is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

This report sets out the corporate governance framework and practices for the financial year ended 31 December 2023 ("FY2023") with reference to the Code. The practices and activities of the Board and management of the Manager ("Management") adhere closely to the provisions under the Code. The Manager generally complies with the principles of the Code. Where there are deviations from the provisions of the Code, explanations are provided within this report.

### The Manager

The primary role as the Manager is to establish the strategic direction of ECW in accordance with its mandate and make recommendations to DBS Trustee Limited, in its capacity as trustee of ECW (the "Trustee"), on any investment, divestments and enhancement of the assets of ECW.

The Manager ensures that the business and practices of ECW are carried out in a manner that complies with the applicable laws, rules and regulations, including the Securities and Futures Act 2001 of Singapore ("SFA"), the SGX-ST Listing Manual, the Code, the Code on Collective Investment Scheme (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") (including Appendix 6 of the CIS, the "Property Funds Appendix"), the trust deed constituting ECW between the Manager and DBS Trustee dated 5 August 2015 (as amended) ("Trust Deed") as well as written directions, notices and other guidelines that the MAS and other regulators may issue from time to time.

The Manager has general powers of management over the assets of ECW. As a manager of ECW, the Manager holds a Capital Markets Services Licence issued by MAS to carry out ECW's management activities. The primary responsibility of the Manager is to manage the assets and liabilities of ECW for the benefit of the unitholders of ECW (the "Unitholders"). The Manager does this with a focus on generating rental income, sustaining growth and enhancing asset value of ECW over time so as to maximise the returns from the investments, and ultimately delivering regular and stable distributions to Unitholders. Other functions and responsibilities of the Manager include undertaking evaluation and analysis of ECW's assets performance, market research analysis and managing finance functions relating to ECW.

## (A) BOARD MATTERS

### The Board's Conduct of Affairs

#### **Principle 1: An effective Board for the long-term success of ECW**

The Board is collectively responsible for the overall leadership and oversight of both ECW and the Manager's business, financial, investment and operational affairs, performance objectives and long-term success. The Board works with Management to achieve this and Management remains accountable to the Board.

#### **Directors' Fiduciary Duties and Conflicts of Interest (Provision 1.1)**

The Board oversees the affairs of the Manager in furtherance of the Manager's primary responsibility of managing the assets and liabilities of ECW for the benefit of Unitholders. All Directors exercise due care and independent judgement and make decisions objectively in the best interests of Unitholders. Apart from the Board's statutory duties and responsibilities, the Board provides leadership to the Chief Executive Officer ("CEO") and Management and sets the strategic vision, direction and long-term objectives for ECW.

## CORPORATE GOVERNANCE

The Board constructively challenges Management, reviews its performance and monitors the achievement of these goals. It ensures that proper and effective controls are in place to assess and manage business risks and compliance with the legislative and regulatory requirements. It also sets the values, disclosure and transparency standards for ECW and ensures that obligations to Unitholders and other stakeholders are understood and met.

The Board considers sustainability issues such as environmental, social and governance factors as part of its strategic formulation and has identified the key stakeholder groups and recognises that their perceptions affect ECW's reputation.

### **Board Reserved Matters (Provision 1.3)**

The Board has formalised a set of internal controls wherein key matters are specifically reserved for approval by the Board. To facilitate operational efficiency, approval of operational transactions below certain level is delegated to Management.

The Board has reserved authority to approve certain key matters which include:

- (a) acquisitions, investments, disposals and divestments;
- (b) issue of new units in ECW ("Units");
- (c) income distributions and other returns to Unitholders;
- (d) matters which involve a conflict of interest with a controlling unitholder or a Director;
- (e) corporate strategies and policies of ECW;
- (f) annual budget;
- (g) financial performance of ECW and to approve the release of quarterly and full year results;
- (h) audited financial statements;
- (i) sustainability framework, targets and report

### **Directors' Orientation, Induction, Training and Development (Provision 1.2)**

To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the Manager or its Directors, the Directors are briefed either during Board meetings of the Manager or at specially convened sessions involving the relevant advisers and professionals if necessary, or via circulation of Board papers. Management will also provide the Board with relevant and adequate information in a timely manner through regular updates, and at least quarterly during the quarterly Board meetings on financial results, market trends and business developments.

The Directors are kept abreast of any updates to the listing rules of the SGX-ST Listing Manual, the SFA, the Code, the Property Funds Appendix and the Companies Act, as well as any applicable laws, regulations and rules. The Directors who are members of the Audit and Risk Committee ("ARC") are also updated on any changes in the financial reporting standards by the external auditors as well as the regulatory compliance requirements by the compliance advisers.

The Directors also receive regular briefings and updates on relevant laws, rules and regulations and are encouraged to participate in conferences, seminars or training programmes to develop and maintain their skills and knowledge. The costs of arranging and funding of the training of Directors are borne by the Manager.

The Manager maintains a training register with respect to the courses/seminars attended by Directors and such register is also tabled for the Nominating and Remuneration Committee ("NRC") for information at its meeting.

In FY2023, the Directors had attended courses like Annual Conference, Rules and Ethics Course organised by REIT Association of Singapore and seminar on how can the Board of a REIT Manager drives the Sustainability Agenda in their respective REITs webinar provided by REIT Association of Singapore, as well as Anti Money Laundering/Combating the Financial of Terrorism and Sustainability E-Trainings provided by ISCA were some of the training courses/programme attended.

All Directors are given formal appointment letters setting out the terms of their appointment as well as their duties and obligations.

Newly appointed Directors will be briefed on the business activities of ECW, its business plan, the regulatory environment in which ECW operates, its corporate governance practices and their statutory duties and responsibilities as Directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST. There was no new director appointed during FY2023.

#### **Delegation of Authority by the Board to its Board Committees (Provision 1.4)**

The Board has established the ARC and the NRC, which will submit their recommendations to assist the Board in the discharge of its functions. The ARC and the NRC operate under its own terms of reference, with the Board retaining overall oversight. A summary of the terms of reference and the activities undertaken by the ARC and NRC are set out in the relevant sections of this report.

The Board may form other board committees as and when required. Membership of the board committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective board committees.

The current composition of the Board and Board Committees is set out in the table below.

Board	ARC	NRC
Mr Zhang Guobiao (Chairman)	Dr Wong See Hong (Chairman)	Mr Li Guosheng (Chairman)
Mr Chan Heng Wing	Mr Chia Yew Boon	Mr Zhang Guobiao
Dr Wong See Hong	Mr Li Guosheng	Mr Chan Heng Wing
Mr Chia Yew Boon		Mr Chia Yew Boon
Mr Li Guosheng		
Mr Goh Toh Sim		

#### **Board's and Board Committees' Meetings and Attendance (Provision 1.5)**

The Board meets at least once every quarter, and as and when required between the scheduled meetings. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of passing written resolutions.

The Board's responsiveness has allowed Management to manage ECW's business and operations effectively in an increasingly competitive business environment. Individual Directors make themselves available and accessible to Management for discussion and consultation outside the formal framework of the Board's and Board Committees' meetings.

Directors may request for explanations, briefings by or discussions with Management on any aspect of ECW's operations or business. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Independent Directors meet without the presence of Management on a need basis.

All draft agendas for meetings are prepared by the company secretary of the Manager ("Company Secretary") and reviewed by the Chairman of the Board or the Chairman of the respective Board Committees. Papers and/or other information are forwarded to the Directors in advance of each meeting, enabling sufficient time for their review and consideration. Management is also invited to attend the meetings to present information and/or render clarification when required.

## CORPORATE GOVERNANCE

The number of Board, Board Committees meetings and general meetings held during FY2023 and the attendance record of the Directors and key management personnel ("KMP") is set out below.

	BOD	NRC	ARC	Annual General Meeting	Extraordinary General Meeting <sup>^</sup>
	No. of Meetings Held	No. of Meetings Held	No. of Meetings Held		
	14	2	4		
Name of Director	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended		
Mr Zhang Guobiao	8	1	–	–	1
Mr Chan Heng Wing	13	2	–	1	1
Dr Wong See Hong	13	–	4	1	1
Mr Chia Yew Boon	14	2	4	1	1
Mr Li Guosheng	14	2	4	1	1
Mr Goh Toh Sim	14	2*	4*	1	1
Name of KMP					
Mr Wang Feng (CFO)	14*	–	4*	1	1

Notes:

(1) \* By invitation

(2) <sup>^</sup>The Extraordinary General Meeting was held on 7 September 2023 for the Supplementary Agreement in Respect of the Proposed Divestment of Stage 1 Properties of Beigang Logistics and Chongxian Port Logistics.

At the Board and Board Committees meetings, the Directors actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the REIT Manager's expense.

The Manager believes in the overall contribution of its Directors beyond their attendance at formal Board and Board Committees meetings. The Manager believes that judging a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

At all times the Directors are collectively and individually obliged to act honestly, in good faith and with diligence, and to consider the best interest of Unitholders. In addition to disclosure of any interest a Director may have in a matter under consideration by the Board, any Director who is in a conflict of interest situation is also required to abstain from participating in discussions and decision on the matter.

### Access to Information (Provision 1.6)

Management provides directors with complete, adequate and timely information prior to Board and Board Committees meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on ECW's performance are also provided to the Board on a regular basis. Management provides update on ECW's business and operations as well as financial performance, presentations in relation to specific business areas are also made by key executives and external consultants and/or experts, if required.

The Board is satisfied that Management has given timely and regular updates on the Group's business and financial position. Where necessary, important and/or critical information is highlighted promptly.

Where appropriate, informal meetings are also held for Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

The Board and Board Committees meetings for each year are scheduled in advance to facilitate the Directors' arrangements and commitments. Board papers are circulated in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Board papers are also uploaded onto tablet devices for the Directors. Board papers which are confidential and sensitive nature are distributed to the Directors on the day of meeting.

Minutes of all Board Committees are circulated to the Board so that Directors are aware of and kept updated as to the proceedings, matters discussed and decisions made during such meetings. This would also enable Directors to weigh in on any key points under consideration.

#### **Access to Management and Company Secretaries (Provision 1.7)**

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary). The appointment and removal of the Company Secretary is a decision of the Board as a whole.

#### **Board Composition and Guidance**

##### **Principle 2: Appropriate level of independence and diversity of thought and background**

##### **Independent Directors comprise a majority on the Board (Provisions 2.1 to 2.3)**

The NRC reviews on an annual basis, the structure, the size and composition of the Board and Board Committees taking into account the Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SFLCB Regulations").

The NRC has assessed that the current structure, size and composition of the Board and Board Committees are appropriate in facilitating effective decision-making in the best interests of the ECW and its Unitholders, taking into account the scope and nature of the operations of ECW and its subsidiaries (the "ECW Group"); and that the Board has a strong independent element.

The Board comprises six (6) Directors: one (1) Executive Director ("ED"), one (1) non-Independent Non-Executive Director (the "NED") and four (4) Independent Non-Executive Directors (the "IDs"). The Chairman of the Board is a NED. In compliance with the Code, the IDs and NED make up a majority of the Board.

#### **Board Composition and Diversity (Provisions 2.4)**

The NRC is responsible for:

- (a) the Board Diversity Policy which has been adopted by the Board;
- (b) setting qualitative and quantitative objectives (where appropriate) for achieving board diversity;
- (c) monitoring and implementing the Board Diversity Policy, and taking the principles of the Board Diversity Policy into consideration when determining the optimal composition of the Board and recommending any proposed changes to the Board; and
- (d) reviewing the Manager's progress towards achieving the objectives under the Board Diversity Policy.

The Board Diversity Policy recognises that a diverse Board will enhance decision making process by utilising a variety in skills, industry and business experience, gender, age and other distinguishing qualities of the members of the Board. In accordance with the Board Diversity Policy, the NRC shall strive for the inclusion of diverse groups and viewpoints. If there is a need for Board renewal or adding in new member, the Board will abide by the Board Diversity Policy in its search of the new director candidate. The final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

## CORPORATE GOVERNANCE

Diversity will be considered in determining the optimum composition of the Board as a whole. The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences, abilities and beliefs for better Board performance. Notwithstanding, the NRC will strive to ensure that (a) any brief to external search consultants to identify candidates for appointment to the Board will include a requirement to present female candidates; (b) female candidates are included for the NRC's consideration whenever it seeks to identify a new Director for appointment to the Board; (c) the Board appoints at least one female Director by 2025.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, strategic planning, investment, entrepreneurial and management experience. The diversity of the composition of the Board enables Management to benefit from their diverse expertise, competencies and experience. Such diversity enables the Board to consider issues more holistically.

Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of ECW. Profiles of the Directors are provided on pages 32 to 35 of this Annual Report.

As at FY2023, the Board has achieved its diversity in terms of skills and expertise.

Currently, there is no alternate Director appointed.

The IDs contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their view and opinions provide alternative perspectives to ECW's business and enable the Board to make informed and balanced decisions. IDs also enable the Board to interact and work with Management to help shape the strategic process.

When reviewing Management proposals or decisions, the IDs bring their objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

### **Meeting of Independent Directors without Management (Provisions 2.5)**

The IDs, led by the Lead ID regularly meet and communicate (without the presence of Management) both formally and informally, on diverse issues including business activities and transactions involving conflicts of interest and other complexities. The Lead ID provides feedback and recommendation to the Board as appropriate.

### **Chairman and Chief Executive Officer**

#### **Principle 3: Clear division of responsibilities between the Chairman of the Board and Chief Executive Officer ("CEO") of the Manager**

#### **Separation of and Roles of the Chairman and Chief Executive Officer ("CEO") (Provisions 3.1 and 3.2)**

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chairman and the CEO are held by separate individuals.

The Non-Executive Chairman, Mr Zhang Guobiao, is responsible for leadership of the Board and for creating the conditions for overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the CEO on strategic issues.

The CEO has full executive responsibilities over the business directions and operational decisions of ECW and is responsible for implementing ECW's strategies and policies and conducting ECW's business.

The Chairman and the CEO are not immediate family members. The separation of the roles of the Chairman and the CEO and the clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the business activities of ECW and the exchange of ideas and views to help shape the strategic process.



The Manager had adopted the terms of reference of Chairman and CEO which sets out clearly their respective duties.

The Chairman leads the Board and ensures the effectiveness on all aspects of its role. His responsibilities include, *inter alia*:

1. constructively determining and approving, with the full Board, the Manager's strategy;
2. ensuring that the Board is properly organized, functioning effectively and meeting its obligations and responsibilities;
3. setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular, strategic issues;
4. ensuring that Directors receive complete, adequate and timely information;
5. fostering effective communication and constructive relations amongst the Directors, within Board Committees, between Unitholders, between the Directors and Management;
6. encouraging the constructive exchange of views within the Board and between Board members and Management;
7. facilitating the effective contributions of NEDs and IDs;
8. promoting a culture of openness and debate at the Board level and promoting high standards of corporate governance; and
9. establishing a relationship of trust with the CEO.

The CEO leads the Management and ensures the development and execution of the Manager's long-term strategy and plans:

1. day-to-day running of the Manager's and ECW Group's business in accordance with the business plans and within approved budgets;
2. meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;
3. developing and proposing the Manager's strategies and policies for the Board's consideration;
4. implementing the strategies and policies approved;
5. maintaining regular dialogue with the Chairman on important and strategic issues facing the Manager and ECW Group;
6. providing timely reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;
7. ensuring the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the Manager and ECW Group of which they might otherwise not be aware; and
8. overseeing the affairs of the Manager and ECW Group in accordance with the practices and procedures adopted by the Board and promoting the highest standards of integrity, probity and corporate governance within the Manager and ECW Group.

**Appointment of Lead Independent Director (Provision 3.3)**

In view that the Board Chairman is not an independent director, Mr Chan Heng Wing was appointed as the Lead ID who will avail himself to Unitholders if they have concerns and for which contact through normal channels of Chairman, the CEO or the Chief Financial officer ("CFO"), has failed to resolve or is inappropriate.

## CORPORATE GOVERNANCE

### Board Membership

#### **Principle 4: Formal and transparent process for the appointment and re-appointment of directors to the Board Composition of the NRC (Provisions 4.2 and 6.2)**

The NRC comprises four Directors, a majority of whom, including the NRC Chairman are IDs. The Lead Independent Director, Mr Chan Heng Wing, is a member of the NRC. The members of the NRC are:

Mr Li Guosheng	(Independent Non-Executive Director)	Chairman
Mr Chan Heng Wing	(Independent Non-Executive Director and Lead ID)	Member
Mr Chia Yew Boon	(Independent Non-Executive Director)	Member
Mr Zhang Guobiao	(Non-Independent Non-Executive Director)	Member

#### **Process for selection, appointment and re-appointment of Directors (Provision 4.3)**

Under the NRC's terms of reference, the NRC is tasked with making recommendations to the Board on all Board's appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of ECW Group, the requirements of the business.

The NRC has adopted a process for selecting, appointing and re-appointing Directors. The NRC will consider different channels to source candidates for Board appointment, depending on the requirements, including tapping on existing network of contacts and recommendations. External consultants may be engaged where appropriate to assist in assessing and selecting potential candidates. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. The said process also includes setting the tenure of Directors as well as the Directors' fees framework.

The NRC will review the suitability of any candidates put forward for appointment and re-appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he/she has sufficient time available to commit to his/her responsibilities as a Director, and whether he/she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).

The adopted process takes into account the requirements in the Code that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, be determined using the following principles:

- (a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, banking and strategic planning;
- (b) independent directors make up a majority of the Board where the Chairman is not independent; and
- (c) non-executive directors make up a majority of the Board.

Directors of the Manager are not subject to periodic retirement by rotation, nor re-appointment through voting by Unitholders. Since the majority of the Board comprises IDs, the Manager will not voluntarily subject the appointment or re-appointment of directors to voting by Unitholders. The Board intends to continue with the principle that majority of the Board shall comprise IDs.

The Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board and its Board Committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience and industry knowledge and knowledge ECW's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date. The term of each Director is for a period of three years, which is extendable for two additional terms of three years each. The re-nomination and re-appointment as a Director of the Company after the three consecutive 3-year terms shall be on an annual basis, subject to the recommendation of the NRC and approval of the Board.

No member of the Board will be involved in any decision of the Board relating to his own appointment, re-appointment.

In reviewing its Board composition, the NRC and the Board will also consider the internal guidelines that an ID should serve for no more than a maximum of nine years. In view that all IDs were appointed on the same date, the NRC has reviewed and agreed that the IDs will retire or step down progressively from the Board.

#### **Determining Directors' Independence (Provision 4.4)**

The NRC reviews annually the independence of each Director in accordance with the guidelines in the Code and the SFLCB Regulations, and the existence of relationships or circumstances. Under the enhanced independence requirements set out in the SFLCB Regulations an independent Director is one who: (i) is independent from Management and business relationship with the Manager and ECW; (ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of ECW; and (iii) has not served on the Board for a continuous period of nine years or longer.

Each ID had provided declarations of their independence which have been deliberated upon by the NRC.

The NRC is of the view that the IDs are independent and that no individual or small group of individuals dominate the Board's decision making process. The Board has determined after taking into account the views of the NRC, that each of Mr Chan Heng Wing, Dr Wong See Hong, Mr Chia Yew Boon and Mr Li Guosheng to be independent in terms of their character and judgement in the discharge of their responsibilities as Directors and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each member of the NRC had recused himself from deliberations on his own independence.

#### **Role and Responsibilities of the Nominating Committee (Provision 4.1)**

Apart from the above, the responsibilities of the NRC as set out in its terms of reference include:

- (a) review of Board succession plans for Directors, in particular, the Chairman of the Board, the CEO and key management personnel ("**KMP**");
- (b) review of the performance of the Board, Board Committees and Directors annually;
- (c) review of training and professional development programmes for the Board;
- (d) the development of a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

Summary of activities carried out by the NRC during the year is as below:

- i) reviewed the Board composition;
- ii) reviewed performance of the Board, Board Committees and individual Directors;
- iii) reviewed the training and professional development programmes for the Board;
- iv) reviewed the tenure and independence of IDs;
- v) reviewed the Board Diversity Policy; and
- vi) reviewed the board representations outside ECW Group held by Directors.

A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. All Directors had confirmed that they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. Taking into account also the attendance, preparedness, participation and candor of the Directors at meetings of the Board and Board committees during FY2023, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his duties.

## CORPORATE GOVERNANCE

In consultation with the NRC, the Board has prescribed that Independent Directors who do not have a full-time executive employment should not have more than six listed company board representations; while for Independent Directors having a full-time executive employment, the number is two (2) more companies other than the one he is serving. For Executive Director of the Manager of EC World REIT, the number shall be not more than two (2) companies outside the Group and in non-executive role.

### Board Performance

#### **Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and that of each of its Board Committees and individual directors**

##### **Assessing the effectiveness of the Board, Board Committees and Individual Directors (Provisions 5.1 and 5.2)**

The Board has put in place a formal system of evaluating Board performance and assessing the effectiveness of the Board, the Board Committees and the individual Directors through the use of performance evaluation forms.

The evaluation of Board's performance as a whole deal with matters on Board composition, information, process, attendance at Board meetings, accountability, risk management and internal controls and standards of conduct. The Board Committees' evaluation deals with the efficiency and effectiveness of each Board Committee in assisting the Board. The criteria for the evaluation of individual Directors include, amongst others, the Directors' attendance and participation at Board and Board Committee meetings, understanding of business plans and strategies, and ability to articulate thoughts and opinions in a clear and concise manner.

Each Director is required to objectively assess his personal performance and the performance of the Board as a whole and its Board Committees. For FY2023, the Directors had completed the evaluation forms and returned them to the Company Secretary for compilation of the summary of the results of the evaluation. The summary was circulated to the NRC for its review.

The performance evaluation of the Board, Board Committees and individual Director in respect of FY2023 was carried out and reviewed by the NRC. Following the review of the performance evaluation results, the Board with the concurrence of the NRC was of the view that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. No external facilitator was used in the evaluation process.

### (B) REMUNERATION MATTERS

#### Procedures For Developing Remuneration Policies

##### **Principle 6: Procedures for Developing Remuneration Policies**

ECW is externally managed by the Manager and accordingly has no personnel of its own. Remuneration of all Directors and employees of the Manager are paid by the Manager and not by ECW. The Manager adopts the principle that remuneration for the Board and Management should be assessed holistically. The remuneration structure supports the continuous development of the management team to ensure robust talent management and succession planning.

The Manager adopts the principle that remuneration matters should be appropriately structured to attract, retain and motivate qualified talent to provide good stewardship of ECW and KMP to successfully manage ECW for the long term.

##### **Role and responsibilities of the Remuneration Committee (Provision 6.1)**

In the case for the Manager, the NRC takes up the role and responsibilities of a remuneration committee. The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include advising the Board in matters relating to:

- the framework of remuneration for the Board and KMP of the Manager;
- the specific remuneration packages for each Directors and for KMP of the Manager covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, unit-based incentives, awards and benefits in kinds; and
- the development of a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

**Remuneration Framework (Provision 6.3)**

The RC reviews all matters concerning the remuneration of the Directors and KMP to ensure that their remuneration commensurate with their contributions, responsibilities and market benchmarks. The remuneration framework covers all aspects of remuneration including fees for IDs and NEDs, salaries, allowances, performance bonuses, benefits in kind, termination terms and payments and incentives for KMP. The NRC considers all such aspects of remuneration to ensure they are fair and avoid rewarding poor performance.

There are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed in this annual report.

There are no contractual provisions to allow the Manager to reclaim incentive components of remuneration from the Executive Director and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Manager and ECW as performance-related remuneration (link rewards to corporate and individual performance) had been adopted to align with the interests of Unitholders and other stakeholders of ECW and promotes the long-term success of ECW.

The NRC will review the need for long term incentive plan when appropriate.

**Access to expert professional advice (Provision 6.4)**

The NRC had reviewed and determined the remuneration packages of Directors and KMP of the Manager, to ensure that they are adequately but not excessively remunerated. The NRC seeks expert advice on remuneration and governance matters from external consultants, where necessary. The Board will ensure that existing relationships between ECW and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the external remuneration consultants. For FY2023, the NRC did not recommend the engagement of any remuneration consultant.

**Level and Mix of Remuneration****Principle 7: Level and structure of the remuneration of the Board and key management personnel****Remuneration of IDs/Non-Executive Directors (Provisions 7.2)**

IDs' and NEDs' fees are established and reviewed annually based on each Director's level of responsibilities on the Board and its Board Committees.

The NRC reviews and makes recommendations to the Board the remuneration framework for the IDs and NEDs. Their fees are based on a structured fees framework reflecting the responsibilities and time commitment of each ID and NED. It comprises a base fee and additional fee for holding appointment as Board Chairman, Chairman or member of Board Committees. The Chairman of the Board and of each Board Committee are paid a higher fee compared with members of the Board and of such Board Committee in view of the greater responsibility carried by that office. The Directors' fees are paid entirely in cash. The CEO who is also a Director is remunerated as part of the KMP of the Manager and therefore, he does not receive any Director's fee.

No member of the Board will be involved in any decision of the Board relating to his own remuneration.

**Remuneration of Executive Directors and Key Management Personnel (Provisions 7.1 and 7.3)**

The NRC reviews the level, structure and mix of remuneration and benefits of the Executive Director and KMP of the Manager, to ensure that they are appropriate. In establishing the remuneration structure of the Executive Director and KMP of the Manager, the NRC exercises broad discretion and independent judgement in ensuring that an appropriate proportion of the Executive Director's and KMP's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of Unitholders and other stakeholders of ECW and promotes the long-term success of ECW. The Board will, with the recommendation of the NRC, review the Executive Director's specific remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines.

The total remuneration mix of the CEO/Executive Director and KMP of the Manager comprises fixed and variable components. The fixed component comprises the base salary, annual wage supplement, fixed allowances and compulsory employer contribution to an employee's central provident fund. The variable component is performance related, which will be paid in cash or in the units of ECW (which were received by the Manager as payment for its own fees).

## CORPORATE GOVERNANCE

When conducting the remuneration framework review, the NRC takes into account the performance of ECW and individual performance. Annual performance targets are aligned to the business strategy for ECW Group and linked to the performance of ECW. Individual performance is measured via the KMP's annual appraisal based on competencies and key performance indicators.

### Disclosure on Remuneration

**Principle 8: Remuneration policies, level and mix of remuneration, procedure for setting remuneration, and relationships between remuneration, performance and value creation.**

#### **Disclosure of the remuneration of Directors and Key Management Personnel (Provisions 8.1, 8.3)**

The Code and the notice to all holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) require:

- (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, and
- (ii) the disclosure of the remuneration of at least the top five KMP of the Manager (who are neither Directors nor the CEO) in bands of S\$250,000.

Information on the fees of the IDs and NED for FY2023 is set out below:

Board Members	FY2023	FY2022
Zhang Guobiao	100,000	100,000
Chan Heng Wing	99,000	99,000
Wong See Hong	90,000	90,000
Li Guosheng	75,000	75,000
Chia Yew Boon	70,000	70,000

Given the commercial sensitivity and confidential nature of remuneration matters of the REIT management industry, the Board believes that disclosing the remuneration of the CEO/Executive Director and KMP of the Manager in exact quantum is not in the best interests of ECW and its Unitholders. In view of the highly competitive human resource environment, it is important for the Manager to retain talent for the long-term interests of ECW and its Unitholders, and ensure stability and continuity of business operations with a competent and experienced management team are in place.

The current management team has been stable and to ensure continuity of business and operations of ECW, it is important that the Manager continues to retain its team of competent and committed staff.

The Board is of the view that the disclosure in bands of S\$250,000 would provide a good overview and is informative of the remuneration of the CEO/Executive Director and KMP of the Manager.

The breakdown of the level and mix of remuneration paid to the CEO/Executive Director (in percentage) for FY2023 is as follows:

Remuneration Band	Basic Salary	Bonus	Other Benefits	Total
<b>Name of CEO/Executive Director</b>				
<b>S\$250,000 to S\$500,000</b>				
Goh Toh Sim	91%	7%	2%	100%

Remuneration of the KMP (who are not Directors or the CEO) in bands of S\$250,000 for FY2023 is as follows:

Remuneration Band and Name of KMP (other than Directors and CEO)	Basic Salary	Bonus	Other Benefits	Total
<b>S\$250,000 to S\$500,000</b>				
Wang Feng	88%	7%	5%	100%

The Manager has only one KMP other than its one Executive Director and CEO for FY2023.

Taking into account the disclosure of the exact fees for IDs and NED and the remuneration policies, composition of remuneration and performance metrics which go towards determination of the total remuneration packages of the CEO and KMP, the Board has determined that there is sufficient transparency and information on the Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

**Disclosure of the remuneration of employees who are substantial unitholders, immediate family members of a Director, the CEO or a substantial unitholder (Provision 8.2)**

There were no employees of the Manager who is a substantial unitholder, or who is an immediate family member of a Director, the CEO or a substantial unitholder, whose remuneration exceeds S\$100,000 during the year.

**(C) ACCOUNTABILITY AND AUDIT**

**Accountability, Risk Management and Internal Controls**

**Principle 9: A sound system of risk management and internal controls to safeguard the interests of the company and its Unitholders**

**Design, implementation and monitoring of risk management and internal control systems (Provision 9.1)**

The Manager has put in place an adequate and effective system of internal controls addressing material financial, operational, compliance (including sanctions-related) and information technology risks to safeguard Unitholders' interests and ECW's assets.

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal control systems. The ARC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of ECW Group.

The ARC is guided by its terms of reference, in particular, the ARC:

- (a) assesses the adequacy and effectiveness of the risk management and internal control systems established by the Manager to manage risks;
- (b) oversees Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with ECW Group's risk appetite and reports to the Board on its decisions on any material matters concerning the aforementioned;
- (c) makes the necessary recommendations to the Board such that an opinion relating to the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report of ECW in accordance with the Listing Rules and the Code; and
- (d) considers and advises on risk matters referred to it by Management or the Board including reviewing and reporting to the Board on any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The Manager adopted an Enterprise Risk Management ("ERM") Framework which sets out the required environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

## CORPORATE GOVERNANCE

The Manager consistently seeks to improve and strengthen its ERM Framework. As part of the ERM Framework, the Manager, among other things, undertakes and performs a Risk and Control Self-Assessment ("RCSA") process. From the RCSA process, the Manager maintains a risk register which identifies the material risks ECW Group faces and the corresponding internal controls it has put in place to manage or mitigate those risks. The material risks will be reviewed quarterly by the ARC and the Board. The ARC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The system of risk management and internal controls is reviewed and, where appropriate, refined regularly by Management, the ARC and the Board. Where relevant, reference is made to the best practices and guidance in the Risk Governance Guidance for listed Boards issued by the Corporate Governance Council.

Management has established an approach on how risk appetite is defined, monitored and reviewed for ECW Group. ECW Group's RAS addresses the management of material risks faced by ECW Group. Alignment of ECW Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms put in place across the various functions within the Manager.

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 65 to 66 of this Annual Report.

The internal and external auditors conduct audits that involve testing the effectiveness of the material internal controls for ECW Group addressing financial, operational, compliance (including sanctions-related) and information technology risks. This includes testing, where practical, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors are also reviewed by the ARC.

Since its initial public offering (IPO) in July 2016, EC World REIT has implemented an electronic internal approval process to enhance decision-making and administrative efficiency. This process covers the use of the relevant company seal, legal representative seal, finance stamp, and/or contract stamp (collectively, the "Relevant Seals and Stamps"). The request for use of Relevant Seals and Stamps requires a multi-level approval process: at least four rounds of review within the Property Manager, followed by at least two rounds of review at the Manager level (including by the Chief Financial Officer), and final approval by the Executive Director cum Chief Executive Officer of the Manager. The above process likewise applies to the authorisation and use of the title deeds of EC World REIT's properties. The control processes implemented remain to be adequate and effective in the past years.

Nevertheless, as announced to SGX-ST on 2 January 2024, certain third ranking mortgages (the "Relevant Mortgages") had been imposed on three properties owned by ECW, namely Fuzhou E-Commerce, Fu Heng Warehouse and Hengde Logistics (collectively, the "Relevant Properties") during November 2023. The Relevant Mortgages were imposed without the consent or knowledge of the Manager. Based on the internal investigations, the treasury department of the Sponsor had by-passed EC World REIT's control procedures which led to the imposition of the Relevant Mortgages despite that there were no formal resolutions passed by the shareholders or directors of the subsidiaries of ECW that own these mortgaged properties to authorise these actions.

The Manager had immediately implemented new controls over the management of the Relevant Seals and Stamps and Title Deeds in January 2024. The Manager took appropriate actions, collecting all stamps, including company seals, legal representative seals, contract stamps, and finance stamps, from ECW's property management teams in China. By 5 January 2024, the legal representative seal and finance stamps were securely stored at the Manager's office in Singapore, while the company seal and contract stamps were with the Manager's legal counsel in Shanghai. The Manager has appointed an external auditor to evaluate the relevant internal controls and procedures at the asset level and provide recommendation for improvement of the existing control environment. The Manager has also appointed an external legal counsel to perform a formal investigation.

The Manager has also been making regular updates announcement via SGXNet on the progress of discharge of the Relevant Mortgages.

### **Written assurances on adequacy and effectiveness of risk management and internal control systems (Provision 9.2)**

At every quarterly meeting, the CEO and CFO of the Manager will give their written assurance that:

- (a) the financial records of ECW Group have been properly maintained and the financial statements of the relevant quarter give a true and fair view of ECW Group's operations and finances;



- (b) the system of risk management and internal controls in place for ECW Group is adequate and effective in addressing the material risks faced by ECW Group in its current business environment including material financial, operational, compliance and information technology risks;
- (c) Management is aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the ECW Group; and
- (d) there are no known significant deficiencies or lapses in the risk management and internal controls systems relating to the ECW Group's financial, operational, compliance and information technology controls which could adversely affect the ECW Group's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

Separately, the CEO and other KMP of the Manager also provide a written confirmation of the above items (c) and (d). (The written assurance and written confirmation collectively, the "Management Assurance Letters")

The Board has received the Management Assurance Letters duly signed by the CEO and the CFO. Other than the CFO, the Company has no other KMP.

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the Management Assurance Letters, the Board, with the concurrence of the ARC, is of the opinion, that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks established by the Manager is adequate and effective to meet the needs of ECW Group in its current business environment for FY2023.

#### Audit and Risk Committee

##### **Principle 10: Establishment of Audit and Risk Committee with written terms of reference**

##### **Composition of the ARC (Provision 10.2)**

The ARC comprises three IDs namely:

Dr Wong See Hong	Chairman
Mr Chia Yew Boon	Member
Mr Li Guosheng	Member

All three ARC members bring with them invaluable and relevant managerial and professional expertise in accounting and related financial management domains

##### **Former partner or Director of the Company's existing auditing firm (Provision 10.3)**

In compliance with the Code, none of the ARC members is a former partner or Director of ECW's existing external audit firm within the previous two years or who hold any financial interest in the auditing firm.

##### **Duties of ARC and Activities of the ARC (Provision 10.1)**

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

In practice, all ARC meetings will be attended by the Group's CEO and CFO so that they are better able to give a complete account of the issues being reviewed and answer questions from the ARC members. Where there are matters of potential sensitivity, Management will be asked to excuse themselves from the meeting so that the ARC may discuss matters openly.

The ARC is guided by its terms of reference, which defines its duties and scope of authority and in line with the Code, term of reference was reviewed during the year. In particular, the duties of the ARC include the following which the ARC had carried out during the year:

- (a) reviews the annual audit plan, including the nature and scope of the internal and external audits before the commencement of the audits;

## CORPORATE GOVERNANCE

- (b) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of ECW Group and any announcements relating to ECW Group's financial performance;
- (c) reviews and reports to the Board at least annually the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (d) reviews the adequacy and effectiveness of the Manager's internal audit and compliance functions;
- (e) reviews the scope and results of the external audit and independence and objectivity of the external auditors;
- (f) makes recommendations to the Board on the proposals to Unitholders on the re-appointment of the external auditors, and approving the remuneration of the external auditors;
- (g) reviews and approves processes to regulate transactions involving an Interested Person (as defined in Chapter 9 of the Listing Rules) and/or Interested Party (as defined in the Property Funds Appendix) (each, an Interested person) and ECW and/or its subsidiaries (Interested Person Transactions) to ensure compliance with the applicable regulations, in particular, the requirements that the transactions are on normal commercial terms and are not prejudicial to the interests of ECW and its minority Unitholders and, in respect of any property management agreement which is an Interested person or Interested party transaction, the requirement that reviews of the Property Manager's compliance with the terms of the property management agreement and any remedial actions taken, where necessary, are carried out at intervals commensurate with the tenure of such agreement;
- (h) reviews the policy and arrangements by which employees of the Manager and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules, or raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (i) reviews the procedures implemented to ensure the legal and regulatory compliance of ECW's financing activities in the applicable jurisdiction;
- (j) reviews the Master Lessees' performance of their obligations under such agreements, including deliberating and assessing whether the renewal of such agreements is in the interest of ECW and its Unitholders prior to time for renewal;
- (k) reviews the Sponsor's compliance with various undertakings given in respect of the relevant issues until such time that the Deeds of Indemnity are terminated in accordance with their terms; and

In FY2023, the ARC discussed with Management and the external auditors on significant financial reporting matters, in particular to the valuation of investment properties. The valuation of investment properties has considered all the relevant facts and circumstances in arriving at the basis of valuation. These include the methodologies and key assumptions applied by the valuers in arriving at the valuation of ECW's properties. The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of ECW's properties. The ARC concurs with the conclusion of the Management and the external auditors on the valuation of investment properties.

The Manager has engaged KPMG Services Pte. Ltd. ("KPMG") to oversee the Group's compliance function ("Compliance Adviser"). A quarterly report is prepared by KPMG and presented to the ARC at its quarterly meetings.

The aggregate amount of fees paid and payable to the external auditors for FY2023 was approximately S\$400,000 which was solely related to provision of audit services. There was no non-audit fee in FY2023. The external auditors have also provided confirmation of their independence to the ARC. The ARC is satisfied that the independence of the external auditors.

PwC's appointment as external auditors of EC World REIT will cease at the conclusion of the forthcoming Annual General Meeting ("AGM") and PwC had indicated that they will not seek their re-appointment at the AGM. Management will reach out to other audit firms and recommend a suitable audit firm for the consideration of the ARC and Board. EC World REIT will call for an Extraordinary General Meeting on the appointment of auditors in place of PwC in due course.

#### **Internal Audit (Provision 10.4)**

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for safeguarding the Unitholders' investments and ECW's assets. The internal audit function of ECW is outsourced to Deloitte & Touché Enterprise Risk Services Pte Ltd ("Deloitte"). Deloitte subscribes to, and is in conformance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. Deloitte also reviews the Group's compliance with the control procedures and policies established within the internal control and risk management systems.

The internal auditors' ("IA") primary reporting line is to the Chairman of the ARC and administratively to the CEO. The ARC reviews and approves the annual internal audit plan, and ensures that the internal auditors have adequate resources to perform its functions. Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the ARC.

The ARC reviews the results of internal audits and Management's actions in resolving any audit issues reported.

Deloitte has also provided its written assurance to the ARC confirming compliance with the guidelines set by The Institute of Internal Auditors of Singapore. In accordance with Listing Rule 1207 (10C), the ARC is satisfied that Deloitte is independent, effective, and adequately resourced and staffed by suitably qualified and experienced professionals to perform its functions, and has appropriate standing within the Manager.

#### **Meeting with EA and IA (Provision 10.5)**

For FY2023, the ARC met with the internal and external auditors twice, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to the best practices and guidance in the Guidebook for Audit Committees in Singapore and the practice directions issued from time to time in relation to the Financial Reporting Surveillance programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

The Manager confirms, on behalf of ECW, that ECW complies with Rule 712 and Rule 715 of the Listing Rules.

### **(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES**

#### **Unitholder Rights**

##### **Principle 11: Unitholders' rights and conduct of Unitholder meetings**

The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings.

##### **Participation of Unitholders' meetings (Provision 11.1)**

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings.

Unitholders are informed of meetings through notices which are accompanied by the annual reports or circulars sent to them. If any unitholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms.

##### **Separate resolutions at general meetings on each substantially separate issue (Provision 11.2)**

At the general meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the notice. Notices of the general meetings are also advertised in the press and issued on SGXNet. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts poll voting for Unitholders/proxies for all the resolutions proposed at the general meetings. An independent external party is also

## CORPORATE GOVERNANCE

appointed as scrutineers for the poll voting procedures. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages after the general meeting. Unitholders may appoint the Chairman of the meeting as proxy to vote on their behalf at the general meeting.

### **Attendance at general meetings (Provision 11.3)**

Management makes its presentation to Unitholders to update them on ECW's performance, position and prospect at general meetings. The presentation materials are made available to Unitholders on SGXNet and the Company's website. Unitholders are given the opportunity to communicate their views on matters affecting ECW. Representatives of the trustee, Directors (including the chairpersons of the Board, the NRC and the ARC), the Manager's senior management and the external auditors, shall be present at general meetings.

### **Absentia voting (Provision 11.4)**

The Trust Deed currently does not provide for absentia voting. Voting in absentia and by email which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

Despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their view on matters affecting the ECW Group even when they are not in attendance at general meetings. For example, in an ordinary meeting setting (i.e. physical meetings), Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

### **Conduct of General Meetings**

With the easing of the COVID-19 community safe management measures in Singapore in the second quarter of 2022, the Company held its AGM for the financial year ended 31 December 2022 ("2023 AGM") on 24 July 2023 in a wholly physical format. Unitholders (themselves or through their appointed proxies) were able to vote and ask questions in person at the said AGM. All the Directors except the Board Chairman were present at the AGM.

Extraordinary General Meeting ("EGM") on the Supplementary Agreement in Respect of the Proposed Divestment of Stage 1 Properties of Beigang Logistics and Chongxian Port Logistics on 7 September 2023 in a wholly physical format. Unitholders (themselves or through their appointed proxies) were able to vote and ask questions in person at the said EGM. All the Directors and Board Chairman were present at the EGM.

Prior to voting at an AGM or any other general meetings, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes. An independent scrutineer is also appointed for the purpose of vote-taking and validation of votes at general meetings.

For the forthcoming AGM for the financial year ended 31 December 2023 ("2024 AGM"), this will also be held in a wholly physical format.

### **Minutes of general meetings (Provision 11.5)**

The minutes of general meetings which include the attendance of Board members at the meetings, matters approved by unitholders, voting results, substantial and relevant comments or queries from unitholders relating to the agenda of the general meetings together with responses from Board and Management, will be released to the SGX-ST and published on the Manager's corporate website within one month from the date of the general meeting.

### **Distribution policy (Provision 11.6)**

In accordance with the prospectus for IPO of ECW, ECW's distribution policy is to distribute 100% of ECW's Distributable Income for the period from the listing Date to 31 December 2017. Thereafter, ECW will distribute at least 90% of its Distributable Income on a semi-annual basis. Notwithstanding, ECW had been making its distribution on a quarterly basis until the financial year ended 31 December 2022.

ECW's distribution was made on a half-year basis with effect from 1 January 2023. The distribution in relation to the half-year period from 1 January 2023 to 30 June 2023 ("1H 2023") intended to be on 28 September 2023, had been deferred to a later date to be announced. Due to insufficient funds, there was no distribution for the period from 1 July 2023 to 31 December 2023 ("2H 2023").

For FY2023, the Manager had announced a calculated distribution of 3.659 Singapore cents per unit (2022: 4.762 Singapore cent per unit).

### Engagement with Unitholders

#### **Principle 12: Regular communication with Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues**

##### **Communication with shareholders (Provision 12.1)**

The Manager is committed to keeping all unitholders and other stakeholders and analysts informed of the performance and changes in ECW or its business which would be likely to materially affect the price or value of the units, on a timely and consistent basis, so as to assist unitholders and investors in their investment decisions.

Before the release of ECW's quarterly results announcements, the Manager will keep unitholders informed on the expected date of the release of quarterly results announcements.

At the AGM, a presentation is made to unitholders to update on ECW's financial and operational performance. Similarly for EGM, a presentation on the subject matter will also be made to brief unitholders to keep them informed on the purpose and rationale for the resolutions which require unitholders' approval. The presentation materials are made available on SGXNet and the Manager's website for the benefit of unitholders.

The Chairman of the meeting is tasked with facilitating constructive dialogue between the Unitholders and the Board, Management and the external auditors. Where appropriate, the Chairman invites management or Board Committee chairmen, to answer queries on matters related to their roles.

##### **Investor Relations Policy (Provisions 12.2 & 12.3)**

The Manager has an Investor Relations and Corporate Communications team which facilitates effective communication with Unitholders, analysts, fund managers and the media.

The Manager actively engages with Unitholders and has put in place a Unitholders' Communication and Investor Relations policy to promote regular, effective and fair communications with Unitholders.

More information on the Manager's investor and media relations with Unitholders can be found in the Stakeholders Engagement and Investor Relations section on page 38 of this Annual Report.

Unitholders are notified in advance of the date of release of ECW's financial results through an announcement via SGXNet.

### Managing Stakeholders Relationships

#### **Principle 13: Engagement with stakeholders**

##### **Material stakeholder groups (Provisions 13.1)**

##### **Management of stakeholder relationships (Provision 13.2)**

In keeping with its commitments to good corporate governance, the Manager has put in place a Sustainability Reporting Framework, which is published on the Manager's website. In the report, the Manager focuses on ECW's Economic, Social and Governance ("ESG") impacts and its progress towards the goal of sustainable management of its property portfolio. The Manager has identified the following as their key stakeholders:

- Unitholders;
- Employees and workers;
- Tenants;
- Suppliers;
- Local Communities;
- Government; and
- Non-profit Organisations

# CORPORATE GOVERNANCE

## **Corporate website to communicate and engage with stakeholders (Provision 13.3)**

The Manager engages with these stakeholders through various informal and formal channels of communication. For example, the Manager maintains a corporate website (<https://www.ecwreit.com/>) to leverage on internet platforms, which enables it to communicate with key stakeholders and the public.

For more information, please refer to the "Sustainability" section on pages 39 to 40 of this Annual Report.

## **(E) ADDITIONAL INFORMATION**

### **Dealings With Interested Persons**

#### **Review Procedures for Interested Person Transactions**

The Manager has established internal control procedures to ensure that all Interested person transactions are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties, and are not prejudicial to the interests of ECW and Unitholders. A formal policy has also been drawn up to document the procedures.

In respect of such transactions, Management would have to demonstrate to the ARC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of ECW and Unitholders which may include obtaining (where practicable) third party quotations or obtaining valuations from independent valuers (in accordance with applicable provisions of the Listing Rules and the Property Funds Appendix). The internal control procedures also ensure compliance with Chapter 9 of the Listing Rules and the Property Funds Appendix.

In particular, the procedures in place include the following:

Interested person transactions<sup>1</sup> Approving Authority, procedures and Disclosure

<b>Board Members</b>	<b>Approval Authority</b>
S\$100,000 and above per transaction (which singly, or when aggregated with other transactions <sup>2</sup> with the same Interested person in the same financial year is less than 3.0% of ECW's latest audited net tangible assets/net asset value)	<b>Trustee ARC</b>
Transaction <sup>2</sup> which:	<b>Trustee ARC</b> <b>Immediate announcement</b>
(a) is equal to or exceeds 3.0% of ECW's latest audited net tangible assets/net asset value; or	
(b) when aggregated with other transactions <sup>3</sup> with the same Interested person in the same financial year is equal to or exceeds 3.0% of ECW's latest audited net tangible assets/net asset value	
Transaction which:	<b>Trustee ARC</b> <b>Unitholders</b> <b>Immediate announcement</b>
(a) is equal to or exceeds 5.0% of ECW's latest audited net tangible assets/net asset value; or	
(b) when aggregated with other transactions <sup>3</sup> with the same Interested person in the same financial year is equal to or exceeds 5.0% of ECW's latest audited net tangible assets/net asset value	

1 This table does not include the procedures applicable to interested person transactions falling under the exceptions set out in Rules 915 and 916 of the listing Rules.

2 Any transaction of less than S\$100,000 in value is disregarded.

3 In relation to approval by Unitholders for transactions that equal to or exceed 5.0% of ECW's latest audited net tangible assets/net asset value (whether singly or aggregated), any transaction which has been approved by Unitholders, or is the subject of aggregation with another transaction that has been approved by Unitholders, need not be included in any subsequent aggregation.

### **Role of the ARC for Interested Person Transactions**

The Manager's internal control procedures are intended to ensure that Interested person transactions are conducted at arm's length and on normal commercial terms, and are not prejudicial to ECW and Unitholders' interests. The Manager maintains a register to record all Interested Person Transactions which are entered into by ECW (and the basis on which they are entered into).

All Interested Person Transactions are subject to regular periodic reviews by the ARC, which in turn obtains advice from IA, to ascertain that the guidelines and procedures established to monitor Interested person transactions, including the relevant provisions of the Listing Rules and the Property Funds Appendix, as well as any other guidelines which may from time to time be prescribed by the SGX-ST, MAS or other relevant authorities, have been complied with. The review includes an examination of the nature of the transaction and its supporting documents or such other information deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. In addition, the trustee also has the right to review such audit reports to ascertain that the Listing Rules and the Property Funds Appendix have been complied with.

Details of all Interested person transactions (equal to or exceeding S\$100,000 each in value) entered into by ECW during FY2023 are disclosed on page 128 of this Annual Report.

### **Dealing with Conflicts of Interest**

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing ECW:

- (a) the Manager is a dedicated manager to ECW and will not manage any other real estate investment trust or be involved in any other real property business;
- (b) all resolutions at meetings of the Board in relation to matters concerning ECW must be decided by a majority vote of the Directors, including at least one ID;
- (c) in respect of matters in which Sponsor and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by Sponsor and/or its subsidiaries to the Board will abstain from voting. In such matters, the quorum must comprise a majority of IDs and shall exclude such nominee Directors of Sponsor and/or its subsidiaries;
- (d) in respect of matters in which a Director or his associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);
- (e) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the trustee for and on behalf of ECW with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the trustee, on behalf of ECW, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement;
- (f) any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the trustee's right to take such action as it deems fit against such related party; and
- (g) at least one-third of the Board shall comprise IDs.

Additionally, the Trustee has been granted a right of first refusal by the Sponsor to purchase any income-producing real estate worldwide with certain specified characteristics which may in the future be identified and targeted for acquisition by the Sponsor or any of its subsidiaries.

Under the trust Deed, in respect of voting rights where the Manager would face a conflict between its own interests and that of Unitholders, the Manager shall cause such voting rights to be exercised according to the discretion of the trustee.

## CORPORATE GOVERNANCE

### Dealings in Securities

Each Director and the CEO of the Manager is to give notice to the Manager of his acquisition of ECW units or of changes in the number of units or, as the case may be, ECW units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of the units or, as the case may be, ECW units which he holds or in which he has an interest.

All dealings in the ECW units by the Manager's Directors will be announced via SGXNet.

The Manager has devised and adopted a securities dealing policy for the Manager's officers and employees which applies the best practice recommendations in the Listing Rules. To this end, the Manager has issued guidelines to its Directors and employees which set out prohibitions against dealings in ECW Group's securities:

- (i) while in possession of material unpublished price sensitive information;
- (ii) during two weeks immediately preceding, and up to the time of the announcement of, ECW's financial results for each of the first three quarters of ECW's financial year; and
- (iii) during one month immediately preceding, and up to the time of the announcement of, ECW's financial results for the full financial year.

Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager to inform them of the duration of the period. The Manager will also not deal in ECW Group's securities during the same period.

Directors and employees of the Manager are prohibited from dealing in securities of ECW Group if they are in possession of unpublished price sensitive information of ECW Group. As and when appropriate, they would be issued an advisory to refrain from dealing in ECW Group's securities.

Under the policy, Directors and employees of the Manager are discouraged to trade on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

The Manager has complied with its securities dealing policy in accordance with listing Rule 1207(19).

### (F) CODE OF BUSINESS CONDUCT

The Manager adheres to ethical code of business conduct policies which deal with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place. The policies that the Manager has implemented aim to help to detect and prevent occupational fraud in mainly three ways as follow:

- (i) the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Manager also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face;
- (ii) documenting policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls; and
- (iii) the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.



### Bribery and Corruption Prevention Policy

The Manager adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are required to make a declaration on an annual basis where they pledge to uphold the Manager's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The Manager's zero tolerance policy towards bribery and corruption extends to its business dealings with third parties. Pursuant to this policy, the Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions.

### Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide employees of the Manager and parties who have dealings with the Manager with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The objective of the whistle-blowing policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the fullest extent possible, be protected from reprisal.

The ARC is responsible for oversight and monitoring of whistleblowing report. To ensure the confidentiality and independence of the whistle-blowing process, an email address directly linked to ARC Chairman is specifically created for whistle-blower to report directly to ARC Chairman who will review the information reported and if need to, he will direct an independent investigation team to investigate the reported matter.

All whistleblowing reports can be made via any of the following Channels:

- 1) Website: <https://singapore.deloitte-halo.com/ecw-speakup/?Pg=makereport>
- 2) Email Address: [ecw-speakup@tipoffs.com.sg](mailto:ecw-speakup@tipoffs.com.sg)
- 3) Hotline: 800 492 2615

Identities of whistle-blower, participants of the investigations and the investigation subject(s) will be kept confidential. No person will be subject to any reprisal for having made a report in accordance with the policy or having participated in the investigation and any reprisal suffered may be reported directly to the ARC Chairman.

Under the Whistle-Blowing Policy, upon receiving instruction from ARC Chairman, the Compliance Officer ("CO") or the Internal Auditor ("IA") of the Company (together the "Delegated Officer") may assist the ARC for the administration, implementation and overseeing ongoing compliance with the said policy. The Delegated Officer(s) reports directly and independently to the ARC Chairman on all matters arising under the Whistle-Blowing Policy.

The Whistle-Blowing Policy is available on the website of ECW and whistle-blowing parties are able to lodge their concerns via the channels mentioned above. There was no whistle-blowing report received for FY2023.

### Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a Capital Markets Services Licence issued by MAS, the Manager abides by the MAS' guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

- (a) evaluation of risk;
- (b) customer due diligence;
- (c) suspicious transaction reporting;
- (d) record keeping;
- (e) employee screening and representative screening; and
- (f) training.

## CORPORATE GOVERNANCE

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and representatives of the Manager are also screened against various lists of terrorist suspects issued by MAS. Periodic training is provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

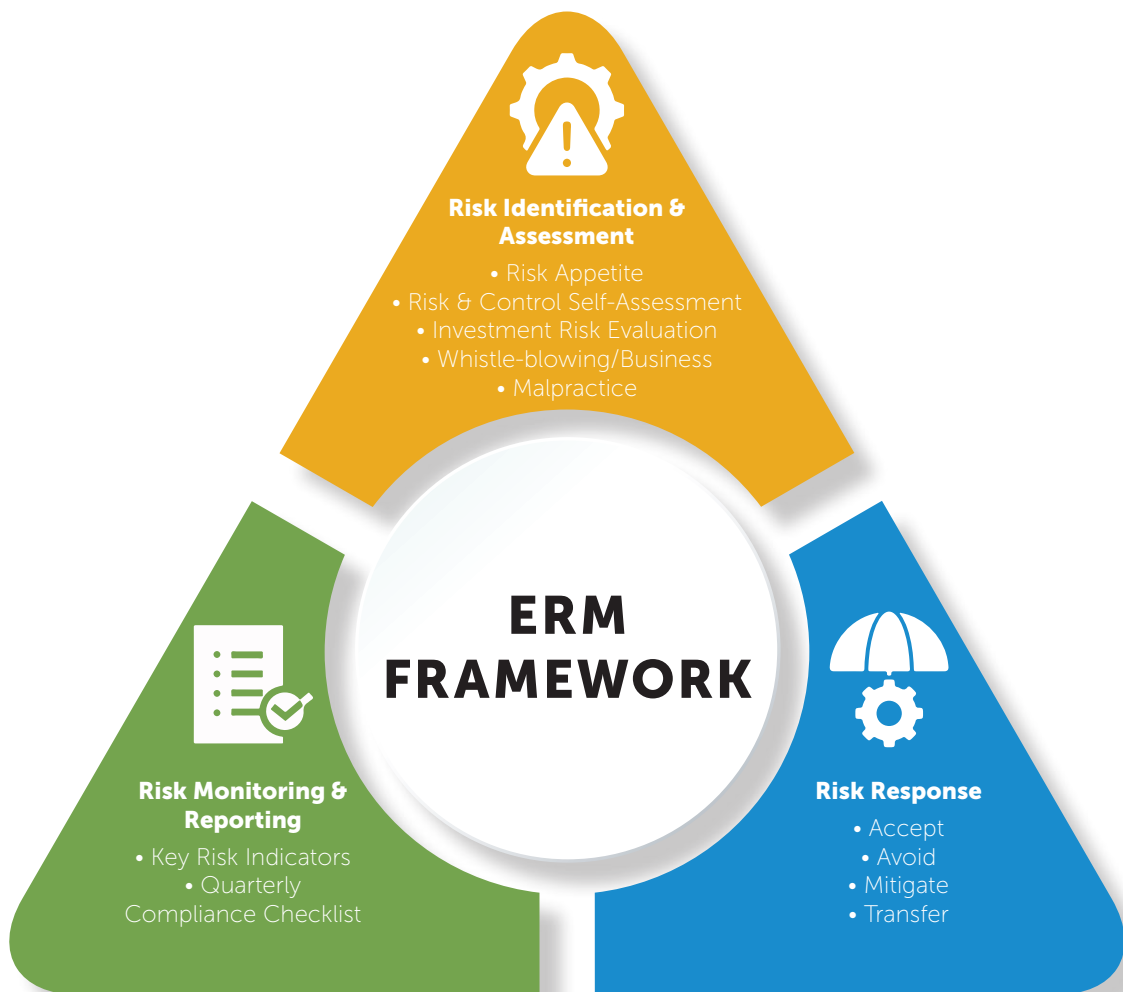
# ENTERPRISE RISK MANAGEMENT

### Information Technology Risk

IT risk comprises cyber risk, information security risk, and technology infrastructure risk. As IT is an integral part of ECW Group’s business, the security of sensitive information, including tenancy details and financial information, is crucial. Increasing threats to information security, such as hacking and website defacement, pose risks of data leakage and damage to ECW Group’s reputation. To manage IT risks, the outsourced IT team has implemented policies and procedures governing IT security, access controls, and data security. Disaster recovery testing is conducted periodically to validate the system continuity plan, and network penetration testing is also conducted regularly to check for potential security gaps.

### Foreign Currency Risk

ECW Group’s cash flows from property operations are denominated in RMB, while distributions are paid in Singapore dollars. This exposes ECW Group to fluctuations in RMB and SGD currency rates. To mitigate foreign exchange risks on distributions to Unitholders, ECW Group enters into derivative contracts to hedge a portion of rental income from overseas assets.



# ENTERPRISE RISK MANAGEMENT

## Interest Rate Risk

ECW Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of minimizing the impact on interest expenses caused by adverse movements in interest rates. The Manager uses interest rate swaps to hedge 53.0% of ECW Group's outstanding SGD borrowings from floating-rate loans to fixed-rate loans.

## Investment Risk

The main sources of growth for ECW Group are asset enhancement initiatives (AEI), acquisition of properties, and property developments. Investment risks are managed through a rigorous investment process, including evaluating potential for growth in yield, rental sustainability, and potential for value creation. Key financial assumptions are reviewed, and sensitivity analysis is performed on key variables. Potential risks associated with proposed projects and issues that may prevent their smooth implementation or achievement of projected outcomes are identified at the evaluation stage, enabling the Manager to devise action plans to mitigate such risks early.

## Leasing Risk

Strong competition, poor economic and market conditions, and major business interruptions are key factors that could result in key tenants not renewing or terminating their leases, significantly increasing the leasing risk of properties. Due to severe financial difficulties faced by the Sponsor Group, there is a high risk of non-collection of the outstanding rent receivables. As more than 80% of the revenue of the ECW Group

comes from rental income pursuant to related party leases with the Sponsor Group, if the Sponsor Group does not pay a sufficient amount of the rent receivables going forward, the ECW Group will be unable to maintain its operating and financing requirements. The Manager has commenced the novation process to take over underlying leases from the master leases and other related party leases due to long overdue rent receivables by the Sponsor and its subsidiaries. However, the current market conditions have made it increasingly difficult to find new tenants to replace the master leases, further exacerbating the leasing risk. The manager had appointed independent consultants to evaluate the market rental of the assets being leased under the master leases for the purpose of formulating a new leasing strategy for these assets.

## Liquidity Risk

ECW Group currently faces significant liquidity risks. Due to insufficient cash flow, the company is under pressure to meet its financial obligations. The Manager is actively working with lenders to address these challenges and has received notifications from the facility agent under the Offshore Facility Agreement regarding potential enforcement actions if certain conditions are not met. These actions could include accelerating loans, appointing a receiver, or initiating legal proceedings. The aggregate leverage for the Group was 57.9% as a result of the decline in the property valuation of ECW. The increased leverage ratio breached the financial covenant under the existing offshore facility agreement, which requires ECW's leverage ratios to be no more than 40%.

## Regulatory and Compliance Risk

ECW Group is required to comply with applicable legislations and regulations, including the Listing Rules of the SGX-ST, the Code on Collective Investment Schemes issued by MAS, tax rulings by the Inland Revenue Authority of Singapore, sanctions-related laws or regulations, as well as laws and regulations in the countries where ECW Group's assets are located. The Manager proactively identifies applicable laws and regulatory obligations, legal updates, and integrates compliance into day-to-day operations. ECW does not have exposure or nexus to sanctions-related risks.

# FINANCIAL CONTENTS

Report of the Trustee	<b>68</b>
Statement by the Manager	<b>69</b>
Independent Auditor's Report to the Unitholders	<b>70</b>
Consolidated Statement of Total Return	<b>73</b>
Statements of Financial Position – Group and ECW	<b>74</b>
Consolidated Distribution Statement	<b>75</b>
Consolidated Statement of Cash Flows	<b>76</b>
Statements of Movements in Unitholders' Funds – Group and ECW	<b>78</b>
Investment Properties Portfolio Statement	<b>79</b>
Notes to the Financial Statements	<b>80</b>
Additional Information	<b>128</b>
Statistics of Unitholdings	<b>130</b>

# REPORT OF THE TRUSTEE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of EC World Real Estate Investment Trust ("ECW") held by it or through its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in ECW (the "Units"). In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of EC World Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019, Third Supplemental Deed dated 9 April 2020 and Fourth Supplemental Deed dated 23 February 2023 (the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, other than disclosures made by the Manager on (i) the imposition of mortgages over Fuzhou E-Commerce, Fuheng Warehouse and Hengde Logistics including via SGX announcements made on 2 January 2024, 15 January 2024, 18 January 2024, 24 January 2024, 25 January 2024, 1 February 2024, 27 February 2024, 31 March 2024, 1 May 2024, 31 May 2024 and 30 June 2024, (ii) the distributions of ECW including via SGX announcements made on 27 February 2024 and (iii) the ECW Facilities including via SGX announcements made on 27 February 2024, 31 March 2024, 1 May 2024, 31 May 2024, 11 June 2024 and 30 June 2024, the Manager has, in all material respects, managed ECW and its subsidiaries during the financial year covered by these financial statements set out on pages 73 to 127, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
DBS Trustee Limited

---

Chan Kim Lim  
Director

Singapore,  
12 July 2024

# STATEMENT BY THE MANAGER

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

In the opinion of the directors of EC World Asset Management Pte. Ltd., the accompanying financial statements of EC World Real Estate Investment Trust ("ECW") and its subsidiaries (the "Group"), set out on pages 73 to 127, comprising the Statements of Financial Position of ECW and the Group, the Investment Properties Portfolio Statement of the Group as at 31 December 2023, the Statements of Movements in Unitholders' Funds for ECW and the Group and the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements for the year ended 31 December 2023 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of ECW and the consolidated portfolio holdings of the Group as at 31 December 2023, and the consolidated movements of unitholders' funds of the Group, the movements in unitholders' funds of ECW, the consolidated financial performance of the Group, the consolidated amount distributable of the Group and the consolidated cash flows of the Group for the year ended 31 December 2023, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019, Third Supplemental Deed dated 9 April 2020 and Fourth Supplemental Deed dated 23 February 2023 (the "Trust Deed"). At the date of this statement, there are reasonable grounds to believe that ECW and the Group will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,  
EC World Asset Management Pte. Ltd.

---

Goh Toh Sim  
Director

Singapore,  
12 July 2024

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

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

## Disclaimer of Opinion

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

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

## Basis for Disclaimer of Opinion

### (i) Going concern

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

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

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

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



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

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

## **Basis for Disclaimer of Opinion** (continued)

### **(ii) Valuation of investment properties**

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

### **(iii) Impairment allowance for trade and other receivables**

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

### **(iv) Contingent liabilities relating to unauthorised mortgages**

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

### **(v) Unauthorised use of Relevant Seals and Stamps**

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

### **(vi) Impairment allowance for investments in subsidiaries**

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

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

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

## **Responsibilities of the Manager for the Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

# CONSOLIDATED STATEMENT OF TOTAL RETURN

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 S\$'000	2022 S\$'000
Gross revenue	4	<b>107,770</b>	121,568
Property expenses	5	<b>(8,569)</b>	(10,612)
<b>Net property income</b>		<b>99,201</b>	110,956
Finance income		<b>1,662</b>	1,997
Finance costs	6	<b>(46,615)</b>	(41,856)
Manager's base fees		<b>(3,658)</b>	(4,606)
Trustee's fees		<b>(294)</b>	(327)
Exchange differences		<b>3,047</b>	4,800
Other trust expenses	7	<b>(2,072)</b>	(1,132)
<b>Net income</b>		<b>51,271</b>	69,832
Pre-termination compensation	15(d)	–	(4,106)
Net change in fair value of investment properties	15	<b>(606,750)</b>	(38,859)
Net change in fair value of financial derivatives		<b>(2,649)</b>	5,820
<b>Total return for the year before income tax</b>		<b>(558,128)</b>	32,687
Income tax credit/(expenses)	8	<b>108,854</b>	(22,577)
<b>Total return for the year after income tax before distribution</b>		<b>(449,274)</b>	10,110
<b>Earnings per unit (cents)</b>			
– Basic and diluted	9	<b>(55.48)</b>	1.25

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION – GROUP AND ECW

AS AT 31 DECEMBER 2023

	Note	Group		ECW	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	10	<b>100,964</b>	113,330	<b>106</b>	1,494
Trade and other receivables	11	<b>98,687</b>	14,293	<b>3,478</b>	1,203
Derivative financial instruments	12	–	1,857	–	–
Loans to subsidiaries	13	–	–	<b>237,057</b>	241,556
Assets of disposal group classified as held for sale	14	–	460,424	–	–
		<b>199,651</b>	589,904	<b>240,641</b>	244,253
<b>Non-current assets</b>					
Investment properties	15	<b>805,629</b>	1,076,874	–	–
Investments in subsidiaries	16	–	–	<b>39,588</b>	39,588
		<b>805,629</b>	1,076,874	<b>39,588</b>	39,588
<b>Total assets</b>		<b>1,005,280</b>	1,666,778	<b>280,229</b>	283,841
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	<b>193,372</b>	55,258	<b>23,362</b>	2,820
Loans from subsidiaries	18	–	–	<b>343,615</b>	372,420
Borrowings	19	<b>559,079</b>	593,136	–	–
Derivative financial instruments	12	<b>1,879</b>	1,099	–	–
Current income tax liabilities		<b>33,366</b>	13,497	–	–
Liabilities directly associated with disposal group classified as held for sale	14	–	161,053	–	–
		<b>787,696</b>	824,043	<b>366,977</b>	375,240
<b>Non-current liabilities</b>					
Trade and other payables	17	<b>231</b>	40,929	–	–
Deferred income tax liabilities	20	<b>121,741</b>	193,975	–	–
Deferred government grant	21	<b>751</b>	837	–	–
		<b>122,723</b>	235,741	–	–
<b>Total liabilities</b>		<b>910,419</b>	1,059,784	<b>366,977</b>	375,240
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>					
		<b>94,861</b>	606,994	<b>(86,748)</b>	(91,399)
Represented by:					
<b>UNITHOLDERS' FUNDS</b>		<b>94,861</b>	606,994	<b>(86,748)</b>	(91,399)
<b>UNITS IN ISSUE ('000)</b>	22	<b>809,838</b>	809,838	<b>809,838</b>	809,838
<b>NET ASSET VALUE PER UNIT (S\$)</b>		<b>0.12</b>	0.75	<b>(0.11)</b>	(0.11)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<b>2023</b>	<b>Group</b>
	<b>S\$'000</b>	2022
		S\$'000
Amount available for distribution to Unitholders at beginning of the year	<b>14,242</b>	18,711
Total return for the year	<b>(449,274)</b>	10,110
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments (Note A)	<b>482,197</b>	31,342
Amount available for distribution	<b>47,165</b>	60,163
<b>Distributions made during the year:</b>		
Distribution of 1.537 cents per unit for the period from 1 October 2021 to 31 December 2021	–	(12,442)
Distribution of 1.383 cents per unit for the period from 1 January 2022 to 31 March 2022	–	(11,200)
Distribution of 1.387 cents per unit for the period from 1 April 2022 to 30 June 2022	–	(11,232)
Distribution of 1.364 cents per unit for the period from 1 July 2022 to 30 September 2022	–	(11,047)
Distribution of 0.628 cents per unit for the period from 1 October 2022 to 31 December 2022	<b>(2,896)</b>	–
Total Unitholders' distributions	<b>(2,896)</b>	(45,921)
<b>Deferred Distributions during the year:</b>		
Deferred Distribution of 0.628 cents per unit for the period from 1 October 2022 to 31 December 2022	<b>(2,190)</b>	–
Deferred Distribution of 2.053 cents per unit for the period from 1 January 2023 to 30 June 2023	<b>(16,626)</b>	–
Total Unitholders' deferred distributions	<b>(18,816)</b>	–
<b>Amount available for distribution to Unitholders at end of the year</b>	<b>25,453</b>	14,242
<b>Note A:</b>		
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments comprise:		
– Straight lining of step-up rental	<b>2,720</b>	(229)
– Security deposits accretion	<b>206</b>	56
– Trustee's fees	<b>294</b>	327
– Net fair value loss on investment properties*	<b>606,750</b>	37,588
– Deferred tax credit, net*	<b>(133,379)</b>	(3,073)
– Net change in fair value of financial derivatives	<b>2,649</b>	(5,820)
– Pre-termination compensation*	–	1,232
– Amortisation of upfront debt issuance costs	<b>5,368</b>	5,699
– Foreign exchange gain, net	<b>(3,057)</b>	(4,966)
– Provision of withholding tax	<b>744</b>	628
– Write-back provision for doubtful receivables	–	(102)
– Others	<b>(98)</b>	2
	<b>482,197</b>	31,342

\* 70% of fair value loss on investment properties, deferred tax credit and pre-termination compensation relating to the Compulsory Expropriation of Fu Zhuo Industrial have been recognised in computation of distributable income for the period ended 31 December 2022, which is in line with the amount of compensation received.

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 S\$'000	2022 S\$'000
<b>Cash flows from operating activities</b>			
Total return for the year		<b>(449,274)</b>	10,110
Adjustments for:			
– Income tax (credit)/expenses	8	<b>(108,854)</b>	22,577
– Finance income		<b>(1,662)</b>	(1,997)
– Finance costs	6	<b>46,615</b>	41,856
– Effect of straight lining of step-up rental		<b>2,720</b>	(229)
– Effect of security deposits accretion		<b>(2,900)</b>	(3,135)
– Fair value loss/(gain) on derivative financial instruments		<b>2,649</b>	(5,820)
– Net fair value loss on investment properties	15	<b>606,750</b>	38,859
– Write-back provision for doubtful receivables		<b>–</b>	(102)
– Foreign exchange gain, net (unrealised)		<b>(4,926)</b>	(3,051)
<b>Operating cash flow before working capital change</b>		<b>91,118</b>	99,068
<b>Change in working capital:</b>			
Trade and other receivables		<b>(65,528)</b>	19,411
Trade and other payables		<b>17,474</b>	(808)
<b>Cash generated from operating activities</b>		<b>43,064</b>	117,671
Interest received		<b>1,662</b>	1,997
Income tax paid (net)		<b>(5,778)</b>	(26,110)
<b>Net cash generated from operating activities</b>		<b>38,948</b>	93,558
<b>Cash flows from investing activities</b>			
Additions to investment properties		<b>(23)</b>	(351)
Proceeds from disposal of investment properties		<b>–</b>	15,314
Receipt of partial consideration for disposal of assets	14	<b>25,864</b>	38,660
<b>Net cash generated from investing activities</b>		<b>25,841</b>	53,623
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<b>(75,703)</b>	(110,902)
Distribution to Unitholders		<b>(2,896)</b>	(45,921)
Proceeds from borrowings		<b>–</b>	49,500
Payment of bank loan transaction fees		<b>(7,263)</b>	(4,565)
Interest paid		<b>(32,934)</b>	(34,597)
SBLC commission paid		<b>(114)</b>	(280)
Release of deposits for SBLC facilities, net		<b>5,524</b>	23,291
Utilisation of/(top up for) interest reserve		<b>10,585</b>	(1,002)
Released from/(deposit to) escrow account		<b>39,011</b>	(38,660)
<b>Net cash used in financing activities</b>		<b>(63,790)</b>	(163,136)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		<b>6,335</b>	22,713
Effects of exchange rate changes on cash and cash equivalents		<b>(154)</b>	(423)
Cash and cash equivalents at the end of the year*	10	<b>7,180</b>	6,335

\* Cash and cash equivalents for the financial year ended 31 December 2022 had included the cash and cash equivalents of disposal group classified as held for sale (Note 14).

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of liabilities arising from financing activities:

	1 January 2023 S\$'000	Transaction fees, principal and interest payments S\$'000	Non-cash changes S\$'000		31 December 2023 S\$'000
			Interest expense	Foreign exchange movement	
<b>Borrowings and interest payables</b>	<b>646,481</b>	<b>(115,900)</b>	<b>41,671</b>	<b>(7,825)</b>	<b>564,427</b>
	1 January 2022 S\$'000	Transaction fees, principal and interest payments S\$'000	Non-cash changes S\$'000 Interest expense	Foreign exchange movement	31 December 2022 S\$'000
Borrowings and interest payables	726,703	(100,564)	37,355	(17,013)	646,481

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS - GROUP AND ECW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		ECW	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<b>OPERATIONS</b>				
<b>Beginning of the year</b>	<b>777,277</b>	818,988	<b>(13,772)</b>	(20,880)
Total return for the year	<b>(449,274)</b>	10,110	<b>26,363</b>	53,029
Distribution to Unitholders	<b>(21,712)</b>	(45,921)	<b>(21,712)</b>	(45,921)
Transfer to general reserves	<b>(5,450)</b>	(5,900)	–	–
<b>End of the year</b>	<b>300,841</b>	777,277	<b>(9,121)</b>	(13,772)
<b>GENERAL RESERVES*</b>				
<b>Beginning of the year</b>	<b>33,155</b>	27,255	–	–
Transfer from operations	<b>5,450</b>	5,900	–	–
<b>End of the year</b>	<b>38,605</b>	33,155	–	–
<b>UNITHOLDERS' CONTRIBUTION</b>				
<b>Beginning of the year</b>	<b>(77,627)</b>	(77,893)	<b>(77,627)</b>	(77,893)
Movements during the year				
– Manager's performance fees paid in units	–	266	–	266
<b>End of the year</b>	<b>(77,627)</b>	(77,627)	<b>(77,627)</b>	(77,627)
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>				
<b>Beginning of the year</b>	<b>(125,811)</b>	(16,597)	–	–
Translation differences relating to financial statements of foreign subsidiaries	<b>(41,147)</b>	(109,214)	–	–
<b>End of the year</b>	<b>(166,958)</b>	(125,811)	–	–
<b>Total Unitholders' funds at end of the year</b>	<b>94,861</b>	606,994	<b>(86,748)</b>	(91,399)

\* ECW's subsidiaries incorporated in the People Republic of China are required to transfer 10% of its profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to the shareholders. This general reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

The accompanying notes form an integral part of these financial statements.



# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2023

Property name	Date of acquisition	Remaining term of lease* (Years)	Location	Occupancy rates at 31 December 2023 (%)	Latest valuation date	Valuation as at 31 December 2023 (\$'000)	Percentage of total net assets attributable to Unitholders as at 31 December 2022 %
Chongxian Port Investment	25 August 2015	32.0	No. 5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	31 December 2023	422,747	69.65
Fu Heng Warehouse – Building 1 and 2	9 September 2015	35.4	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	31 December 2023	113,660	18.73
Hengde Logistics – Phase 1	6 November 2015	35.5	No. 21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	31.4	31 December 2023	265,788	43.79
– Phase 2	6 November 2015	29.6	No. 2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	44.0	31 December 2023	32,861	5.41
Wuhan Meiluo	16 April 2018	41.5	Yinyan Village, Nanwan Village, Daji Street, Caidian District, Wuhan, PRC	100	31 December 2023	241,818	39.82
Fuzhou E-Commerce	8 August 2019	35.4	No. 9 Mingxing Road, Fuyang District, Hangzhou, Zhejiang Province, PRC	99.3	31 December 2023	158,535	26.12
Chongxian Port Logistics#	25 August 2015	28.2	No. 5-2, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	31 December 2023	234,395	38.62
Stage 1 Properties of Bei Gang Logistics# – Building 1 to 8	25 August 2015	28.2	No. 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	31 December 2023	1,469,804 (862,810)	242.14 (142.14)
<b>Total investment properties</b>						<b>805,629</b>	<b>849.27</b>
<b>Other assets and liabilities (net)</b>						<b>(710,768)</b>	<b>(749.27)</b>
<b>Net assets of the Group</b>						<b>94,861</b>	<b>100.00</b>

\* Refers to the remaining tenure of underlying land.

# As at 31 December 2022, these two properties were included within assets classified as held-for-sale (Note 14).

The portfolio of ECW comprises seven properties (collectively the "Properties"). The carrying amounts of the investment properties were based on independent valuations as at 31 December 2023 as undertaken by Knight Frank Petty Ltd ("Knight Frank"), an independent valuer. Knight Frank has appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations of the investment properties were based on the Discounted Cash Flow Method and Income Capitalisation Method. Changes in valuations are recognised to the Statement of Total Return.

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

EC World Real Estate Investment Trust ("ECW") is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 5 August 2015 (as amended and restated) between EC World Asset Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore.

ECW was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 July 2016 (the "Listing Date") and was approved for inclusion under the Central Provident Fund Investment Scheme.

The principal activity of ECW and its subsidiaries (the "Group") is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the People's Republic of China (the "PRC").

ECW has entered into several service agreements in relation to the management of ECW and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of the Group ("Deposited Property") (subject to a minimum of S\$12,000 per month), excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee's fees are payable out of the Deposited Property of ECW monthly, in arrears.

(b) Manager's management fees

The Manager is entitled under the Trust Deed to receive the following remuneration:

- (i) a base fee of 10.0% per annum of the Distributable Income (calculated before accounting for the base fee and the performance fee in each financial year); and
- (ii) a performance fee of 25.0% of the difference in Distribution per Unit ("DPU") in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in respect of any financial year exceeds the DPU in the preceding Financial Year, notwithstanding that the DPU in such relevant Financial Year may be less than the DPU in the Financial Year prior to any preceding full Financial Year.

The base fee and performance fee, if any, is payable to the Manager or its nominees in the form of cash and/or Units (as it may in its sole discretion determine). The base fees will be paid quarterly in arrears. The performance fee will be paid annually in arrears.

The Manager had elected to receive 100% (2022: 100%) of the Manager's management fees in the form of cash for the financial year ended 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL INFORMATION (continued)

### (c) Acquisition and Divestment fees

The Manager is entitled to receive the following fees:

- (i) An acquisition fee at the rate of 0.75% for acquisitions from Related Parties (as defined in the Trust Deed) and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion).

In respect of any acquisition of real estate assets from related parties, such a fee should be in the form of Units issued by ECW at prevailing market price(s) instead of cash. Such Units should not be sold within 1 year from the date of their issuance; and

- (ii) A divestment fee at the rate of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of the real estate sold or divested, pro-rated if applicable to the proportion of ECW's interest.

In respect of any sale or divestment of real estate assets to related parties, such a fee should be in the form of Units issued by ECW at prevailing market price(s) instead of cash. Such Units should not be sold within 1 year from the date of their issuance.

The acquisition and divestment fees will be paid in the form of cash and/or Units and are payable as soon as practicable after completion of the respective acquisition or disposal.

### (d) Development management fee

The Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken and managed by the Manager on behalf of ECW.

The development management fee is payable in cash and/or Units, in equal monthly instalment over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs are finalised.

### (e) Fees under the Property Management Agreement

#### (i) Property management services

The Trustee will pay Yuntong Property Management Co., Ltd. (the "Property Manager"), for each financial year (as defined in the Property Management Agreement) for the following management fees:

For the Properties except for Wuhan Meiluote:

- a property management fee of 1.5% per annum of the gross revenue of each property.

For Wuhan Meiluote property:

- a property and lease management fee equivalent to an amount of RMB1,105,400 per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL INFORMATION (continued)

(e) Fees under the Property Management Agreement (continued)

(ii) Marketing services

Under the Property Management Agreement, the Trustee will pay the Property Manager, the following commissions:

- 1 month's gross rent for securing a tenancy of 24 months or more;
- 0.5 month's gross rent for renewal of existing lease; and
- if the new lease secured or lease renewal is for tenure of less than 24 months, the commission shall be calculated on a pro rata basis.

The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties (Note 15) shall only be payable for new leases entered into or existing leases renewed in the year commencing from 1 January 2018 and thereafter.

(iii) Project management fee

The Property Manager is entitled to a project management fee based on the following development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore ("MAS")), refurbishment, retrofitting, addition and alteration or renovation works to the relevant property:

- a fee of 3.25% of the construction costs, where the construction costs are RMB10.0 million;
- a fee of 3.0% of the construction costs, where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million;
- a fee of 2.75% of the construction costs, where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million; and
- a fee to be mutually agreed by the Manager, the Trustee and the Property Manager, where the construction costs exceed RMB250.0 million.

The project management fees will be paid in the form of cash and/or units (as the Manager may in its sole discretion to determine).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 ("RAP 7") "Reporting Framework for Unit Trusts" revised and issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

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

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

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

#### (a) Going concern

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

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

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

- a) The majority lenders are prepared to instruct and authorise the Offshore Facility Agent to commence enforcement actions (the "Enforcement Actions") against the Group if certain conditions and milestones are not fulfilled within the time prescribed.
- b) In this regard, the Enforcement Actions includes, but are not limited to:
  - (i) accelerating the loans under the Offshore Facilities (as defined in the Offshore Facility Agreement);
  - (ii) appointing a receiver and/or exercising the power of sale pursuant to the terms of the Security Documents (as defined in the Offshore Facility Agreement);
  - (iii) exercising or directing the exercise of the voting and other rights attached to the shares subject to the Share Charges (as defined in the Offshore Facility Agreement);
  - (iv) commencing legal proceedings to recover the loans and any unpaid sums under the Offshore Facilities; and
  - (v) applying for the borrower and the guarantors under the Offshore Facility Agreement to be placed into winding up or judicial management (or any analogous procedure in any jurisdiction).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.1 Basis of preparation (continued)

#### (a) Going concern (continued)

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.1 Basis of preparation (continued)

- (b) Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and ECW and had no material effect on the amounts reported for the current and prior financial years.

### 2.2 Revenue recognition

- (a) Rental income from operating leases

Rental income from operating leases (net of any incentives given to the lessees) on investment properties are recognised on a straight-line basis over the lease term.

- (b) Interest income

Interest income is recognised using the effective interest method.

- (c) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are recognised as deferred income.

### 2.4 Expenses

- (a) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are Property Manager's fees which are based on the applicable formula stipulated in Note 1(e).

- (b) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(a).

- (c) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Borrowing costs

Borrowing costs are recognised in the Statement of Total Return using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

### 2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in the Statement of Total Return, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

Except for the tax exemption as described below, taxable income earned by ECW is subject to Singapore income tax at the prevailing corporate tax rate. Such taxable income includes interest income arising from bank deposits placed with financial institutions in Singapore and interest income received in Singapore from financial institutions outside Singapore.

Dividend receivable by ECW from Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd., Magnasset Investment Pte. Ltd., JY Logistics Investment Pte. Ltd. and Realtime Assets Global Pte. Ltd. (the "Singapore Holding Companies") are one-tier tax exempt dividends. The Trustee is not taxed on dividend income distributed by the Singapore Holding Companies resident in Singapore.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.6 Income taxes (continued)

Return of capital and repayment of loan principal are generally regarded as capital in nature and are not taxable in the hands of the Trustee.

Gains arising from the disposal of shares in the Singapore Holding Companies is not subject to Singapore tax unless the gains are considered to be trading gains or gains of an income nature.

### 2.7 Group accounting

#### *Subsidiaries*

#### (i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the net identifiable assets acquired is recorded as goodwill.

#### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to the Statement of Total Return or transferred directly to Unitholders' funds if required by a specific standard.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.7 Group accounting (continued)

*Subsidiaries (continued)*

#### (iii) Disposals (continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the Statement of Total Return.

Refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of ECW.

### 2.8 Investment properties

Investment properties are properties held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value thereafter. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by MAS. Changes in fair values are recognised in the Statement of Total Return.

Investment properties are subject to renovations or improvement at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the Statement of Total Return. The costs of maintenance, repairs and minor improvements are recognised in the Statement of Total Return when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Total Return.

### 2.9 Investment in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment losses in ECW's Statement of Financial Position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the Statement of Total Return.

### 2.10 Impairment of non-financial assets

*Investment in subsidiaries*

Investment in subsidiaries is tested for impairment whenever there is any objective evidence or indication that this asset may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the Statement of Total Return.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as held at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The general 3-stage expected credit loss approach is applicable to all other financial assets at amortised cost.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.11 Financial assets (continued)

#### (c) Recognition and derecognition (continued)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.13 Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Total Return over the period of the borrowings using the effective interest method.

### 2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

The Group obtained rental deposits from tenants and the deposits are initially recognised at fair value. The differences between fair value and cash received are considered as part of the lease payments received and are presented within "Deferred Income". Deferred income is amortised to the profit or loss over the lease term.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the Statement of Total Return when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.18 Leases

*When the Group is a lessor:*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the Statement of Total Return on a straight-line basis over the period of the lease.

*When the Group is a lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use asset of the Group meets the definition of investment property. The Group has applied the fair value model to its investment properties. The right-of-use asset is presented as "Investment Properties".

- Lease liabilities

Lease liability includes the net present value of fixed payments (less any lease incentives receivables) and variable lease payments that depends on an index or rate, initially measured at the applicable index or rate at the lease commencement date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.19 Currency translation

- Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the functional currency of ECW.

- Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statement of Total Return. Monetary items include primarily financial assets (other than equity investment) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, is recognised in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to the Statement of Total Return, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit and loss are presented in the Statement of Total Return within "exchange differences".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

- (c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to the Statement of Total Return on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.20 Units and unit issuance expenses

Proceeds from the issuance of Units in ECW are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

### 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

### 2.22 Distribution policy

With effect from 1 January 2018, ECW's distribution policy is to distribute at least 90% of its distributable income on a semi-annual basis. The actual level of distribution will be determined at the Manager's discretion. Since ECW's first distribution on 28 November 2016 up to the period ending 31 December 2022, ECW had been making distributions on a quarterly basis. On 27 December 2022, the Manager had announced that ECW will make distributions on a half-yearly basis, in respect of the periods commencing on or after 1 January 2023.

In addition, the Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts, the Manager will consider a range of factors including but not limited to ECW's funding requirements, financial position, growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

### 2.23 Non-current disposal groups

Non-current disposal groups (including assets and liabilities) are classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in Statement of Total Return.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions that are material or significant to the financial statements are applied to the following area:

- (a) Fair value estimation of investment properties (Note 15)
- (b) Assessment of impairment allowance of trade and other receivables (Note 11)
- (c) Assessment of impairment allowance of investments in subsidiaries (Note 16)
- (d) Validity of unauthorised mortgages imposed by the Sponsor (Note 25)
- (e) Adequacy of income tax (Note 8)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4. GROSS REVENUE

	Group	
	2023 S\$'000	2022 S\$'000
Rental income	107,648	121,204
Other operating income	122	364
	<b>107,770</b>	121,568

## 5. PROPERTY EXPENSES

	Group	
	2023 S\$'000	2022 S\$'000
Property maintenance and repair expenses	1,341	2,580
Write-back provision for doubtful receivables	–	(102)
Property management fee	1,901	1,990
Business and property-related taxes	5,327	6,144
	<b>8,569</b>	10,612

The Group's daily operations and administrative functions are provided by the Manager and Property Manager. All of the Group's investment properties generate rental income and the above expenses are direct operating expenses arising therefrom.

## 6. FINANCE COSTS

	Group	
	2023 S\$'000	2022 S\$'000
Interest expenses:		
– Borrowings	38,171	29,757
– Financial derivatives	(1,868)	1,899
Amortisation of upfront debt issuance costs	5,368	5,699
Security deposits accretion	3,106	3,191
Others	1,838	1,310
	<b>46,615</b>	41,856

Including the realised fair value gain on financial derivatives of \$1,868,000 (2022: realised fair value loss of \$1,899,000), total net change in fair value of financial derivatives recognised in the Statement of Total Return amounted to a net loss of \$781,000 for the financial year ended 31 December 2023 (2022: net gain of \$3,921,000).

## 7. OTHER TRUST EXPENSES

	Group	
	2023 S\$'000	2022 S\$'000
Audit fees	454	429
Valuation fees	113	129
Consultancy and professional fees	1,200	253
Others	305	321
	<b>2,072</b>	1,132



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8. INCOME TAX (CREDIT)/EXPENSES

	Group	
	2023 S\$'000	2022 S\$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Foreign	<b>21,475</b>	26,981
Withholding tax	<b>1,654</b>	2,967
Deferred income tax (Note 20)	<b>(131,983)</b>	(7,343)
	<b>(108,854)</b>	22,605
– Over provision in prior financial years:		
Current income tax		
– Foreign	–	(28)
	<b>(108,854)</b>	22,577

The income tax (credit)/expense on the results for the financial year differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2023 S\$'000	2022 S\$'000
Total return for the year before income tax	<b>(558,128)</b>	32,687
Tax calculated using Singapore tax rate of 17% (2022: 17%)	<b>(94,882)</b>	5,557
Effects of:		
– Different tax rate in foreign jurisdiction	<b>(35,850)</b>	4,089
– Non-tax-deductible items, net	<b>17,718</b>	6,797
– Income not subject to tax	–	(576)
– Tax losses not recognised	<b>948</b>	630
– Withholding tax	<b>1,654</b>	2,967
– Deferred tax on unremitted overseas earnings	<b>1,396</b>	2,914
– Under provision of tax in prior financial years (net)	<b>162</b>	199
	<b>(108,854)</b>	22,577

The Group has exposure to taxes mainly in Singapore and China. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. Significant estimates and assumptions are required to determine the amount of current and deferred tax that can be recognised and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The carrying amounts of current income tax liabilities and deferred income taxes are as disclosed in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. EARNINGS PER UNIT

The calculation of basic earnings per unit is based on:

	Group	
	2023	2022
Total return attributable to Unitholders of ECW (S\$'000)	<b>(449,274)</b>	10,110
Weighted average number of Units outstanding during the year ('000)	<b>809,838</b>	809,754
Basic and diluted earnings per unit (S\$ cents per share)	<b>(55.48)</b>	1.25

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

## 10. CASH AND BANK BALANCES

	Group		ECW	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank	<b>7,180</b>	6,185	<b>106</b>	1,494
Interest reserves	<b>5,547</b>	14,295	–	–
Cash collaterals	<b>88,237</b>	92,850	–	–
	<b>100,964</b>	113,330	<b>106</b>	1,494

The interest reserves are bank deposits maintained as required by the offshore term loan and onshore term loan facilities agreements. The cash collaterals are cash deposits maintained for the issuance of Standby Letter of Credit ("SBLC") (Note 19).

For the purpose of presenting the Consolidated Statement of Cash Flows, cash and bank balances comprise the following:

	Group	
	2023	2022
	S\$'000	S\$'000
Cash and bank balances (including held for sale)	<b>100,964</b>	158,466
Less:		
Interest reserves <sup>#</sup>	<b>(5,547)</b>	(16,368)
Escrow account <sup>*</sup>	–	(38,660)
Cash collaterals for SBLC facilities	<b>(88,237)</b>	(97,103)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<b>7,180</b>	6,335

<sup>#</sup> Bank deposits maintained as interest reserves, as required by the Offshore Facility and Onshore Facility agreements.

<sup>\*</sup> The balance pertains to a margin deposit of RMB200,000,000 (S\$38,660,000) (the "Margin Deposit") received from Forchn Holdings Group Co., Ltd. on 30 December 2022, in relation the Equity Purchase Agreement (Note 14) and placed in an escrow account of the Onshore Facility agent under the Existing Onshore Bank Loans (Note 19). In 2023, the margin deposits were fully utilised for the repayment of the existing Onshore and Offshore banks loans.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11. TRADE AND OTHER RECEIVABLES

	Group		ECW	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<i>Current</i>				
Trade receivables				
– Related parties*	<b>42,471</b>	519	–	–
– Ultimate holding corporation	<b>11,977</b>	–	–	–
– Non-related parties	<b>2,492</b>	2,713	–	–
Trade receivables (net)	<b>56,940</b>	3,232	–	–
Amounts due from ultimate holding corporation (non-trade)	<b>23,460</b>	1,960	–	–
Amounts due from related parties (non-trade)*	<b>8,213</b>	42	<b>5</b>	–
Amounts due from subsidiaries (non-trade)	–	–	<b>2,966</b>	996
Interest receivables	<b>1,787</b>	782	–	–
VAT receivables	<b>1,358</b>	883	<b>481</b>	186
Other receivables <sup>^</sup>	<b>7,972</b>	8,428	–	–
Less: Allowance for impairment of other receivables (non-related parties)	<b>(1,145)</b>	(1,191)	–	–
Prepayments	<b>102</b>	157	<b>26</b>	21
	<b>98,687</b>	14,293	<b>3,478</b>	1,203

\* Related parties refer to fellow subsidiaries of the ultimate holding corporation.

<sup>^</sup> Includes S\$6,057,000 (RMB32,600,000) receivable from PRC authorities in relation to the final 30% of the compensation package from the compulsory expropriation of Fu Zhuo Industrial (the "Fu Zhuo Compensation").

The amounts due from the ultimate holding corporation, subsidiaries and related parties are unsecured and repayable on demand.

Overdue rent receivables under the master lease agreement with the ultimate holding corporation and fellow subsidiaries are subject to late payment interest of 0.03% (2022: 0.03%) per day.

The Group is carefully monitoring the collection status of the outstanding rent receivables and will recognise impairment allowance where required.

### (a) Assessment of impairment allowance of trade and other receivables

As at 31 December 2023, the total trade and other receivables from the Sponsor Group amounted to S\$86,121,000. No impairment allowance was made for these balances due to the following:

- The rent receivables of RMB224,700,000 (S\$41,749,000) from the Sponsor Group can be fully recovered by the tenancy deposits of RMB345,100,000 (S\$64,120,000) under the master leases agreements (the "MLA Tenancy Deposits"), subject to the Sponsor's agreement to allow tenancy deposits with different Group subsidiaries to be settled on a net basis;
- Based on preliminary discussion with the Sponsor, the Sponsor Group may be agreeable for the MLA Tenancy Deposits to be applied to set off the RMB64,400,000 (S\$11,966,000) rent receivable from the Sponsor Group in relation to the other related-party leases, subject to compliance with all applicable legal and regulatory requirements; and
- Management has been in negotiations with the Sponsor for a master offset agreement (the "Master Offset Agreement") to offset all the receivables from the Sponsor Group against its payables to the Sponsor Group (Note 17).

In relation to the RMB32,600,000 (S\$6,057,000) Fu Zhuo Industrial Compensation, the Manager is exploring various options including divestment of the underlying subsidiary to recover the outstanding receivables. Hence, no impairment allowance was made for this balance as at 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount S\$'000	Group Fair value	
		Assets S\$'000	Liability S\$'000
<b>2023</b>			
<i>Derivatives not held under hedging accounting</i>			
Interest rate swaps	107,000	–	(166)
Cross currency interest rate swaps	72,523	–	(1,713)
		–	(1,879)
<b>2022</b>			
<i>Derivatives not held under hedging accounting</i>			
Interest rate swaps	75,000	500	–
Cross currency interest rate swaps	108,832	–	(1,099)
Currency option	28,706	1,357	–
		1,857	(1,099)

Although the Group has entered into derivatives to economically hedge its interest rate and foreign currency risks, it does not apply hedge accounting.

The Group has entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings (Note 19). Under the swaps, the Group receives Singapore Overnight Rate Average ("SORA") floating interest every 3 months and pays fixed rates of interest varying from 1.96% to 3.98% per annum (2022: 1.39% to 2.62% per annum).

The Group has also entered into cross currency interest rate swaps to manage its exposure to interest rate and exchange rate movements on its United States Dollars ("USD") floating-rate interest-bearing borrowings (Note 19). Under the swaps, the Group receives Secured Overnight Financing Rate ("SOFR") floating interest every 3 months and pays fixed rates of interest varying from 1.79% to 4.19% per annum (2022: 1.77% to 1.79% per annum).

## 13. LOANS TO SUBSIDIARIES

	ECW	
	2023 S\$'000	2022 S\$'000
Loans to subsidiaries	237,057	241,556

The loans to subsidiaries are unsecured, interest free, repayable on demand and approximate their fair values.

## 14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 30 September 2022, the Group's wholly-owned subsidiary, Richwin Investment Pte. Ltd. (the "Vendor"), entered into an equity purchase agreement (the "Equity Purchase Agreement") with subsidiaries of ECW's ultimate holding corporation and sponsor, Forchn Holdings Group Co., Ltd. (the "Sponsor"), namely Hangzhou Futou Beigang Enterprise Management Co., Ltd. ("HFBEM") and Forchn International Pte. Ltd. ("FIPL", and together with HFBEM, the "Purchasers").

Pursuant to the Equity Purchase Agreement, the Group will divest two investment properties, being Beigang Logistics Stage 1 and Chongxian Port Logistics (collectively the "Divestment Properties") via divestment of the Vendor's equity interests in the Hangzhou Bei Gang Logistics Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. (the "Divestment to Sponsor") for RMB1,370,000,000 (S\$264,800,000). The Group intends to use the proceeds from the Divestment to Sponsor to repay 25% of the Group's onshore and offshore borrowings (Note 19).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The Divestment to the Sponsor was approved by ECW's unitholders on 16 December 2022. As at 31 December 2022, the Group received RMB200,000,000 (S\$38,660,000) advance payment from the Purchasers. During the financial year ended 31 December 2023, the Group received a further RMB58,000,000 (S\$11,275,000), S\$4,400,000 and USD7,550,000 (S\$10,189,000) advance payment from the Purchasers. All these advance payments have been utilised for the partial repayment of the existing Onshore and Offshore Facilities.

The entire assets and liabilities related to the Divestment to Sponsor are presented as a disposal group classified as held for sale as at 31 December 2022. Details of the assets of disposal group classified as held-for sale and liabilities directly associated with disposal group classified as held-for sale were as follows:

(a) Details of the assets of disposal group classified as held for sale were as follows:

	<b>Group</b> as at 31 December 2022 S\$'000
Cash and bank balances	45,136
Trade and other receivables	22,358
Investment properties*	392,930
	<u>460,424</u>

\* The investment properties are  
 – stated at fair value based on the agreed property values in the Equity Purchase Agreement; and  
 – mortgaged to secure bank borrowings (Note 19).

(b) Details of the liabilities directly associated with disposal group classified as held for sale were as follows:

	<b>Group</b> as at 31 December 2022 S\$'000
Trade and other payables	35,540
Borrowings	51,297
Current income tax liabilities	4,868
Deferred income tax liabilities	69,348
	<u>161,053</u>

(c) Cumulative income recognised in other comprehensive income relating to disposal group classified as held for sale were as follows:

	<b>Group</b> as at 31 December 2022 S\$'000
Currency translation differences	<u>38,411</u>

Pursuant to the Equity Purchase Agreement, the long-stop date for the completion of the proposed divestment was 31 October 2023 or such other date as may be determined by the Vendor with the approval of the MAS and the independent unitholders. The Sponsor has not been able to obtain sufficient financing for the proposed divestment and hence the Sponsor and the Purchasers were not be able to complete the proposed divestment by the long-stop date. The entire assets and liabilities related to the proposed divestment previously presented as a disposal group classified as held-for-sale were reclassified back to the corresponding assets and liabilities as at 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15. INVESTMENT PROPERTIES

	Group	
	2023	2022
	S\$'000	S\$'000
Beginning of the year	<b>1,076,874</b>	1,673,893
Asset enhancements during the year	<b>23</b>	351
Effect of straight lining of step-up rental	<b>(2,720)</b>	229
Net change in fair value of investment properties	<b>(606,750)</b>	(38,859)
Disposals during the year	<b>(3)</b>	(21,878)
Transfer from/(to) disposal group (Note 14)	<b>392,930</b>	(392,930)
Currency translation differences	<b>(54,725)</b>	(143,932)
End of the year	<b>805,629</b>	1,076,874

Details of the investment properties are shown in the Investment Properties Portfolio Statement.

All investment properties are mortgaged to secure bank borrowings (Note 19).

The overall portfolio valuation in RMB terms decreased from RMB7,604,000,000 (equivalent to S\$1,469,804,000) as at 31 December 2022 to RMB4,336,000,000 (equivalent to S\$805,629,000) as at 31 December 2023.

(a) Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of the financial year based on the properties' highest and best use. As at 31 December 2023, the fair values of the properties have been determined by Knight Frank Petty Ltd ("Knight Frank") (2022: Jones Lang LaSalle Corporate Appraisal and Advisory Limited). The independent valuer is of the view that the valuation techniques and key inputs adopted are reflective of the current market conditions based on information available as at 31 December 2023. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers.

Knight Frank has initially stated in the valuation reports for Stage 1 Properties of Bei Gang Logistics ("BGWL"), Chongxian Port Logistics ("CXPL") and Fuzhou E-commerce ("FZDS") that there may be potential violations of legal use due to certain tenants who are leasing the space for use other than the approved use per the properties' title deeds. Subsequently, Knight Frank confirmed in writing that the potential violations of legal use stated in the valuation reports is no longer applicable pursuant to a legal advice obtained by the Manager, and the valuation of these properties will not be impacted.

(b) Valuation techniques and key unobservable inputs

Fair values based on valuation reports are measured under Level 3 of the fair value hierarchy which included significant unobservable inputs in the valuation techniques used.

The following table presents the valuation techniques and key unobservable inputs that were used to determine the fair value of the investment properties classified under Level 3 of the fair value hierarchy:

Description	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	Discounted cash flow	Terminal capitalisation rate	5.25% – 6.5% (2022: 5.5% – 6.0%)	The higher the terminal capitalisation rate, the lower the valuation.
		Discount rate	7.75% – 9.0% (2022: 8.5% – 8.75%)	The higher the discount rate, the lower the valuation.
	Income capitalisation	Term Yield	4.75% – 6.5% (2022: 5.0% – 5.5%)	The higher the term yield, the lower the valuation.
		Reversionary Yield	5.25% – 7.0% (2022: 5.5% – 6.0%)	The higher the reversionary yield, the lower the valuation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15. INVESTMENT PROPERTIES (continued)

### (c) Other significant valuation assumptions

The fair values of BGWL, Chongxian Port Investment ("CXPI"), CXPL, FZDS and Fu Heng Warehouse ("FHCC"), which totalled RMB3,350,000,000 (S\$622,430,000) are sensitive to assumptions regarding the outcome of the lease restructuring and termination of master leases and related party leases with the Sponsor Group. The valuation by Knight Frank assumed that the master leases for CXPI, FZDS and FHCC were terminated on 31 December 2023. In light of the underlying leases novation progress and on-going negotiation with Sponsor Group on the Master Offset Agreement, the Manager further engaged Knight Frank to perform a sensitivity assessment over the valuation of CXPI, FZDS and FHCC. Based on the sensitivity assessment, assuming master leases for CXPI, FZDS and FHCC were terminated on 30 April 2024 instead, the overall valuation of ECW's properties will increase by 1.5% to RMB4,401,000,000 (S\$817,706,000), while the net asset value of the Group will increase by 9.5% to S\$103,919,000.

### (d) Disposals during the year ended 31 December 2022

On 9 March 2022, the Group entered into an expropriation and compensation agreement (the "Expropriation Agreement") with the PRC authorities in relation to the compulsory expropriation of Fu Zhuo Industrial (the "Compulsory Expropriation"). Under the terms of the Expropriation Agreement, the PRC authorities shall provide a compensation package (the "Compensation Package") amounting to RMB108,500,000, which resulted in a fair value loss of RMB8,500,000 (S\$1,800,000). On 30 September 2022, the Group completed the de-registration of the real property right in Fu Zhuo Industrial and the property was derecognised. As of 31 December 2022, 70% of the Compensation Package (RMB76,000,000) were received from the authorities.

On 27 May 2022, the Group also entered into a pre-termination compensation agreement with the third-party tenant resulting from the Compulsory Expropriation (the "Pre-Termination Compensation") and recognised a pre-termination compensation expense of RMB19,200,000 (S\$4,106,000). As at 31 December 2022, RMB13,400,000 (S\$2,600,000) of Pre-Termination Compensation were paid to the tenant.

## 16. INVESTMENTS IN SUBSIDIARIES

	<b>ECW</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Equity investments at cost		
Beginning and end of financial year	<b>39,588</b>	39,588

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 16. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2023 %	2022 %	2023 %	2022 %
Fullwealth Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
Richwin Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
Prorich Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
Richport Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
Magnasset Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
JY Logistics Investment Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
ECW Treasure Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
ECW Treasure 1 Pte. Ltd.*	Investment holding	Singapore	<b>100</b>	100	<b>100</b>	100
Flutric Investments Limited <sup>^</sup>	Investment holding	British Virgin Islands	<b>100</b>	100	<b>100</b>	100
Realtime Assets Global Pte. Ltd.*	Investment holding	Singapore	–	–	<b>100</b>	100
Hangzhou Chongxian Port Investment Co., Ltd. <sup>#</sup>	Port logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100
Hangzhou Chongxian Port Logistics Co., Ltd. <sup>#</sup>	Port logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100
Hangzhou Fu Zhuo Industrial Co., Ltd. <sup>#</sup>	Port logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 16. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2023 %	2022 %	2023 %	2022 %
Hangzhou Bei Gang Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100
Hangzhou Fu Heng Warehouse Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100
Zhejiang Hengde Sangpu Logistics Co., Ltd.#	Specialised logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100
Wuhan Fute Logistics Co., Ltd.#	Investment holding	People's Republic of China, Wuhan	–	–	<b>100</b>	100
Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Wuhan	–	–	<b>100</b>	100
Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd.^	Supply chain management	People's Republic of China, Shanghai	–	–	<b>100</b>	100
Zhejiang Fuzhou E-Commerce Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	<b>100</b>	100

\* Audited by PricewaterhouseCoopers LLP, Singapore

# Audited by PricewaterhouseCoopers Zhong Tian LLP, People's Republic of China for the purpose of ECW's consolidated financial statements

^ The entity is not subject to audit.

### (a) Assessment of impairment allowance of investments in subsidiaries

As at 31 December 2023, impairment indicators have been identified for the ECW's investment in a subsidiary, Flutric Investments Limited ("FIL") where the net asset value of FIL of S\$18,466,000 is below the carrying value of S\$39,588,000. Based on the Manager's assessment, the recoverable value of the ECW's subsidiaries is sufficient to support the carrying value of FIL and is exploring various options including restructuring of the Group entities to recover the carrying value. Hence, no impairment allowance was made for this subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 17. TRADE AND OTHER PAYABLES

	Group		ECW	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<i>Current</i>				
Trade payables to:				
– non-related parties	<b>2,049</b>	918	<b>717</b>	14
– related parties*	<b>7,914</b>	2,419	<b>2,685</b>	–
Interest payables	<b>5,348</b>	1,516	–	–
Accruals:				
– operating expenses	<b>2,297</b>	2,781	<b>1,026</b>	2,806
– construction costs	<b>321</b>	334	–	–
Other payables				
– non-related parties <sup>^</sup>	<b>13,424</b>	4,315	<b>118</b>	–
– related parties*	<b>18,357</b>	86	–	–
Deferred distribution				
– non-related parties	<b>9,468</b>	–	<b>9,468</b>	–
– related parties*	<b>9,348</b>	–	<b>9,348</b>	–
Deposits	<b>896</b>	692	–	–
Advance receipt for disposal of assets (Note 14)	<b>59,778</b>	38,660	–	–
Tenancy related deposits	<b>61,268</b>	–	–	–
Deferred income	<b>2,841</b>	1,898	–	–
Rental received in advance	<b>63</b>	1,639	–	–
	<b>193,372</b>	55,258	<b>23,362</b>	2,820
<i>Non-current</i>				
Tenancy related deposits	<b>69</b>	38,864	–	–
Deferred income	<b>162</b>	2,065	–	–
	<b>231</b>	40,929	–	–
	<b>193,603</b>	96,187	<b>23,362</b>	2,820

\* Related parties refer to the Property Manager and fellow subsidiaries of the ultimate holding corporation.

<sup>^</sup> Includes S\$1,100,000 (RMB5,800,000) unpaid pre-termination compensation to third party tenant in relation to the compulsory expropriation of Fu Zhuo Industrial (Note 15(d)).

The amounts due to related parties are unsecured, interest-free and repayable on demand.

The fair value of the non-current tenancy related deposits approximates its carrying value as at reporting date.

## 18. LOANS FROM SUBSIDIARIES

	ECW	
	2023 S\$'000	2022 S\$'000
Loans from subsidiaries	<b>343,615</b>	372,420

The loans from subsidiaries are unsecured, interest-free, repayable on demand and approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. BORROWINGS

	Borrowings before unamortised costs S\$'000	Group unamortised costs S\$'000	Borrowings net of unamortised costs S\$'000
<b>2023</b>			
<i>Current</i>			
Secured bank borrowings			
– Onshore Facility	<b>136,606</b>	<b>(2,810)</b>	<b>133,796</b>
– Offshore Facility	<b>344,248</b>	<b>(1,265)</b>	<b>342,983</b>
	<b>480,854</b>	<b>(4,075)</b>	<b>476,779</b>
– Revolving credit facilities	<b>82,300</b>	<b>–</b>	<b>82,300</b>
Total borrowings	<b>563,154</b>	<b>(4,075)</b>	<b>559,079</b>
<b>2022</b>			
<i>Current</i>			
Secured bank borrowings			
– Onshore Facility	110,506	(512)	109,994
– Offshore Facility	394,816	(1,174)	393,642
	505,322	(1,686)	503,636
– Revolving credit facilities	89,500	–	89,500
Total borrowings	594,822	(1,686)	593,136

The maturity of the borrowings are as follows:

	Group 2023 S\$'000	2022 S\$'000
Within 1 year	<b>559,079</b>	593,136

### Measurement of fair value

Both the onshore and offshore facilities are interest-bearing borrowings which are repriced upon revision of People's Bank of China ("PBOC") Lending Base Rate, Loan Prime Rate ("LPR"), SGD SORA and USD SOFR. The carrying amounts of the borrowings as at reporting date approximate to their corresponding fair values.

#### (a) Onshore Facility

The existing onshore facility have been refinanced in full with an aggregate principal amount of up to RMB745,500,000 (S\$138,500,000) in May 2023. The onshore borrowers are the Group's subsidiaries namely, Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd. (collectively, "Onshore Borrowers").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. BORROWINGS (continued)

### (a) Onshore Facility (continued)

As at 31 December 2023, the Onshore Facility is secured by:

- i) a first ranking pledge over the entire issued equity interest of three of the Group's subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd. held by Wuhan Fute Logistics Co., Ltd.;
- ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the "Onshore Guarantors" refer to the Group's subsidiaries, Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;
- iii) a first ranking mortgage over the Properties;
- iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;
- v) an assignment of all material agreements in relation to the Properties;
- vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent (being DBS Bank (China) Limited, Hangzhou Branch) named as the first beneficiary;
- vii) an assignment of all present and future rights and interests of the Onshore Borrowers and Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder's loans;
- viii) a subordination deed in relation to the inter-company debts and shareholder's loans made to the Onshore Borrowers; and
- ix) any other security as may be reasonably required by the lenders.

The blended all-in interest rate for the quarter and 12 months ended 31 December 2023 is 7.2% (2022: 6.9%) and 7.2% (2022: 7.6%) respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2023 was 6.1% (2022: 5.5%) and 5.9% (2022: 6.4%) respectively.

Refer to Note 33(b) for updates occurring after reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. BORROWINGS (continued)

### (b) Offshore Facility

The existing offshore bank loans have been refinanced in full with the aggregate principal of up to S\$348,900,000 in May 2023. The offshore borrowers are ECW Treasure Pte. Ltd. ("ECWT") and Zhejiang Fuzhou E-commerce Co. Ltd. ("Offshore Borrowers").

The Offshore Facility is secured by:

- i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the "BVI Holding Company") and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. ("ECWT");
- iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;
- iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$9,778,333.56 and US\$2,017,518.86; and
- v) A debenture over all the assets of the Trustee (in its capacity as trustee of ECW) relating to and/or in connection with the Properties, and debentures over all of the assets of each of the Singapore Holding Companies and ECWT.

The blended all-in interest rate for the quarter and 12 months ended 31 December 2023 was 8.5% (2022: 6.3%) and 7.5% (2022: 5.7%) respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2023 was 7.4% (2022: 5.5%) and 6.5% (2022: 4.7%) respectively.

As at 31 December 2023, S\$246,800,000 and US\$75,500,000 (S\$102,100,000) of the above facility were drawn down and 53% (2022: 45%) of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

Refer to Note 33(b) for updates occurring after reporting date.

### (c) Revolving credit facilities

As at 31 December 2023, ECW had drawn down a total of S\$82,300,000 short-term loan from United Overseas Bank Ltd and Bank of East Asia Limited, Singapore Branch, backed by SBLC issued by United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB474,900,000 (S\$88,200,000). The interest rates ranged from 5.0% to 5.39% (2022: 2.96% to 5.55%) per annum for the quarter and 4.19% to 5.55% (2022: 1.35% to 5.55%) for 12 months ended 31 December 2023.

Refer to Note 33 for updates occurring after reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. BORROWINGS (continued)

### (d) All-in interest rates

The blended all-in interest rate of the aggregate facilities for the quarter and 12 months ended 31 December 2023 was 7.6% (2022: 6.2%) and 7.2% (2022: 5.8%) respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2023 was 6.7% (2022: 5.4%) and 6.3% (2022: 4.9%) per annum respectively. At the end of the period, the aggregate leverage for the Group was 57.9% (31 December 2022: 38.8%) and the interest coverage ratio was 2.11 times (31 December 2022: 2.68 times).

### (e) Mandatory repayment during the year

During the year, the Group made a partial settlement of the mandatory repayment totalling RMB87,900,000 (S\$17,000,000) towards the Onshore Facility, and S\$39,400,000 and USD6,900,000 (S\$9,200,000) towards the Offshore Facility. The proceeds for the partial settlements were from the advance payments received from the Purchasers of the proposed divestment (Note 14). Net of the partial repayment of S\$65,600,000 disclosed above, the remaining mandatory repayment amount as per the Onshore Facility agreement and Onshore Facility agreement, is estimated to be S\$82,200,000.

### (f) Occurrence of events of default

The Onshore Facility agreement and the Offshore Facility agreement have cross-default provisions, where default of the Offshore Facility shall automatically trigger default of the Onshore Facility and vice versa.

As at 31 December 2023, the events of default which have occurred for the Offshore Facility include but are not limited to:

- (i) Clause 6.1 (Repayment), the Offshore Borrowers shall repay the Offshore loans on the maturity date (30 April 2024) and each borrower may not reborrow any part of Offshore Facility which is repaid;
- (ii) Clause 7.5(e) (Mandatory prepayment), if the maximum aggregate amount of the Onshore and Offshore loans outstanding exceeds the lowest of (i) S\$498,000,000, (ii) 45% of the aggregate valuation of the Properties and (iii) 40% of the deposited property of ECW (the "Relevant Prepayment Conditions"), the Borrowers shall within three (3) business days upon notification repay or prepay the loans such that the maximum aggregate amount of the Onshore and Offshore loans outstanding will be no more than the lowest of Relevant Prepayment Conditions;
- (iii) Clause 7.8 (Delisting/Suspension of Trading), if the Units are delisted or suspended from trading for more than five (5) consecutive trading days (or such longer period as may be agreed by all the lenders);
- (iv) Clause 18.23(c) and (g) (Properties), FHCC and FZDS are free from security, restrictions and onerous covenants other than those created pursuant to any of the finance documents;
- (v) Clause 18.26(c) (No Financial Indebtedness, guarantees or Security), no security or quasi security exists over all or any of the undertakings, assets or revenues of any member of the Group other than as permitted under Clause 21.3(b) (Negative Pledge);
- (vi) Clause 21.3 (Negative pledge), no member of the Group shall create or permit to subsist any security or quasi security over any of their respective undertakings, assets or revenues;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. BORROWINGS (continued)

- (f) Occurrence of events of default (continued)
- (vii) Clause 21.20 (Onshore Borrower and Obligor Covenants), the Onshore Borrowers and the other onshore guarantors to comply with each of the covenants and agreements in favour of the onshore finance parties in the onshore finance documents and each other obligor to comply with each of the covenants and agreements in favour of the security agent in the relevant security documents;
- (viii) Clause 21.22(g) (Conditions subsequent), the proposed divestment shall take place by no later than the divestment longstop date unless the facility agent is satisfied that, on or before the divestment longstop date, an amount equal to the relevant mandatory prepayment amount has been paid by the borrowers and/or the guarantors; and
- (ix) Clause 22.3 (Offshore Interest Reserve Accounts), ECW shall top up the offshore interest reserve accounts (SGD) and (USD) within five (5) business days of its release.
- (x) Clause 20.1 (Financial covenants), the Group shall, at all times meet the following financial covenants:

<b>Financial covenants</b>		<b>Before proposed divestment*</b>	<b>After proposed divestment*</b>
(a)	Unitholders' funds being no less than	S\$500,000,000	S\$450,000,000
(b)	Loan-to-value ratio being no more than	0.45 to 1	0.45 to 1
(c)	Interest coverage ratio being no less than	2 to 1	1.75 to 1
(d)	Ratio of the total liabilities to the Deposited Property (Aggregate Leverage) being no less than	0.40 to 1	0.40 to 1

\* The proposed divestment refers to the divestment of the Divestment Properties (Note 14) to the Sponsor which was not completed as the Sponsor had not been able to obtain sufficient financing.

The Manager is in the process of seeking various waivers from the lenders of the Offshore Facility in relation to, among others, the foregoing.

## 20. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the Statement of Financial Position as follows:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Deferred income tax liabilities		
– To be settled after 1 year	<b>122,089</b>	194,184
Deferred income tax assets		
– To be recovered after 1 year	<b>(348)</b>	(209)
Deferred income tax liabilities (net)	<b>121,741</b>	193,975

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 20. DEFERRED INCOME TAX (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

### Deferred tax liabilities

	Fair value movement on investment properties S\$'000	Accelerated tax depreciation S\$'000	Unremitted overseas earnings S\$'000	Total S\$'000
<u>Group</u>				
<b>2023</b>				
Beginning of the year	190,383	887	2,914	194,184
Tax charged/(credited) for the year	(132,703)	(382)	1,396	(131,689)
Transferred to asset classified as held for sale (Note 14)	69,228	120	–	69,348
Write-off	–	(146)	–	(146)
Currency translation differences	(9,574)	(34)	–	(9,608)
End of the year	<b>117,334</b>	<b>445</b>	<b>4,310</b>	<b>122,089</b>
<b>2022</b>				
Beginning of the year	295,559	1,038	–	296,597
Tax charged/(credited) for the year	(10,495)	230	2,914	(7,351)
Transferred to asset classified as held for sale (Note 14)	(69,228)	(120)	–	(69,348)
Write-off	–	(169)	–	(169)
Currency translation differences	(25,453)	(92)	–	(25,545)
End of the year	190,383	887	2,914	194,184

### Deferred tax assets

	Provisions and others S\$'000
<u>Group</u>	
<b>2023</b>	
Beginning of the year	(209)
Tax charged for the year	(294)
Write-off	146
Currency translation differences	9
End of the year	<b>(348)</b>
<b>2022</b>	
Beginning of the year	(423)
Tax charged for the year	8
Write-off	169
Currency translation differences	37
End of the year	(209)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21. DEFERRED GOVERNMENT GRANT

	<b>Group</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Deferred government grant	<b>751</b>	837

## 22. UNITS IN ISSUE

	<b>Group and ECW</b>	
	<b>2023</b>	2022
	<b>No. of</b>	No.
	<b>Units</b>	of Units
	<b>'000</b>	'000
<i>Units in issue</i>		
Beginning of the year	<b>809,838</b>	809,492
Issue of Units:		
– Manager's performance fees paid in units	–	346
End of the year	<b>809,838</b>	809,838

During the financial year, no new Units was issued (2022: 346,736 new Units), in respect of the payment of management fees in Units. For prior issuance of units, the issue price was determined based on the volume-weighted average price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

Each unit in the ECW represents an undivided interest in the REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of ECW by receiving a share of all net cash proceeds derived from the realisation of the assets of ECW less any liabilities, in accordance with their proportionate interests in ECW. However, a Unitholder does not have the right to require that any assets (or part thereof) of ECW be transferred to him; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued units of ECW) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any units in ECW. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of ECW exceed its assets.

## 23. LEASES – THE GROUP AS A LESSEE

### Nature of the Group's leasing activities

Leasehold land

The Group has made an upfront payment to secure the right-of-use of the leasehold land with remaining terms of lease from 28.2 to 41.5 years, which is used in the Group's operations. This leasehold land is recognised within investment properties (Note 15).

There is no externally imposed covenant on these lease arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24. LEASES – THE GROUP AS A LESSOR

### Nature of the Group's leasing activities – Group as a lessor

The Group has leased out its owned investment properties to related parties and non-related parties for monthly lease payments. The lease contracts have varying terms, escalation clauses, renewal rights and do not contain any variable lease payment. They are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

The Group is exposed to changes in residual value of properties at the end of current lease arrangement. The residual value risk borne by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- Achieve the longest weighted average lease term possible;
- Minimise vacancy rates across all properties; and
- Minimise the turnover of tenant with high quality credit ratings.

Lease agreements may include a clause requiring the tenant to reinstate the leased space to its original state when the lease expires and the tenant decides not to renew the lease agreement. This contributes to the maintenance of the property and allows for the space to be re-let quickly once a tenant has departed. In addition, the Group has an annual capitalised expenditure plan reviewed periodically as situations arise for ad hoc improvement works to keep properties in line with market standards.

Rental income from investment properties are disclosed in Note 4.

The following table shows the maturity analysis of the undiscounted lease payment to be received. For the financial year ended 31 December 2022, the numbers are excluding those relating to disposal group held for sale (Note 14) of S\$32,645,000 for less than one year and S\$20,457,000 for one to two years).

	Group	
	2023 S\$'000	2022 S\$'000
Less than one year	45,343	70,560
One to two years	13,633	53,612
Two to three years	5,037	218
Three to four years	4,436	51
Four to five years	3,860	–
More than five years	1,601	–
<b>Total undiscounted lease payments</b>	<b>73,910</b>	<b>124,441</b>

## 25. CONTINGENT LIABILITIES

On 29 December 2023, the Manager was informed by the Group's onshore security agent (the "Onshore Security Agent") that certain mortgages (the "Relevant Mortgages") have been imposed on three of the Group's properties, namely Fuzhou E-Commerce, Fu Heng Warehouse and Hengde Logistics (collectively, the "Relevant Properties"). The Relevant Mortgages were imposed by ECW's ultimate holding corporation and sponsor, Forchn Holdings Group Co., Ltd. (the "Sponsor") without the consent or knowledge of the Manager or Trustee.

Mortgagee	Group Amount per mortgage agreements	
	RMB'000	S\$'000
Hangzhou Fuyang Futoufa Zhenfu Equity Investment LLP	120,000	22,296
Zhejiang Fuyue Finance Lease Co., Ltd.	148,610	27,612
	268,610	49,908

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 25. CONTINGENT LIABILITIES (continued)

The Relevant Mortgages were created in favour of the above two entities in November 2023 in connection with the Sponsor Group obtaining certain rescue funds of RMB220,000,000 (S\$40,876,000), and ECW is not privy to, and did not consent to, such arrangements. The Relevant Mortgages are generally 3rd, 4th or 5th ranking and therefore have no priority over the existing 1st ranking and 2nd ranking mortgages in respect of the Group's existing facilities (Note 19).

The Manager has taken immediate steps to investigate the circumstances surrounding the imposition of these unauthorised mortgages. Based on the results of the investigation, the unauthorised mortgages arise primarily from the unauthorised use of the respective China subsidiaries' company seal, legal representative seal, finance stamp and/or contract stamp (collectively, the "Relevant Seals and Stamps") and the title deeds of the properties as the Sponsor had by-passed the Group's control procedures for use of the Relevant Seals and Stamps and title deeds. Legal counsel has been engaged to challenge the validity of these mortgages and to seek their removal. More information can be obtained from ECW's various announcements on SGXNet between January and June 2024.

As at 31 December 2023, the maximum liability to the Group arising from the Relevant Mortgages is estimated at RMB268,610,000 (S\$49,908,000). This has been disclosed as a contingent liability and not recognised as a liability on the statement of financial position as based on legal analysis obtained, the Manager is of the view that there is a good chance that the Relevant Mortgages are legally invalid, and the Group does not have any obligations towards the mortgages.

The Group remains committed to ensuring that all its assets are free from unauthorised encumbrances and is taking all necessary steps to resolve this matter promptly.

Refer to Note 33(a) for updates after reporting date.

## 26. CAPITAL COMMITMENTS

Capital expenditures relating to additions to investment properties contracted for at the reporting date but not recognised in the financial statements amounted to S\$24,000 (2022: S\$151,000).

## 27. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency options and forwards, interest rate swaps and borrowings denominated in the respective entities' functional currency to manage certain financial risk exposures.

Risk management is carried out under policies approved by the Board of Directors of the Manager. The Manager provides written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Currency risk

The Group's portfolio of properties is located in PRC, held via special purpose vehicles incorporated in PRC and the cash flows from the operation of the Properties are denominated in RMB. The PRC's special purpose vehicles are held by holding companies in Singapore, which are in turn held by ECW. ECW will pay distributions in Singapore dollars. These various levels of shareholding expose ECW to fluctuations in the currency rates of RMB and SGD. In order to manage the currency risk involved in the investment of assets outside Singapore, the Manager has adopted strategies that may include:

- the use of borrowings denominated in the respective entities' functional currency to match the currency of the investment asset as a natural currency hedge;
  - entering into cross currency interest rate swaps that are used to reduce the Group's exposure to currency risk on its borrowings and interest; and
- entering into currency forward contracts or currency options to manage the foreign currency income received from the onshore assets, back into Singapore Dollars.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<u>Group</u>				
As at 31 December 2023				
<b>Financial assets</b>				
Cash and bank balances	4,022	93,798	3,144	100,964
Trade and other receivables*	16	97,211	–	97,227
Intra-group balances	625,261	376,890	18,575	1,020,726
Total financial assets	<b>629,299</b>	<b>567,899</b>	<b>21,719</b>	<b>1,218,917</b>
<b>Financial liabilities</b>				
Trade and other payables <sup>^</sup>	(8,058)	(122,701)	–	(130,759)
Intra-group balances	(625,261)	(376,890)	(18,575)	(1,020,726)
Borrowings	(326,102)	(133,796)	(99,181)	(559,079)
Total financial liabilities	<b>(959,421)</b>	<b>(633,387)</b>	<b>(117,756)</b>	<b>(1,710,564)</b>
<b>Net financial liabilities</b>	<b>(330,122)</b>	<b>(65,488)</b>	<b>(96,037)</b>	<b>(491,647)</b>
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(24)	–	(24)
Less: Cross currency swaps	–	–	72,523	72,523
Less: Net financial liabilities denominated in the respective entities' functional currency	<b>320,389</b>	<b>16,889</b>	<b>(18,575)</b>	<b>318,703</b>
<b>Net currency exposure</b>	<b>(9,733)</b>	<b>(48,623)</b>	<b>(42,089)</b>	<b>(100,445)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<u>Group</u>				
As at 31 December 2022				
<b>Financial assets</b>				
Cash and bank balances	10,051	98,469	4,810	113,330
Trade and other receivables*	583	12,670	–	13,253
Intra-group balances	679,633	396,207	15,414	1,091,254
Total financial assets	690,267	507,346	20,224	1,217,837
<b>Financial liabilities</b>				
Trade and other payables <sup>^</sup>	(3,366)	(48,559)	–	(51,925)
Intra-group balances	(679,633)	(396,207)	(15,414)	(1,091,254)
Borrowings	(372,735)	(109,994)	(110,407)	(593,136)
Total financial liabilities	(1,055,734)	(554,760)	(125,821)	(1,736,315)
<b>Net financial liabilities</b>	(365,467)	(47,414)	(105,597)	(518,478)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(151)	–	(151)
Less: Currency options	–	28,706	–	28,706
Less: Cross currency swaps	–	–	108,832	108,832
Less: Net financial liabilities denominated in the respective entities' functional currency	328,449	(27,594)	(15,414)	285,441
<b>Net currency exposure</b>	(37,018)	(46,453)	(12,179)	(95,650)

\* Excludes prepayments and VAT receivables

<sup>^</sup> Excludes deferred income, advance receipt and rental received in advance

ECW is not exposed to significant currency risk as its transactions are predominantly denominated in Singapore Dollars.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as RMB and USD. If the RMB and USD strengthened/weakened against the SGD by 5% (2022: 5%) and 5% (2022: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset would decrease/increase the total return by S\$4,049,000 (2022: S\$1,081,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing assets do not generate significant amount of interest, changes in market interest rates do not have significant direct impact to the Group.

The Group's interest rate risk arises from its borrowings which bear variable interest rates (Note 19). Borrowings at variable rates expose the Group to cash flow interest rate risk. The Manager endeavours to utilise interest rate hedging strategies where appropriate from time to time to ensure stable returns to Unitholders.

The Manager will adopt prudent and proactive interest rate management strategies, including interest rate swaps and cross currency interest rate swaps with reputable banks to manage the risk associated with changes in interest rates on the loan facilities while ensuring that ECW's on-going cost of debt capital remains reasonable and continues to create value to the returns to Unitholders.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loan by swapping the interest expense on a proportion of the term loan from floating rates to fixed rates (Note 12).

As at the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<u>Variable rate borrowings</u>		
– Onshore borrowings	<b>136,607</b>	109,994
– Offshore borrowings	<b>344,247</b>	394,817
– Revolving credit facilities	<b>82,300</b>	89,500
	<b>563,154</b>	594,311
<u>Hedging instruments</u>		
– Interest rate swaps	<b>(107,000)</b>	(75,000)
– Cross currency interest rate swaps	<b>(72,523)</b>	(108,832)
Net exposure to interest rate risk	<b>383,631</b>	410,479

A change in the interest rate at the reporting date would have an impact on the total return. If the interest rates increase/decrease by 25 (2022: 25) basis points ("bp") at the reporting date, the total return would be lower/higher by S\$960,000 (2022: S\$1,026,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

ECW does not have significant interest-bearing assets and liabilities. Hence, ECW's subject to insignificant interest risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and ECW are cash and bank balances and trade and other receivables. Cash and bank balances are placed with reputable financial institutions which are regulated and are subject to immaterial credit loss. For certain trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

87% (2022: 18%) of trade and other receivables are due from the Sponsor Group and secured with the security deposits placed with the Group. Refer to Note 11(a) for the Manager's assessment of the credit risk.

The maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for trade and other receivables that are secured with security deposits.

#### *Trade receivables*

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers the security deposits held, historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Where receivables are provided for, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During current financial year, there were no write-back for doubtful receivables (2022: S\$102,000) due to subsequent collections.

The movement in allowance for impairment of other receivables (non-related parties) is as follows:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Beginning of the year	<b>1,191</b>	1,419
Write-back provision for doubtful receivables	<b>–</b>	(102)
Currency translation differences	<b>(46)</b>	(126)
End of the year	<b>1,145</b>	1,191

Impaired receivables (net of security deposits) are written off for when there is no reasonable expectation of recovery, such as a debtor failing to respond to demand letter.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

#### Trade receivables (continued)

The Group's and ECW's credit risk exposure in relation to trade receivables under FRS 109 as at 31 December 2023 are set out in the provision matrix as follows:

	Current S\$'000	Past due				Total S\$'000
		Within 30 days S\$'000	30 to 60 days S\$'000	60 to 90 days S\$'000	More than 90 days S\$'000	
<u>Group</u>						
Expected loss rate	-	-	-	-	-	-
Trade receivables	8,876	9,401	9,355	8,351	20,957	56,940
Loss allowance	-	-	-	-	-	-

#### ECW

There were no trade receivables at ECW level.

The Group's and the ECW's credit risk exposure in relation to trade receivables under FRS 109 as at 31 December 2022 are set out in the provision matrix as follows:

	Current S\$'000	Past due				Total S\$'000
		Within 30 days S\$'000	30 to 60 days S\$'000	60 to 90 days S\$'000	More than 90 days S\$'000	
<u>Group</u>						
Expected loss rate	-	-	-	-	-	-
Trade receivables	1,031	1,001	948	-	252	3,232
Loss allowance	-	-	-	-	-	-

#### ECW

There were no trade receivables at ECW level.

#### Loans to subsidiaries

ECW has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of S\$237,057,000 (2022: S\$241,556,000) and are considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

### (c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash to fund its working capital and financial obligations. At the end of each reporting period, assets held by the Group for managing liquidity risk included cash and short-term deposits. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning the leverage limits (Note 27(d)) and financial covenants imposed by the banks on the various borrowings (Note 19).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (c) Liquidity risk (continued)

The Manager monitors and maintains a level of cash and cash equivalent deemed adequate to finance ECW's operations by requesting funds from the Group's subsidiaries. ECW has control over the subsidiaries and the repatriation of funds from subsidiaries are not subject to restriction.

The table below analyses financial liabilities (including derivative financial liabilities) of the Group and ECW into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximates their carrying amounts as the impact of discounting is not significant.

	<b>Contractual cash flows S\$'000</b>	<b>Within 1 year S\$'000</b>	<b>Within 1 to 2 years S\$'000</b>
<u>Group</u>			
<b>2023</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	<b>(490,201)</b>	<b>(490,201)</b>	–
Revolving credit facilities	<b>(82,957)</b>	<b>(82,957)</b>	–
Trade and other payables*	<b>(105,266)</b>	<b>(105,266)</b>	–
<b>Derivative financial liabilities</b>			
Cross currency interest rate swaps	<b>(1,879)</b>	<b>(1,879)</b>	–
<u>2022</u>			
<b>Non-derivative financial liabilities</b>			
Borrowings	(516,689)	(516,689)	–
Revolving credit facilities	(90,089)	(90,089)	–
Trade and other payables*	(54,698)	(11,545)	(43,153)
<b>Derivative financial liabilities</b>			
Cross currency interest rate swaps	(1,099)	(1,099)	–
		<b>Contractual cash flows S\$'000</b>	<b>Within 1 year S\$'000</b>
<u>ECW</u>			
<b>2023</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables*		<b>(23,362)</b>	<b>(23,362)</b>
Loans from a subsidiary		<b>(343,615)</b>	<b>(343,615)</b>
<u>2022</u>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables*		(2,820)	(2,820)
Loans from a subsidiary		(372,420)	(372,420)

\* Exclude interest payables, deferred income and rental received in advance.

Refer to Note 2.1(a) regarding the measures undertaken by the Manager in addressing the net current liabilities position of the Group and ECW as at 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (d) Capital risk

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property.

Below is the table shows the Aggregate Leverage ratios for the financial years ended 31 December 2023 and 31 December 2022:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<u>Group</u>		
Total borrowings (including held for sale)	<b>581,970</b>	646,310
Total assets	<b>1,005,280</b>	1,666,778
Aggregate Leverage ratio	<b>57.9%</b>	38.8%

As a result of the decline in the property valuations of ECW, the Aggregate Leverage of the Group is 57.9%. Pursuant to paragraph 9.4(a) of the Property Funds Appendix, the Aggregate Leverage Limit of ECW will not be considered to be breached given that the change in the Aggregate Leverage of the Group was due to circumstances beyond the control of the Manager, such as the depreciation in the asset value of the properties of ECW. Nevertheless, under the existing Offshore Facility agreement, the leverage ratio has been breached. In such a scenario, the Manager shall not incur additional borrowings or enter into further deferred payment arrangements. The Manager intends to resolve these issues by restructuring the ECW Group's existing Offshore Facility.

The Manager aims to optimise the capital structure and cost of capital, within the Aggregate Leverage limit in the Property Funds Appendix. Such strategy involves adopting and maintaining an appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

The Manager will periodically review ECW's capital management policy and modify the policy as the Manager deems prudent with regards to prevailing market conditions. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public capital markets through the issuance of bonds to further enhance the debt maturity profile of ECW.

### (e) Financial instruments by category and fair value measurements

The table below presents financial assets and liabilities measured and carried at fair value and classified by the following level of fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (e) Financial instruments by category and fair value measurements (continued)

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 which comprise derivative financial instruments. In frequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

	Carrying amount				Fair value hierarchy			
	Financial asset at fair value through profit or loss S\$'000	Financial asset at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>Group</b>								
<b>2023</b>								
<b>Financial assets</b>								
Cash and bank balances	-	100,964	-	100,964	-	-	-	-
Trade and other receivables*	-	97,227	-	97,227	-	-	-	-
	-	198,191	-	198,191				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	130,759	130,759	-	-	-	-
Borrowings	-	-	559,079	559,079	-	-	-	-
Derivative financial instruments	1,879	-	-	1,879	-	1,879	-	1,879
	1,879	-	689,838	691,717				
<b>2022</b>								
<b>Financial assets</b>								
Cash and bank balances	-	113,330	-	113,330	-	-	-	-
Trade and other receivables*	-	13,253	-	13,253	-	-	-	-
Derivative financial instruments	1,857	-	-	1,857	-	1,857	-	1,857
	1,857	126,583	-	128,440				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	51,925	51,925	-	-	-	-
Borrowings	-	-	593,136	593,136	-	-	-	-
Derivative financial instruments	1,099	-	-	1,099	-	1,099	-	1,099
	1,099	-	645,061	646,160				

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT (continued)

(e) Financial instruments by category and fair value measurements (continued)

	Carrying amount				Fair value hierarchy			
	Financial asset at fair value through profit or loss S\$'000	Financial asset at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>ECW</b>								
<b>2023</b>								
<b>Financial assets</b>								
Cash and bank balances	-	106	-	106	-	-	-	-
Trade and other receivables*	-	2,971	-	2,971	-	-	-	-
Loans to subsidiaries	-	237,057	-	237,057	-	-	-	-
	-	240,134	-	240,134				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	23,362	23,362	-	-	-	-
Loans from a subsidiary	-	-	343,615	343,615	-	-	-	-
	-	-	366,977	366,977				
<b>2022</b>								
<b>Financial assets</b>								
Cash and bank balances	-	1,494	-	1,494	-	-	-	-
Trade and other receivables*	-	996	-	996	-	-	-	-
Loans to subsidiaries	-	241,556	-	241,556	-	-	-	-
	-	244,046	-	244,046				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	2,820	2,820	-	-	-	-
Loans from a subsidiary	-	-	372,420	372,420	-	-	-	-
	-	-	375,240	375,240				

\* Excludes prepayments and VAT receivables

^ Excludes deferred income, advance receipt and rental received in advance

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The immediate and ultimate holding companies are Forchn Global Pte. Ltd. and Forchn Holdings Group Co., Ltd. incorporated in Singapore and the People's Republic of China respectively.

## 29. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subjected to common significant influence. The Manager and the Property Manager are indirect wholly-owned subsidiaries of Forchn Holdings Group Co., Ltd..

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Property management fees paid/payable	<b>(1,901)</b>	(1,990)
Trustee's fees paid/payable	<b>(294)</b>	(327)
Manager's base fees paid/payable	<b>(3,658)</b>	(4,606)
Rental and other related income received/receivable from the ultimate holding corporation and fellow subsidiaries	<b>93,537</b>	97,817
Late payment interest received/receivable from the ultimate holding corporation and fellow subsidiaries	<b>1,106</b>	1,118
Operating lease commitment from fellow subsidiaries where the Group is a lessor	<b>72,678</b>	165,278

Outstanding balances at 31 December 2023, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Notes 11 and 17 respectively.

## 30. FINANCIAL RATIOS

	<b>Group</b>	
	<b>2023</b>	2022
	<b>%</b>	%
Ratio of expenses to weighted average net assets <sup>1</sup>		
– including performance component of Manager's fees	<b>1.72</b>	0.89
– excluding performance component of Manager's fees	<b>1.72</b>	0.89
Portfolio turnover ratio <sup>2</sup>	<b>–</b>	–

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses, borrowing costs and income tax expenses.

2 In accordance with the formulae stated in the CIS Code, the ratio reflects the number of times per year that a dollar of assets is reinvested. The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. SEGMENT INFORMATION

The Group had determined the operating segments based on reports reviewed by Management that are used to make strategic decisions, allocate resources and assess performance. Management comprises the Chief Executive Officer and Chief Financial Officer. Management considers and evaluates the business by the nature of investment properties – port logistics, specialised logistics and E-commerce logistics. These properties are concentrated in one geographical location: People's Republic of China. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property expenses. This is the measure reported to Management for the purpose of assessment of segment performance. In addition, Management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, trust expenses, finance income, finance costs and related assets and liabilities.

Please refer to Note 33(d) events occurring after reporting date for further update.

### Property income and expenses

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Group								
Gross revenue	<b>44,658</b>	50,676	<b>10,847</b>	12,476	<b>52,265</b>	58,416	<b>107,770</b>	121,568
Property expenses	<b>(3,205)</b>	(3,351)	<b>(1,082)</b>	(1,410)	<b>(4,282)</b>	(5,851)	<b>(8,569)</b>	(10,612)
<b>Net property income</b>	<b>41,453</b>	47,325	<b>9,765</b>	11,066	<b>47,983</b>	52,565	<b>99,201</b>	110,956
Net change in fair value of investment properties	<b>(250,050)</b>	(12,952)	<b>(98,659)</b>	(13,083)	<b>(258,041)</b>	(12,824)	<b>(606,750)</b>	(38,859)
Finance income							<b>1,662</b>	1,997
Finance costs							<b>(46,615)</b>	(41,856)
Other trust expenses*							<b>(6,024)</b>	(6,065)
Exchange differences							<b>3,047</b>	4,800
Pre-termination compensation	–	(4,106)	–	–	–	–	–	(4,106)
Net change in fair value of financial derivatives							<b>(2,649)</b>	5,820
Total return for the financial year before income tax							<b>(558,128)</b>	32,687
Income tax credit/(expenses)							<b>108,854</b>	(22,577)
<b>Total return for the financial year after income tax before distribution</b>							<b>(449,274)</b>	10,110

\* Other trust expenses include Manager's fees and Trustee's fees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. SEGMENT INFORMATION (continued)

### Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000
Group Segment assets								
– Investment properties	308,428	422,746	157,187	265,788	340,014	388,340	805,629	1,076,874
– Trade and other receivables	36,883	9,296	3,200	3,256	57,712	801	97,795	13,353
– Assets of disposal group class as held for sale	–	158,893	–	–	–	301,531	–	460,424
Unallocated assets							101,856	116,127
<b>Total assets</b>							<b>1,005,280</b>	<b>1,666,778</b>
Segment liabilities	118,193	147,578	37,181	67,261	139,562	69,387	294,936	284,226
Liabilities associated with disposal group	–	41,545	–	–	–	119,508	–	161,053
Unallocated liabilities							559,079	593,136
– Borrowings							56,404	21,369
– Others								
<b>Total liabilities</b>							<b>910,419</b>	<b>1,059,784</b>

## 32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

**Amendments to FRS 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to FRS 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what FRS 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying this amendment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. EVENTS OCCURRING AFTER REPORTING DATE

### (a) Unauthorised mortgages (Note 25)

Upon letters of demand issued to the Sponsor, the Sponsor initiated and completed the discharge of the unauthorised mortgages imposed on Hengde Logistics and Fu Heng Warehouse on 16 January 2024 and 28 May 2024 respectively. At the date of these financial statements, only the unauthorised mortgage over Fuzhou E-Commerce has not yet been discharged and the maximum financial risk exposure arising remains at RMB268,610,000 (S\$49,908,000), the same amount as at 31 December 2023 as disclosed in Note 25.

As mentioned in the 26 March 2024 Announcement, 31 March 2024 Announcement, 1 May 2024 Announcement and 31 May 2024 Announcement, the Group has submitted pleadings to the relevant PRC court to initiate lawsuits to revoke the Relevant Mortgages on the basis that the Relevant Mortgages are unauthorised (the "Relevant Lawsuits"). As at the date of this financial statements, the case application is being reviewed and is yet to be accepted by the relevant PRC court. If the Group can obtain a favourable judgment in the Relevant Lawsuits, the Group may de-register the Relevant Mortgages with the mortgage registration authority based on the judgment.

On 19 June 2024, the Manager issued a demand letter to the Sponsor to demand that the Sponsor to discharge the outstanding mortgage by 30 June 2024. On 30 June 2024, the Manager issued a demand letter to the Sponsor and stated that the Manager is in the process of initiating the legal proceedings against the relevant parties to seek to recover the losses suffered by the Group by obtaining indemnification from the relevant parties.

### (b) Restructuring and refinancing of bank loan facilities

On 10 June 2024, the Offshore Lenders, through the Offshore Facility Agent, issued a letter to ECW, requiring it to fulfil certain conditions and milestones, among others, that the Group shall divest assets in such amount sufficient to repay the liabilities under the Offshore Facility agreement by 31 May 2025. Refer to Note 2.1(a) for more details. At the date of this financial statements, the Group has not received any notice of enforcement action. The Manager is actively in negotiations with the lenders of the Offshore Facility on refinancing.

The Group is in the final stages of restructuring the existing Onshore Facility by entering into an onshore supplemental agreement which will allow the Group to defer part of the interest expense payments and principal instalment repayments to April 2026. Notwithstanding this, the Onshore Facility and the Offshore Facility have cross-default provisions, where default of the Offshore Facility shall automatically trigger default of the Onshore Facility and the Onshore Facility remains repayable on demand.

### (c) Repayment of revolving credit facilities

On 30 April 2024, approximately S\$62,200,000 of revolving credit facilities had been repaid using the cash collaterals for the SBLs and hence approximately S\$20,100,000 remains outstanding under the revolving credit facilities as at 30 June 2024. As a result of the repayments, the proforma aggregate leverage of ECW (based on the financial position as at 31 December 2023, adjusted for the repayments) had decreased to 55.6%. The Manager will continue to explore options to settle the remaining revolving credit facilities in order to further reduce the aggregate leverage.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. EVENTS OCCURRING AFTER REPORTING DATE (continued)

### (d) Segment reporting

The segment information disclosed in Note 31 was based on the master lease agreements signed with the Sponsor Group. Following the completion of the novation of the underlying leases in 2024H1, there was an adjustment in net lettable area ("NLA") from 954,299 square meters to 927,157 square meters, due to the change in nature of leases from master leases to multiple direct tenants leases. Included in the port logistics segment is approximately 3.6% of total NLA (2.4% of total revenue) of the Group, which was rented to a tenant in the healthcare sector.

### (e) Extension of the 2024 AGM

On 22 March 2024, the Group received waivers from SGX and MAS on the application of extension of time from 30 April 2024 to end of July 2024 to hold the annual general meeting for the financial year ended 31 December 2023 (the "2024 AGM").

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 12 July 2024.

## ADDITIONAL INFORMATION

### A. INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL OF THE SGX-ST) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS (COLLECTIVELY "RELATED PARTY TRANSACTIONS")

The Related Party Transactions entered into during the financial year ended 31 December 2023, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited and the Property Funds Appendix (excluding transactions less than S\$100,000 each) are as follows:

<b>Name of interested person</b>	<b>Aggregate value of all related party transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) S\$'000</b>	<b>Aggregate value of all related party transactions during the financial year under review conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000</b>
EC World Asset Management Pte Ltd		
– Manager's base fees	3,658	–
– Manager's performance fees	–	–
Forchn Holdings Group Co. Ltd. and its subsidiaries		
– Rental income	(12,540)	–
– Late payment fee income	(1,106)	–
– Property management fees	–	–
DBS Trustee Limited		
– Trustee's fees	294	–

Saved as disclosed above, there were no additional interested person/party transactions (excluding transactions less than S\$100,000 each) nor any material contracts entered into by ECW involving the interests of the CEO, each Director or controlling shareholder of the Manager or controlling Unitholder. The entry into and the fees and charges payable (where applicable) by EC World REIT and its subsidiaries under the Trust Deed, the Sponsor ROFR, the ZGB ROFR, the Master Leases, the Corporate Guarantees, the Call Option Agreement, the Grant Agreement, the Outsourcing Agreement, the Deeds of Indemnity, the Master Property Management Agreement and the Individual Property Management Agreements and the leases set out in the Prospectus for Initial Public Offer, section "2016 Other Related Party Transactions", each of which constitutes or will, when entered into, constitute a Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect EC World REIT and its subsidiaries.

## ADDITIONAL INFORMATION

There were no units issued for payment of the performance fees during or in respect of the financial year from 1 January 2023 to 31 December 2023.

Please see Related party transactions in Note 29 to the financial statements.

### **B. UTILISATION OF THE SECURITY DEPOSITS**

As at the reporting date, the Group has received rental deposits of RMB345.1 million (equivalent to S\$64.1 million) from the Master Lease tenants (the "Security Deposits").

As at the reporting date, the management is in the negotiations with the Sponsor to enter a Master Offset Agreement. The Master Offset Agreement will establish the legal right of offset, among other things, the security deposits against rental receivables across different legal entities with the Group and the prepayment, deferred distribution and intercompany loan. There are reasonable grounds to believe that ECW and the Group will be able to settle the Security Deposits at the expiry of the Master Leases.

# STATISTICS OF UNITHOLDINGS

AS AT 21 JUNE 2024

## ISSUED AND FULLY PAID UNITS

Issued and Fully Paid-Up Units: 809,838,247 units (voting rights: one vote per unit)

There is only one class of Units in EC World REIT

## DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	4	0.11	53	0.00
100 – 1,000	422	11.37	324,778	0.04
1,001 – 10,000	1,717	46.26	10,034,700	1.24
10,001 – 1,000,000	1,544	41.59	81,354,767	10.05
1,000,001 AND ABOVE	25	0.67	718,123,949	88.67
<b>TOTAL</b>	<b>3,712</b>	<b>100.00</b>	<b>809,838,247</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	ICBC (SINGAPORE) NOMINEES PRIVATE LIMITED	169,161,480	20.89
2	RAFFLES NOMINEES (PTE.) LIMITED	161,494,900	19.94
3	ABN AMRO CLEARING BANK N.V.	125,363,377	15.48
4	CITIBANK NOMINEES SINGAPORE PTE LTD	87,882,500	10.85
5	DB NOMINEES (SINGAPORE) PTE LTD	40,517,620	5.00
6	DBS NOMINEES (PRIVATE) LIMITED	34,008,595	4.20
7	FORCHN INTERNATIONAL PTE LTD	25,732,615	3.18
8	SNG KAY BOON TERENCE	14,962,100	1.85
9	PHILLIP SECURITIES PTE LTD	8,046,857	0.99
10	MAYBANK SECURITIES PTE. LTD.	6,299,790	0.78
11	OCBC SECURITIES PRIVATE LIMITED	5,990,100	0.74
12	EC WORLD ASSET MANAGEMENT PTE LTD	5,963,325	0.74
13	IFAST FINANCIAL PTE. LTD.	5,084,200	0.63
14	UOB KAY HIAN PRIVATE LIMITED	4,869,500	0.60
15	HSBC (SINGAPORE) NOMINEES PTE LTD	3,963,600	0.49
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,675,390	0.45
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,493,500	0.43
18	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,003,100	0.25
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,820,900	0.22
20	HUANG JIAN	1,591,200	0.20
	<b>TOTAL</b>	<b>711,924,649</b>	<b>87.91</b>

# STATISTICS OF UNITHOLDINGS

AS AT 21 JUNE 2024

## SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 21 JUNE 2024

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of EC World REIT as at 15 June 2023 are as follows:

	<b>Names of Substantial Unitholders</b>	<b>No. of Units Direct Interest</b>	<b>No. of Units Deemed Interest</b>
1	Forchn Global Pte. Ltd. <sup>(1)</sup>	322,957,200	–
2	Forchn International Pte. Ltd. <sup>(2)</sup>	25,732,615	328,920,525
3	Forchn Holdings Group Co., Ltd. <sup>(3)</sup>	–	354,653,140
4	Zhang Guobiao <sup>(4)</sup>	–	354,653,140
5	Zhang Zhangsheng <sup>(5)</sup>	–	354,653,140
6	China Dongxiang (Group) Co., Ltd. <sup>(6)</sup>	25,020,700	128,998,815
7	Hong Kong Dongxiang Sports Development Holdings Limited <sup>(6)</sup>	–	128,998,815
8	Gaea Sports Limited <sup>(6)</sup>	–	128,998,815
9	Fosun International Holdings Ltd.	73,966,000	–
10	Guo Guangchang <sup>(7)</sup>	–	73,966,000
11	Sunkits Resources Limited	81,526,700	–
12	China Cinda (HK) Asset Management Co., Limited <sup>(8)</sup>	–	81,526,700
13	China Cinda (HK) Holdings Company Limited <sup>(9)</sup>	–	81,526,700
14	China Cinda Asset Management Co., Ltd. <sup>(10)</sup>	–	81,526,700
15	Ministry of Finance of The People's Republic of China <sup>(11)</sup>	–	81,526,700
16	Dazhong Capital (Hong Kong) Co Ltd	43,546,300	–
17	Yang Yiqing <sup>(12)</sup>	–	43,546,300
18	Franklin Medici Alternative Investment VCC <sup>(13)</sup>	–	58,000,000

### Notes:

- (1) Forchn Global has a total direct interest in 32,957,200 units, out of which, (A) 40,191,000 units have been charged to Ali CN; and (B) 58,000,000 units have been charged to Franklin Medici Alternative Investment VCC (for itself and for the purpose of FM REAL ESTATE FUND); (C) 34,000,000 units have been charged to Bright Oasis Vision Limited; and (d) 103,266,200 units have been charged to the Chargee.
- (2) Forchn International Pte. Ltd. is deemed to be interested in the Units held by its wholly-owned subsidiaries, Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- (3) Forchn Holdings Group Co., Ltd. is the sole shareholder of Forchn International Pte. Ltd., which is in turn the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd. Accordingly, Forchn Holdings Group Co., Ltd. is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- (4) Zhang Guobiao owns 80% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- (5) Zhang Zhangsheng owns 20% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Zhangsheng is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- (6) Forchn Global Pte. Ltd. granted a charge over 103,266,200 units and Forchn International Pte. Ltd. granted a charge over 25,732,615 units (together with the 103,266,200 units, "Charged Units") to Gaea Sports Limited to secure certain obligations of Forchn International Co. Limited to Gaea Sports Limited ("the Chargee"). Gaea Sports Limited is deemed to be interested in the Charged Units.

Hong Kong Dongxiang Sports Development Holdings Limited is the sole shareholder of the Chargee. China Dongxiang (Group) Co., Ltd. is the sole shareholder of Hong Kong Dongxiang Sports Development Holdings Limited and the ultimate holding company of the Chargee. Accordingly, China Dongxiang (Group) Co., Ltd. and Hong Kong Dongxiang Sports Development Holdings Limited are deemed to have an interest in the Units held by Gaea Sports Limited. Further, China Dongxiang (Group) Co., Ltd. directly holds 25,020,700 units in EC World REIT.

- (7) 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..

# STATISTICS OF UNITHOLDINGS

AS AT 21 JUNE 2024

- (8) China Cinda (HK) Asset Management Co., Limited. is deemed to be interested in the Units held by its wholly-owned subsidiary, Sunkits Resources Limited.
- (9) 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.
- (10) 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% owned by China Cinda Asset Management Co., Ltd..
- (11) 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., Ltd. is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited, which is in turn 100% 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..
- (12) Dazhong Capital (Hong Kong) Co Ltd is a company wholly owned by Yang Yiqing. Therefore, Yang Yiqing is deemed to be interested in all the Units held by Dazhong Capital (Hong Kong) Co Ltd.
- (13) Forchn Global Pte. Ltd. granted a charge over 58,000,000 units ("Charged Units") to Franklin Medici Alternative Investment VCC, to secure certain obligations of Forchn International Pte. Ltd. to Franklin Medici Alternative Investment VCC. Franklin Medici Alternative Investment VCC is deemed to be interested in the Charged Units.

## UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2024

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units issued by EC World REIT.

Name of Director	No. of Units Direct Interest	No. of Units Deemed Interest
1. Zhang Guobiao <sup>(1)</sup>	–	354,653,140
2. Goh Toh Sim	1,052,675	–
3. Chan Heng Wing	300,000	–
4. Chia Yew Boon	200,000	–

### Note:

- (1) Zhang Guobiao owns 80% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..

## FREE FLOAT

Based on information available to the Manager as at 21 June 2024, approximately 31.44% of the Units in EC World REIT are held in public hands. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

This page has been intentionally left blank

This page has been intentionally left blank



# CORPORATE INFORMATION

## **EC World Real Estate Investment Trust**

### **Registered Address**

DBS Trustee Limited, 12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

### **Website & Email Address**

www.ecwreit.com  
ir@ecwreit.com

### **Trustee**

DBS Trustee Limited, 12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: +65 6878 8888  
Fax: +65 6878 3977

### **The Manager**

#### **Registered Address**

EC World Asset Management Pte. Ltd.  
6 Shenton Way #41-03, OUE Downtown 1  
Singapore 068809  
Tel: +65 6221 9018  
Fax: +65 6221 9338

### **Board of Directors**

#### **Zhang Guobiao**

Chairman and Non-Executive Director

#### **Chan Heng Wing**

Independent Non-Executive Director and  
Lead Independent Director

#### **Wong See Hong**

Independent Non-Executive Director

#### **Chia Yew Boon**

Independent Non-Executive Director

#### **Li Guosheng**

Independent Non-Executive Director

#### **Goh Toh Sim**

Executive Director and Chief Executive Officer

### **Auditor**

#### **PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants  
7 Straits View, Marina One East Tower, Level 12  
Singapore 018936  
Tel: +65 6236 3388  
Fax: +65 6236 3300

### **Partner-In-Charge:**

Lee Zhen Jian (effective from  
financial year ended 31 December 2022)

### **Audit and Risk Committee**

#### **Wong See Hong**

Chairman

#### **Chia Yew Boon**

#### **Li Guosheng**

### **Nominating and Remuneration Committee**

#### **Li Guosheng**

Chairman

#### **Zhang Guobiao**

#### **Chan Heng Wing**

#### **Chia Yew Boon**

### **Company Secretary of The Manager**

Josephine Toh

### **Legal Adviser**

#### **Allen & Gledhill LLP**

One Marina Boulevard #28-00, Singapore 018989  
Tel: +65 6890 7188  
Fax: +65 6327 3800

### **Stock Code**

BWCU

### **Unit Registrar**

#### **Boardroom Corporate & Advisory Services Pte. Ltd.**

1 Harbourfront Avenue #14-07, Keppel Bay Tower  
Singapore 098632  
Tel: +65 6536 5355  
Fax: +65 6536 1360



**EC World**  
运通网城 REIT

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
MANAGED BY EC WORLD ASSET MANAGEMENT PTE. LTD.  
6 SHENTON WAY, #41-03 OUE DOWNTOWN 1  
SINGAPORE 068809  
[WWW.ECWREIT.COM](http://WWW.ECWREIT.COM)