

BUILDING ON

Strong Foundations

ANNUAL REPORT
2019



EC World
运通网城 REIT

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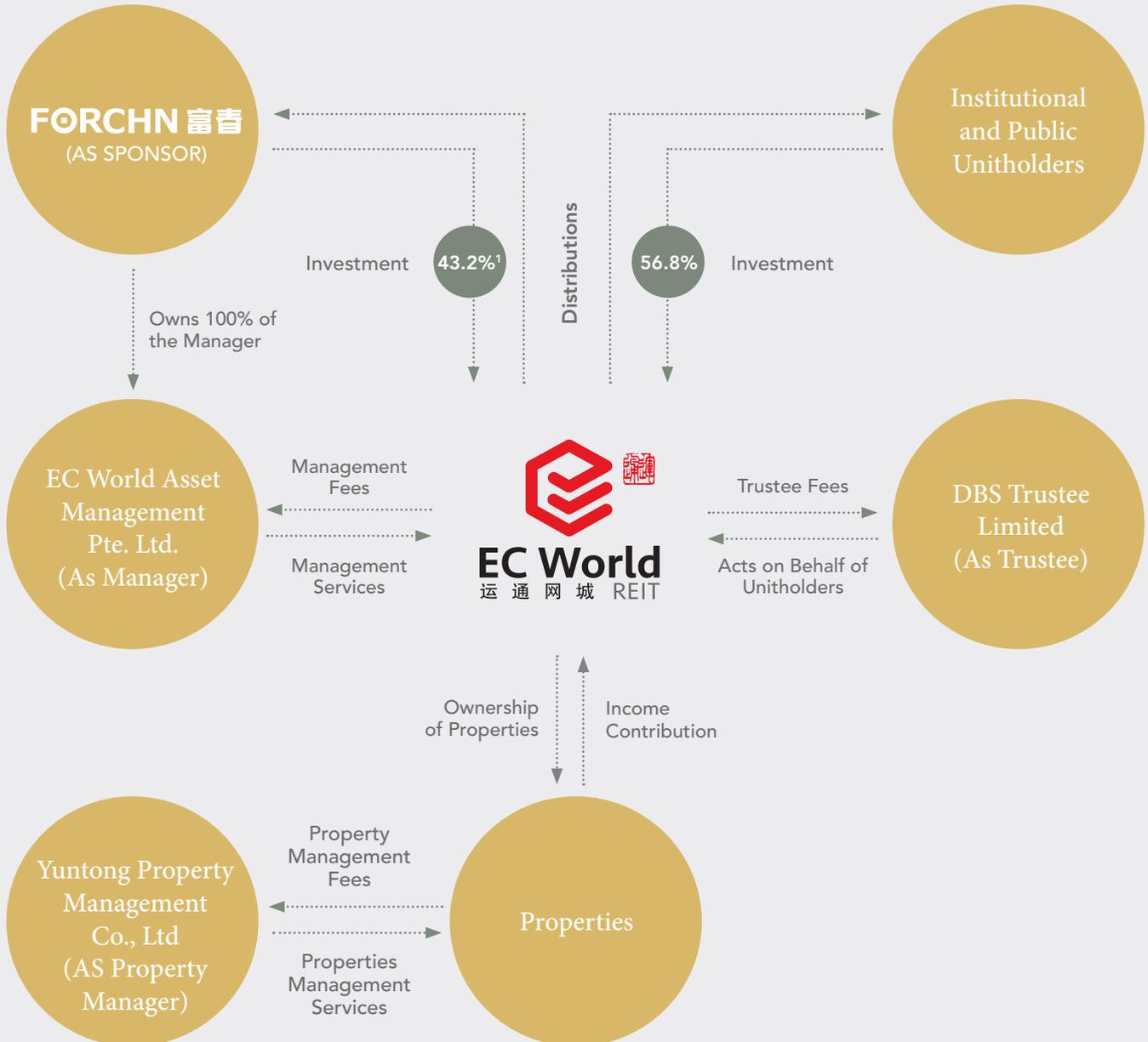
Listed on 28 July 2016, EC World Real Estate Investment Trust ("ECW REIT" or "ECW") is the first specialized and e-commerce logistics real estate investment trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). It has a portfolio of eight quality properties located in the People's Republic of China ("PRC") within the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan. ECW REIT offers investors unique exposure to the specialised logistics and e-commerce sector in the PRC. As at 31 December 2019, ECW REIT's portfolio of eight properties have an aggregate net lettable area of 960,461 sqm valued at approximately S\$1.6 billion.

ECW REIT'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 PRC.

ECW REIT is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co., Ltd.. Established in 1992, the Sponsor is a leading diversified group in China with three main businesses comprising (1) Integrated Logistics & Supply Chain Management (2) Industrial Manufacturing; and (3) Health & Wellness.

Bamboo is flexible, bending with the wind but never breaking, capable of adapting to any circumstances. It epitomizes resilience and strength in equal measure, even in the most challenging of times.

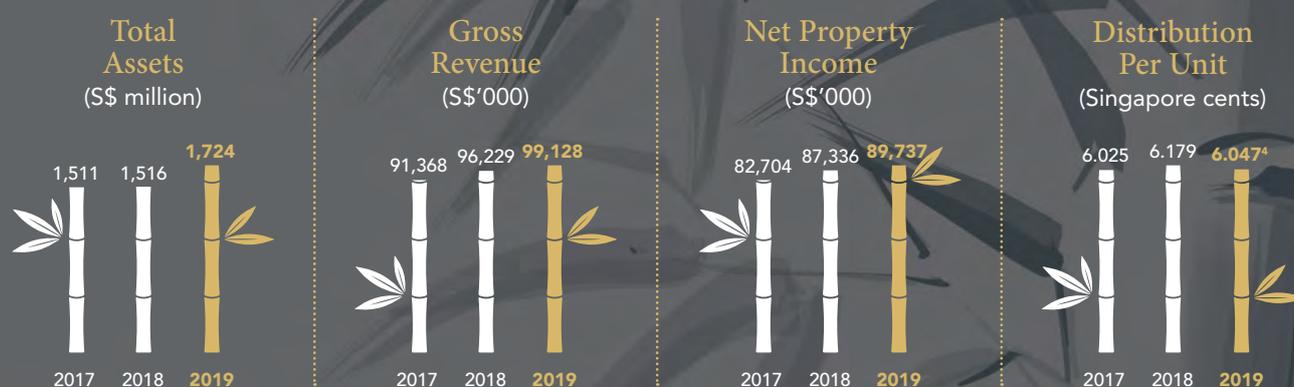
Trust Structure



¹ As at 31 December 2019. Includes Units held by the Manager.

Financial Highlights

Statement Of Total Return



Balance Sheet	As at 31.12.2019 S\$ Million	As at 31.12.2018 S\$ Million	As at 31.12.2017 S\$ Million	As at 31.12.2016 ¹ S\$ Million
Investment properties	1,567.6	1,335.0	1,337.0	1,333.3
Total liabilities	1,040.1	827.3	793.6	756.2
Net assets	683.9	688.6	717.6	726.1

Key Financial Indicator	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016
Gross borrowings / Total assets	38.7%	31.5%	29.2%	27.6%
Interest cover ratio (times) ²	3.7	4.4	4.3	5.9
Weighted average debt maturity	2.6 years	0.5 years	1.5 years	2.6 years
Annualised all-in interest rate	5.4%	5.2%	5.3%	5.4%
Annualised all-in blended running interest rate ³	4.5%	4.3%	4.4%	4.4%
Total operating expenses as percentage of net assets	1.4%	1.3%	1.2%	1.6%

Financial Performance	For the financial year ended 31.12.2019	For the financial year ended 31.12.2018	For the financial year ended 31.12.2017
Distribution to Unitholders (S\$million)	48,208	48,801	47,117
Distribution Per Unit (Singapore cents)	6.047 ⁴	6.179	6.025
Distribution yield (%) (Based on Unit Price of S\$0.745 per Unit on 31 Dec 2019)	8.1	8.3	8.1

¹ Include financial period from 1 January 2016 to 17 July 2016 where ECW was a private trust

² Defined as net property income divided by interest paid / payable to banks (exclude upfront financing fee)

³ Exclude upfront financing fee

⁴ 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

Letter To Unitholders



Zhang Guobiao

Chairman of the Board
& Non-Executive Director

The REIT continued with its multi-pronged strategies to deliver a set of respectable results for FY2019. Despite the depreciating RMB in 2019, the REIT delivered a Distribution Per Unit (“DPU”) of 6.047 Singapore cents for FY19, representing a yield of 8.1%¹

Dear Unitholders,

2019 was a fruitful year for ECW REIT. The year was marked by global macroeconomic uncertainties and geopolitical tensions. Despite the challenges, we successfully executed our multi-pronged strategies namely, (i) proactive management and enhancement of the existing portfolio; (ii) active pursuit of yield accretive acquisitions; and (iii) prudent management of the capital and funding base to enhance value for Unitholders. On behalf of the Board of Directors, I am pleased to report that ECW REIT achieved many milestones in FY2019 as outlined in our strategies.

In May 2019, ECW REIT entered into New Master Lease Agreements for Chongxian Port Investment, Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse, significantly extending ECW REIT’s lease expiry profile as well as enhancing predictability and income stability. The asset portfolio was also expanded with the acquisition of Fuzhou E-Commerce, a 214,284 sq m integrated e-commerce logistics facility in August 2019. Last but not least, ECW REIT successfully refinanced the loans which were undertaken at IPO. The successful refinancing provides the REIT with funding certainty for future growth.

Stable Operating Fundamentals

The REIT continued with its multi-pronged strategies to deliver a set of respectable results for FY2019. Despite the depreciating RMB in 2019, the REIT delivered a Distribution Per Unit (“DPU”) of 6.047 Singapore cents for FY19, representing a yield of 8.1%¹. For FY19, about 1.3% of the amount available for distribution was retained by the Manager for general working capital purposes and unforeseen contingencies.

Through a stable portfolio with augmented growth potential with built-in rental escalations, net property income in RMB terms for the six properties at IPO grew by 2.6%² to RMB418.5 million compared to RMB408.0 million in FY18. This demonstrates the REIT’s ability to achieve growth organically. With the acquisitions of Wuhan Meiluote in April 2018 and Fuzhou E-Commerce in August 2019, net property income² in RMB terms grew 10.2% to RMB455.7 million in FY19.

¹ Based on closing price of S\$0.745 as at 31 December 2019

² Excluding straight-line and security deposit accretion adjustments

Letter To Unitholders

Portfolio valuation grew 20.6% to RMB8,118 million largely due to Fuzhou E-Commerce acquired in August 2019. Excluding Fuzhou E-Commerce, portfolio valuation, on a like-for-like basis, increased 1.5% year-on-year in RMB terms. This demonstrates the strong fundamentals of ECW REIT's assets. In SGD terms, portfolio value was S\$1.6 billion.

Following the asset enhancement initiative to construct roof covers over the open atriums at Fu Heng Warehouse in 2018, solar panels were installed covering about 5,000 sqm over the roof covers of two warehouse blocks in November 2019. These solar panels became operational in January 2020. The solar panels are expected to generate about 1.2 million kWh of clean energy annually which equates to about 27% of Fu Heng Warehouse annual electricity consumption. The usage of clean energy is in line with the REIT's policy towards reducing its carbon footprint and enhancing sustainability in the businesses.

Delivering Growth in a Focused Approach

The REIT has a disciplined growth strategy with yield-accretive acquisitions focusing on the e-commerce logistics sector. ECW REIT acquired Fuzhou E-Commerce, for RMB1,112.5 million, a 7.5% discount to the average independent valuations (with Master Lease Agreements)³ from the Sponsor. This acquisition increased the REIT's asset portfolio by 19.2%⁴ and expanded the REIT's exposure to the fast-growing e-commerce logistics sector to approximately 50% of the portfolio's net lettable area. This makes ECW REIT the industrial S-REIT with the highest concentration of e-commerce logistics assets in its portfolio. The acquisition is 1.6% DPU accretive on a historical pro forma basis⁵.

The proposed acquisition of Fuzhou E-commerce received resounding approval from Unitholders at an Extraordinary General Meeting held on 19 June 2019 with 100% of participating Unitholders voting in favour. This shows the strong support from Unitholders in the investment strategy.

Prudent Capital and Risk Management

The REIT refinanced all of its IPO loans due in July 2019 at competitive rates and extended the debt maturity profile by three more years. This ensures a robust and sustainable capital structure. The financing exercise was well supported by a syndicate of regional and PRC financial institutions, demonstrating positive working relationships between ECW REIT and its business partners, in particular the financial institutions.

ECW REIT receives income in RMB and pays out distribution in SGD. To mitigate FX risk, the Manager has a hedging policy to swap majority of its RMB income into SGD. As for the loan, 72% of offshore facilities has been swapped into fixed rate as at 31 December 2019. The blended all-in running interest rate for FY19 was 4.5% per annum.

To further diversify ECW REIT's funding sources, we are in the midst of establishing a Medium-Term Notes ("MTN") programme that will be announced when finalised. We will continue to explore various funding options to diversify, optimize and lengthen our debt profile and exposure.

Engaging the Investment Community

In FY19, the REIT secured three additional research coverage from sell-side analysts, namely from DBS, RHB and KGI Securities. This brings the total number of sell-side analysts' coverage to five reputable securities houses. The REIT was given a "Buy" (or equivalent) rating by all five analysts. This reflects the recognition that ECW REIT is gaining in the investment community.

2019 has also been a busy year for the management. The Manager attended over 20 non-deal roadshows, conferences as well as institutional and retail seminars, in Singapore as well as in regional countries including Thailand, Malaysia, Hong Kong, China and Japan to inform the investing community the merits of investing in ECW REIT.

³ Based on Valuation with Master Lease Agreements of RMB1,147.0 million and RMB1,259.0 million by Colliers and Knight Frank respectively

⁴ By valuation

⁵ The historical pro forma effects of the Acquisitions on the DPU for FY2018 was computed based on as if ECW REIT had purchased the Fuzhou E-Commerce on 1 January 2018, and held and operated the Fuzhou E-Commerce through to 31 December 2018, based on certain assumptions as set out on the Circular to Unitholders dated 4 June 2019

These also provide platforms for the investors to interact directly with management to clarify any questions they may have. We are heartened to note an increase in the number of our unitholder's base as well as higher daily trading liquidity. This provides the REIT with a stronger platform to engage more institutional and retail investors.

Forging Ahead

Since the start of 2020, COVID-19 has impacted all countries. The Chinese government announced several measures including the lockdown in Wuhan and several other cities, extension of Spring Festival break as well as restriction of movement of people across China, in an effort to control the spread of COVID-19.

Demonstrating its resolve to drive economic growth, the Chinese government implemented several stimulus measures including the reduction of its loan rate and injection of RMB100 billion of liquidity into the money markets via repurchase agreements. They have also stressed the importance of stable employment with the roll-out of targeted interim policies, including the reduction of tax, to aid smaller companies⁶.

ECW REIT is in the logistics sector with tenants' business largely in e-commerce, port logistics and the specialized logistics sector specialising in domestic businesses and trade. As such, its assets and underlying operations are less exposed compared to businesses with operations that rely largely on human traffic. According to a report by CBRE⁷, the impact of COVID-19 on industrial and logistics market in China is expected to be limited. While long-

term fundamentals for the logistics sector in China remain attractive, short term volatility and disruption to businesses have been observed given the severity of control measures implemented in China.

While the COVID-19 situation in China appears to be stabilising at the time of this report, the restriction of movement of people in many countries in a bid to contain the virus has impacted economies worldwide disrupting supply chains and production processes. Economic uncertainty will continue as countries grapple with the spread of COVID-19.

Appreciation

In closing, I would like to take this opportunity to thank our unitholders for their strong support in 2019.

Our gratitude also goes out to our directors, management, tenants, lenders, analysts and other business partners for their trust and support in 2019. We look forward to your continued support and better years to come.

Zhang Guobiao

Chairman of the Board & Non-Executive Director

⁶ Xinhua Headlines: Xi stresses unremitting efforts in COVID-19 control, coordination on economic, social development (http://www.xinhuanet.com/english/2020-02/24/c_138811372.htm)

⁷ CBRE Research: *Greater China ViewPoint - The Wuhan Coronavirus Outbreak: What Does it Mean for Real Estate?*

致单位持有人

尊敬的单位持有人，

2019年对于运通网城房地产投资信托（“运通网城房托”）来说，是成果丰硕的一年。尽管全球宏观经济的不确定性和地缘政治的紧张局势给我们带来了挑战，我们仍然坚定不移地多策并举，积极管理和增强现有资产组合配置，并主动寻求增加收益的收购机会。同时，我们继续谨慎管理资本和资金，为单位持有人创造价值。在此，我代表董事会向您汇报，根据我们的战略规划，运通网城房托在2019财年里实现了多项里程碑。

2019年5月，运通网城房托签订了崇贤港投资、北港物流一期和富恒仓储的新整租协议，使资产组合的平均租期大幅延长，收入的稳定性和可预见性也得到了增强。同时，我们在2019年8月收购了富洲电商这项面积为214,284平方米的综合电子商务物流设施，从而扩大了我们的资产组合。另外，我们也成功再融资了IPO时期的贷款，为运通网城房托未来的增长提供了资金保障。

稳定的运营基础

在多策并举的策略下，运通网城房托在2019年取得了一系列令人满意的成绩。虽然人民币年内有所贬值，我们的每单位派息仍达到6.047新加坡分，年派息率也达到8.1%¹。在2019财年，运通网城房托管理人保留了约1.3%的可分配收入，用于一般营运资本和应对未来不可预见的突发事件的资金。

基于稳定的资产组合和合约租金上涨带来的增长动力，我们IPO时拥有的6项资产的物业净收入²（按人民币计）在2019财年同比增长2.6%至4.19亿人民币，而2018财年同期为4.08亿人民币。这彰显了运通网城房托有机增长的能力。包括2018年4月收购的武汉梅洛特和2019年8月收购的富洲电商在内，物业净收入在2019财年增长了10.2%至4.56亿人民币。

主要由于在2019年8月对富洲电商的收购，资产组合估值同比增长了20.6%至81.18亿人民币。如不计富洲电商，按人民币计的资产组合估值同比增长1.5%。这证明了运通网城房托资产的基本面继续保持稳固。以新加坡元计，资产组合估值为16亿新加坡元。

继2018年在富恒仓储的露天中庭上建造了屋顶之后，作为资产增值计划的一部分，于2019年11月，我们又在两个仓库的屋顶上安装了约5000平方米的太阳能电池板。这些太阳能电池板于2020年1月开始运行。据估计，这些太阳能电池板每年将产生120万千瓦时的清洁能源，相当于富恒仓储年用电量的27%。通过使用清洁能源来减少碳排放和促进可持续发展是运通网城房托长期发展策略的重要组成部分。

把握重点，实现增长

秉承着重点在电商物流行业进行增值性收购的原则，运通网城房托以11.13亿人民币，低于平均独立估值（计入整租协议效应）³7.5%的价格，从发起人处收购了富洲电商。此次收购将运通网城资产规模扩大了19.2%⁴，并将投资组合中能够受益于高速发展的电商物流行业的可租赁面积提高了近50%。同时，我们也成为新加坡工业房地产信托当中电商物流资产最集中的房地产信托。根据历史数据推算，此次收购将为运通网城房托的每单位派息带来1.6%的增长⁵。

对富洲电商的收购在2019年6月19日举行的临时股东大会上得到了单位持有人的踊跃响应与支持，参会的单位持有人全票通过了该项收购提案。这体现了单位持有人对我们投资策略的大力支持。

谨慎的资本与风险管理

运通网城房托以较优的利率成功将本于2019年7月到期的所有IPO时期贷款进行了再融资，并将债务期限延长三年。这确保了我们的稳健和可持续的资本结构。本次再融资得到了东南亚和中国多家金融机构的大力支持。这也体现了运通网城房托和商业合作伙伴，尤其是同金融机构之间的良好合作关系。

运通网城房托以人民币获取收入，以新加坡元支付派息。为了降低汇率风险，运通网城房托管理人通过制定对冲策略，将大部分人民币收入掉期转换为新加坡元。截至2019年12月31日，72%的离岸贷款已转换为固定利率。2019财年运通网城房托的年运行利率约为4.5%。

为使融资渠道多元化，我们正在筹备通过中期债券融资的项目。该项目将会在细节完善后做出公告。同时，我们将探索不同的融资渠道来丰富、优化债务结构，并延长债务期限。

1 依据2019年12月31日新元\$0.745的收盘价

2 排除直线法和押金增值的调整

3 根据高力及莱坊分别给出的人民币11.47亿元和人民币12.56亿元的估值（包含整租协议）

4 按估值计算

5 假设在2018年1月1日收购富洲电商并持有运营至2018年年底，并依据其他在2019年6月4日致单位持有人的通函中提到的假设条件，计算了收购对2018财年每单位派息的预计影响

积极维护投资者关系

2019财年，运通网城房托获得了来自星展银行、马来西亚兴业银行和凯基证券的卖方分析师研究覆盖。这使得卖方分析师对运通网城房托的研究覆盖达到5家。这5家深受信赖的券商均对运通网城房托给予“买入”（或同等）评级。这反映出运通网城房托在投资界逐渐获得认可。

2019年对运通网城房托管理层来说，是忙碌的一年。运通网城房托管理人辗转于包括新加坡、泰国、马来西亚、中国大陆、香港以及日本在内的多个国家与地区，参加了20多场非交易路演、会议、机构和散户投资者研讨会，给投资界传达运通网城房托的投资价值。这也给投资者提供了直接与管理层互动与解疑的平台。我们很高兴地注意到，单位持有人的数量和每日交易流动性在逐渐增加。这为运通网城房托提供了一个更强大的平台，以吸引更多机构和散户投资者。

乘风破浪

自2020年初，新冠肺炎席卷全球。中国政府为控制疫情，出台多项措施，包括封锁武汉等多个城市、延长春节假期以及限制居民出行。

为展示推动经济发展的决心，中国政府实施了多项经济刺激政策，包括降低贷款利率和通过回购协议向货币市场注入1000亿人民币的流动性。同时，政府也强调了稳定就业的重要性，推出了有针对性的临时政策，包括减税来帮助中小型企业度过难关⁶。

运通网城房托旗下资产的租户业务主要集中于从事国内业务和贸易的电子商务、港口物流和专业物流领域。因此，与主要依赖人流量的行业相比，我们的资产和运营的风险敞口相对较小。据世邦魏理仕的一份研究报告指出⁷，新冠病毒对中国工业和物流行业的影响预计有限。尽管中国物流行业的长期基本面仍然具有吸引力，但中国实施的严格控制措施仍然给行业带来了短期的波动和影响。

尽管在撰写本报告之时，中国的新冠肺炎疫情正逐渐稳定，但多国为遏制该病毒传播而对人员流动的限制已经影响了全球经济并扰乱了供应链和生产过程。随着各国努力应对新冠肺炎的蔓延，经济动荡将继续。

在多策并举的策略下，运通网城房托在2019年取得了一系列令人满意的成绩。虽然人民币年内有所贬值，我们的每单位派息仍达到6.047新加坡分，年派息率也达到8.1%¹

致谢

最后，我想借此机会感谢单位持有人在2019年对我们的大力支持。

另外，还要特别鸣谢董事会、管理团队、租户、银行、分析师以及其他商业伙伴在2019年给予运通网城房托的信任与支持。我们期待在您的持续支持下，与各位共创美好明天。

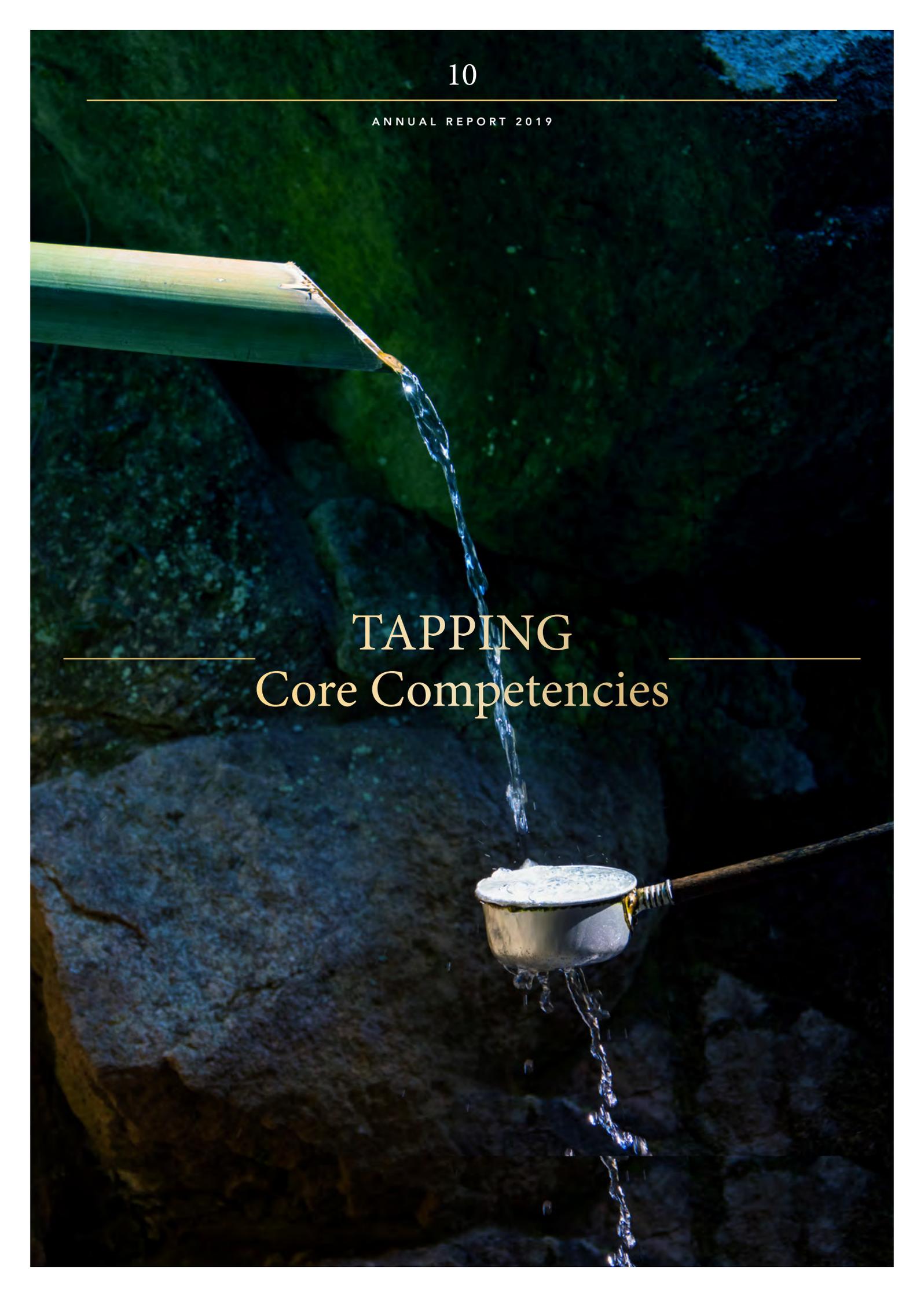
张国标

董事长兼非执行董事

⁶ Xinhua Headlines: Xi stresses unremitting efforts in COVID-19 control, coordination on economic, social development (http://www.xinhuanet.com/english/2020-02/24/c_138811372.htm)

⁷ CBRE Research: Greater China ViewPoint - The Wuhan Coronavirus Outbreak: What Does it Mean for Real Estate?



A photograph of a bamboo spout pouring water into a metal cup. The water is captured in mid-air, creating a dynamic flow. The background is dark and textured, possibly a rock surface. The lighting is dramatic, highlighting the water and the cup.

TAPPING
Core Competencies

Mission

Deliver stable, sustainable and growing distributions to our unitholders

Grow and diversify our portfolio through yield accretive acquisitions

Offer a differentiated and high quality asset portfolio

Adopt active asset management strategies to enhance performance and value of our properties

Vision

ECW REIT aims to be the premier e-commerce and specialized logistics REIT in Asia and strives to create long term value for all of our stakeholders by capturing opportunities driven by the fast growing e-commerce and specialized logistics sectors.

A viable business framework with a sound financial structure is the enabler of a fundamentally strong business. ECW REIT is supported by a strong and committed Sponsor and experienced management team with competencies in varied fields including capital markets, risk management, asset management, investments as well as financial management.

This lays the foundation for ECW REIT to expand our footprint and deliver enduring value for our Unitholders.

Management Review

In 2019, ECW REIT continued to build on its solid performance since listing on the SGX-ST on 28 July 2016. Working together with the Property Manager, the Manager continued to provide well-maintained good quality assets to its tenants. The acquisition of Fuzhou E-commerce, which was completed on 8 August 2019, further provided a boost to the ECW REIT's performance. As at 31 December 2019, a 99.97% portfolio occupancy rate was achieved.

Acquisition of E-Commerce Asset

ECW REIT completed the acquisition of a 214,284 sqm e-commerce asset, Fuzhou E-commerce on 8 August 2019, increasing ECW's portfolio size by 28.7%¹ and the proportion of e-commerce logistics assets to approximately 50%¹ of the total portfolio. Fuzhou

E-commerce is adjacent to one of ECW REIT's existing asset, Fu Heng Warehouse in Hangzhou, and will create a sizeable and integrated e-commerce cluster to cater to the REIT's tenants in the area. In connection with the acquisition, new master leases were entered into with e-commerce logistics operators, securing income visibility for ECW for the next 5 years and increasing its exposure to China's e-commerce growth story. The RMB 1,112.5 million acquisition contributed positively to ECW financial performance, and further positions ECW for long-term, sustainable DPU and NAV per unit growth.

Stable and High Occupancy Rate

The high occupancy rate has its foundation in the good mix of master leases, long tenant leases, as well as stickiness of the tenants.

Assets	As at 31 December 2019	
	Type of Lease (No. of Tenants)	Committed Occupancy Rate
Fu Heng Warehouse	Master leased	100%
Stage 1 Properties of Bei Gang Logistics	Master leased	100%
Wuhan Meiluote	Multi-tenanted (7 tenants)	99.4%
Fuzhou E-commerce	Master leased	100%
Hengde Logistics	Multi-tenanted (2 tenants)	100%
Chongxian Port Investment	Master leased	100%
Chongxian Port Logistics	Multi-tenanted (11 tenants)	100%
Fu Zhuo Industrial	Multi-tenanted (2 tenants)	100%

¹ By Net Lettable Area.





Of the four e-commerce assets, Fu Heng Warehouse, Stage 1 Properties of Bei Gang Logistics and Fuzhou E-commerce are on long master leases. Fu Heng Warehouse and Stage 1 Properties of Bei Gang Logistics are master leased to Hangzhou Fuyang Yuntong E-Commerce Co., Ltd. (an e-commerce logistics operator under the brand-name of “Ruyicang” 如意仓 that services reputable e-commerce platforms inter-alia, Taobao of Alibaba and JD.com) and Forchn Holdings Group Co., Ltd respectively. The warehouse component at Fuzhou E-commerce is master leased to Hangzhou Fuyang Yuntong E-commerce Co., Ltd and the office and support buildings component at Fuzhou E-commerce is master leased to Zhejiang Yuntong E-commerce Co., Ltd. The fourth e-commerce asset, Wuhan Meiluo is a multi-tenanted property that counts e-commerce giants “Dang Dang” 当当网 and “JD.com” 京东 amongst its tenants.

ECW REIT is poised to ride on the growth of e-commerce in China, as evidenced by a record breaking US\$38.3 billion of online sales made during the double 11 shopping festival, and 100 million new users joining the annual event³. According to the China National Bureau of Statistics, online retail sales growing 16.5% in 2019 far surpassing the growth in Chinese retail sales of consumer goods of 8.0%⁴. Three of ECW REIT’s e-commerce assets (Fu Heng Warehouse, Stage 1 Properties of Bei Gang Logistics and Fuzhou E-commerce) are located in Hangzhou, home of e-commerce juggernaut Alibaba and one of the first 13 cities benefiting from establishment of China’s comprehensive cross-border e-commerce pilot zones⁵. In 2019, Hangzhou’s online retail sales grew 16.0% according to the Department of Commerce of Zhejiang Province⁶. In addition to experiencing growth, China’s e-commerce sector is expected to broaden further with strong government support announced in 2019, in the form of an expanded “whitelist” of cross-

border e-commerce products, clearer e-commerce regulations and lowered VAT for cross-border e-commerce transactions⁷.

The fourth master lease is at Chongxian Port Investment, a key inland port logistics asset located along the Beijing-Hangzhou Grand Canal and is master leased to Hangzhou Fu Gang Supply Chain Co., Ltd. (a port operator controlling about 60% of the market share in steel product imports in the Hangzhou region). According to Hangzhou Bureau of Statistics, Hangzhou’s economy grew at a rate of 6.8% in 2019⁸. With a growing economy and limited supply of inland ports in Hangzhou due to UNESCO Heritage Site zonings along the Beijing-Hangzhou Grand Canal, the port operator is likely to continue to experience more intensive use of the port.

Located beside Chongxian Port Investment, two other port assets, Chongxian Port Logistics and Fu Zhuo Logistics supplement the port operations in the vicinity. Chongxian Port Logistics is leased to 11 tenants who have close business relationships with Chongxian Port Investment.

Hengde Logistics is a specialised logistics asset leased to a state-owned enterprise (China Tobacco Zhejiang Industrial Co. Ltd) for storage of a significant portion of tobacco leaves in Zhejiang province. The asset enjoys limited competition due to its specialised equipment and facilities including temperature and humidity control, high floor loading as well as large floor plates. Hengde Logistics is specially customized to cater to the special requirements of tobacco storage and other humidity and temperature sensitive products and perishable goods. This translates to inherent stickiness from the incumbent tenant and reflects its competitive advantage compared to ordinary warehouses.

3 <https://www.bloomberg.com/news/articles/2019-11-10/alibaba-hits-6-billion-yuan-of-singles-day-sales-in-a-minute>

4 http://www.stats.gov.cn/english/PressRelease/202001/t20200119_1723651.html

5 http://www.xinhuanet.com/english/2018-07/14/c_137322643.htm

6 http://www.zcom.gov.cn/art/2020/1/17/art_1384591_41772980.html

7 <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/China-Updates-Cross-Border-E-Commerce-Retail-Import-Policy/rp/en/1/1X000000/1X0AHYHP.htm>

8 http://tjj.hangzhou.gov.cn/art/2020/1/23/art_1653185_41852534.html

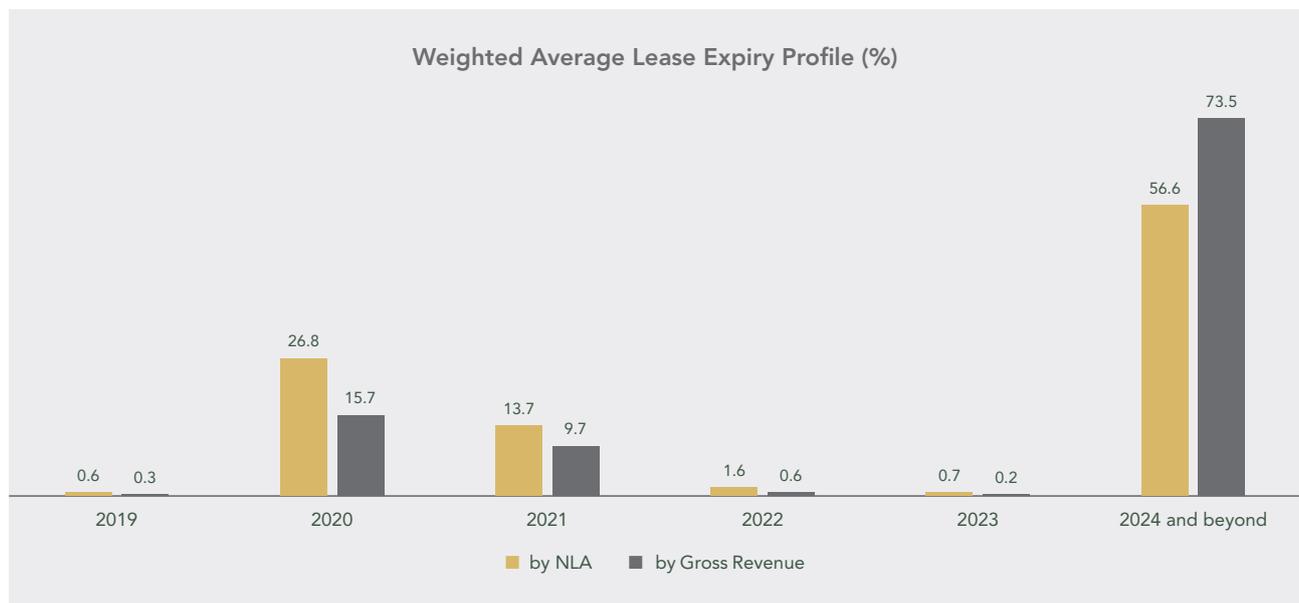
Management Review

Active Lease Management

The Manager works 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 risk of non-renewals and vacancies. On 10 May 2019, the Manager announced the successful entry into the New Master Lease Agreements in relation to Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse (the "New Master Lease Agreements"). As at 31 December 2019, the portfolio WALE was 3.2 and 4.1 years by committed net lettable area and gross rental income respectively.

During 2019, 32% and 25% of the net lettable at Chongxian Port Logistics and Wuhan Meiluote, respectively, had new or renewal leases signed. These new leases signed in 2019 contributed to 4% of the portfolio's FY2019 gross revenue. The new leases had a WALE of 1.51 and 1.66 years by committed net lettable area and gross rental income respectively as at 31 December 2019.

The expiry profile of leases that were committed as at 31 December 2019 are shown in the chart below.





The duration and rental escalation of the leases are shown in the table below. Most of ECW REIT's leases have built-in rental escalation, providing unitholders with organic growth.

Property	Lease terms	Rental escalation
E-commerce Logistics		
Fu Heng Warehouse	Master lease: From 1 Jan 2016 to 31 Dec 2024	3.0% on 1st Jan 2020, 2.0% annually from 1st Jan 2021
Stage 1 Properties of Bei Gang Logistics	Master lease: From 1 Nov 2015 to 31 Oct 2024	1% on 1st Jan 2020 and 1% annually from Nov 2020 to Oct 2024
Wuhan Meiluote	Multiple tenancies	0% to 5% per annum
Fuzhou E-commerce	Master lease: From 8 Aug 2019 to 8 Aug 2024	2.25% annually to Aug 2024
Specialised Logistics		
Hengde Logistics	1) 15 Oct 2015 to 14 Oct 2020 2) 9 May 2016 to 8 May 2021	2 main leases. Escalation to be negotiated upon renewal
Port Logistics		
Chongxian Port Investment	Master lease: From 1 Jan 2016 to 31 Dec 2024	3.0% on 1st Jan 2020. 2.0% annually from 1st Jan 2021
Chongxian Port Logistics	Multiple tenancies	0% to 15% per annum
Fu Zhuo Industrial	1) 26 Apr 2015 to 25 Apr 2020 2) 8 Oct 2014 to 7 Oct 2029	1) 10% annually in first 3 years, 15% annually starting from the 4th year 2) 7.5% every 3 years



Property Portfolio Overview



During 2019, the gross revenue of the portfolio was S\$99.1 million and the DPU for the full year was 6.047 Singapore cents. Without the master leases, the gross revenue would have been S\$85.7 million and the corresponding DPU would have been 5.075 Singapore cents per unit.

Property	Gross rent (excluding VAT) in 2019 (RMB '000)
Fu Heng Warehouse	47,687
Fuzhou E-commerce ⁹	31,869
Stage 1 Properties of Bei Gang Logistics	120,585
Chongxian Port Investment	155,331
Chongxian Port Logistics	55,831
Fu Zhuo Industrial	7,825
Hengde Warehouse	72,349
Wuhan Meiluote	10,986
Portfolio	502,464

The gross rent (excluding VAT) for Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse is approximately RMB28.6 million and RMB3.6 million higher than the projected market rent¹⁰, respectively. The total difference of RMB32.1 million represents 6.4% of the portfolio gross rent (excluding VAT) in 2019.

⁹ The acquisition of Fuzhou E-commerce was completed on 8 August 2019.

¹⁰ Based on 2019 valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited

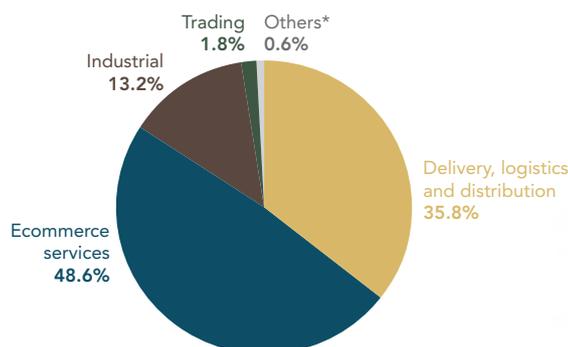
Diversified Tenancy

As at 31 December 2019, there were a total of 21 different tenants across the portfolio and contribution to gross rental income, based on lock-in rental, by the top 10 tenants is as follows:

	Top tenants	Contribution to gross rental income (%)
1	杭州富港供应链有限公司 Hangzhou Fu Gang Supply Chain Co., Ltd.	34.9
2	富春集团控股有限公司 Forchn Holdings Group Co., Ltd	22.3
3	杭州富阳运同电子商务有限公司 Hangzhou Fuyang Yuntong E-commerce Co., Ltd	20.5
4	浙江中烟工业有限责任公司 China Tobacco Zhejiang Industrial Co., Ltd	12.1
5	浙江运通电子商务有限公司 Zhejiang Yuntong E-commerce Co., Ltd	3.9
6	当当网信息技术（眉山）有限公司 Dangdang Information Technology	1.2
7	网赢供应链有限公司 Wangying supply chain Co., Ltd	1.0
8	杭州西联物流有限公司 Hangzhou Xi Lian Logistics Co., Ltd	1.0
9	浙江高阳物资有限公司 Zhejiang Gao Yang Supplies Co., Ltd	0.6
10	湖北京邦达供应链科技有限公司 Hubei Jingbangda Supply Chain Techonology	0.4

The tenants of the properties operate across diverse industries. The below chart shows the breakdown of tenancy according to trade sector, weighted on gross revenue contribution in 2019.

Tenants Operate Across Diverse Industries



* Others include Telecommunication sectors, conglomerates and human resources sector

Property Portfolio Overview



E-commerce Logistics



1 Fu Heng Warehouse



2 Fuzhou E-Commerce



3 Stage 1 Properties of Bei Gang Logistics



4 Wuhan Meiluote

Specialised Logistics



5 Hengde Logistics

Port Logistics



6 Chongxian Port Investment



7 Chongxian Port Logistics



8 Fu Zhuo Industrial

E-COMMERCE LOGISTICS

ECW REIT's e-commerce logistics assets cater mainly to the increasing demand from 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.

E-Commerce Logistics : Fu Heng Warehouse



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	94,287*
Land Use Expiry	03 May 2059
Purchase Consideration (RMB million)	444.2
Valuation (RMB million)	613.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntou E-commerce Co.; Ltd
WALE (by NLA)	5.0
WALE (by Gross Rental Revenue)	5.4

* includes underground space of 22,851sqm

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 Portfolio Overview

E-Commerce Logistics : Fuzhou E-Commerce



Acquired on 8 August 2019, Fuzhou E-Commerce is an e-commerce logistics property strategically located on the western side of Mingxing Road, Fuyang District, Hangzhou which 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 308,571 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 2019)

Net Lettable Area (sqm)	214,284
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	1,112.5
Valuation (RMB million)	1,290.0
Committed Occupancy	100%
Key tenants	Master leased to Hangzhou Fuyang Yuntong E-commerce Co.; Ltd and Zhejiang Yuntong E-commerce Co., Ltd.
WALE (by NLA)	4.6
WALE (by Gross Rental Revenue)	4.8



E-Commerce Logistics : Stage 1 Properties of Bei Gang Logistics



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	120,449*
Land Use Expiry	14 March 2052
Purchase Consideration (RMB million)	1,039.7
Valuation (RMB million)	1,309.0
Committed Occupancy	100%
Key Tenant	Master leased to Forchn Holdings Group Co., Ltd
WALE (by NLA)	4.8
WALE (by Gross Rental Revenue)	5.0

* includes underground carpark space of 29,848sqm

Stage 1 Properties of 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. Advanced logistics management systems and equipment are installed in the properties providing e-commerce service providers value-added services. Stage 1 Properties of Bei Gang Logistics seek to consolidate like-minded tenants in the e-commerce industry to build and enhance the e-commerce ecosystem in Zhejiang province.

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 Portfolio Overview

E-Commerce Logistics : Wuhan Meiluote



Wuhan Meiluote is located in Caidian District in Wuhan, China. It 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 the ancillary building for dormitory usage. The Wuhan Property is leased to reputable logistics and e-commerce tenants in the PRC including Dangdang and JD.com.

Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	48,695
Land Use Expiry	29 Jun 2065
Purchase Consideration (RMB million)	145.0
Valuation (RMB million)	179.0
Committed Occupancy	99.4%
Key Tenants	Dangdang and JD
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.0

SPECIALISED LOGISTICS

Specialised Logistics : Hengde Logistics



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	237,066
Land Use Expiry	Phase 1: 9 July 2059 Phase 2: 28 July 2053
Purchase Consideration (RMB million)	1,173.9
Valuation (RMB million)	1,479.0
Committed Occupancy	100%
Key Tenant	China Tobacco Zhejiang Industrial Co., Ltd
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.0

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 Portfolio Overview

PORT LOGISTICS

Flanking National Highway No. 320 and the Jiaying-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.

Port Logistics : Chongxian Port Investment



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	112,726
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	1,682.1
Valuation (RMB million)	2,265.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	5.0
WALE (by Gross Rental Revenue)	5.2

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.

Port Logistics : Chongxian Port Logistics



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	125,826
Land Use Expiry	Complex 1: 30 December 2055 Complex 2: 9 September 2060
Purchase Consideration (RMB million)	685.5
Valuation (RMB million)	867.0
Committed Occupancy	100%
Tenancy	11 tenants
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.2

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 Jiaxing-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 Portfolio Overview

Port Logistics : Fu Zhuo Industrial



Property Information (As at 31 December 2019)

Net Lettable Area (sqm)	7,128
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	85.6
Valuation (RMB million)	116.0
Committed Occupancy	100%
Tenancy	2 tenants
WALE (by NLA)	3.4
WALE (by Gross Rental Revenue)	8.2

Fu Zhuo Industrial 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 Jiaxing-Huzhou Expressway. It is also sited next to Chongxian Port Investment and is well-positioned to benefit from increases in the port's throughput.

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. Examples of such services include the outsourcing of registration and application activities, dealing of logistics and supply chain management solutions and online community service.



A person wearing a traditional conical hat stands on a bamboo raft on a body of water at sunset. The person is holding a fishing net that is partially submerged. To the right, a large lantern is lit, casting a warm glow. A dark bird is perched on the raft. The background features silhouetted mountains under a bright, orange sky. The water reflects the scene.

EXECUTING
Sound Strategies

EXECUTE

Disciplined Growth Strategy

with Yield-Accretive Acquisition
of Fuzhou E-Commerce

SOLIDIFY

Capital Base

with Successful Refinancing
of IPO Loans and
Prudent Risk Management

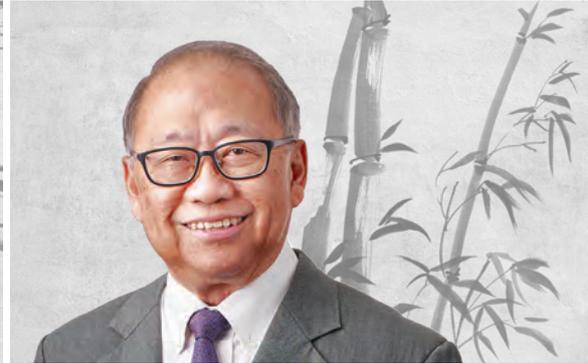
At ECW REIT, we constantly enhance our multi-pronged strategy to ensure sustainable and predictable returns to Unitholders. Through proactive capital management and disciplined investment strategy, we adopt a balanced approach to expand our portfolio while actively managing inherent risks.

Board Of Directors

(L) Mr Zhang Guobiao
Chairman and
Non-Executive Director



(R) Chan Heng Wing
Independent Non-Executive Director
and Lead Independent Director



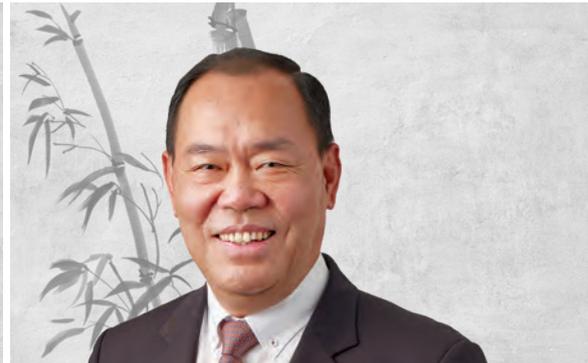
(L) Mr Li Guosheng
Independent Non-Executive Director



(L) Dr David Wong See Hong
Independent Non-Executive Director

(R) Mr Chia Yew Boon
Independent Non-Executive Director

(R) Mr Goh Toh Sim
Executive Director and Chief Executive Officer



MR ZHANG GUOBIAO

Chairman and Non-Executive Director

Mr Zhang is the Chairman of the Sponsor, Forchn Holdings Group Co., Ltd. as well as the Chairman of Hangzhou Zhang Xiao Quan.

Mr Zhang was appointed as Director on 14 May 2015 and Non-Executive Chairman of the Board on 21 June 2016. He is also a member of the Nominating and Remuneration Committee.

Mr Zhang has received many accolades which include the Award of Excellence by the Third Global Zhejiang Entrepreneurs Convention, 2016, the Zhejiang Entrepreneur of the Year 2014, the Award of Innovation and Entrepreneurship by the Second Global Zhejiang Entrepreneurs Convention in 2013, and the Zhejiang Province Model Returning Investor Award in 2005, 2007, 2011 and 2014.

In 1992, Mr Zhang founded Forchn Trading Co., as a construction materials company in Shanghai, the predecessor of Forchn Holdings Group Co., Ltd. Under his leadership, the small construction materials firm grew into a conglomerate with diversified businesses in supply chain management, manufacturing, real estate, wellness and finance.

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. In 2007, Mr Zhang spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Hangzhou Zhang Xiao Quan Group Co., Ltd. Zhang Xiao Quan is a widely-known household name, specialising in the design, production and merchandising of cutlery and metal household wares in the PRC since 1628. By 2017, he has independently conducted investment of up to RMB20 billion.

Since 2011, Mr Zhang has promoted the development of Zhejiang, leading to the investment of RMB100 billion by the Shanghai Zhejiang Chamber of Commerce. Under the leadership of Mr Zhang, Forchn Group became 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, it launched a private equity fund for the development and operation of an intelligent supply chain eco system capitalizing on IoT.

Mr Zhang also successfully expanded Forchn Group's business to overseas markets in 2016 by sponsoring EC World Real Estate Investment Trust on its listing on the mainboard of the Singapore Stock Exchange in July 2016. Further to above, Mr Zhang led the expansion of the Forchn Group in late 2016 into the hospitality sector with the acquisition of an award-winning luxury resort, Fuchun Resort, located in Hangzhou, which is a premier integrated holiday resort for business and leisure activities, cultural and artistic events as well as providing high-end wellness facilities. In 2017, Mr Zhang further established a high-end integrated health management service platform, Gongwang Renya leveraging on Fuchun Resort's infrastructure.

As the Executive Vice Chairman of Zhejiang Chamber of Commerce in Shanghai, Mr Zhang is an active community leader in promoting corporate social responsibility. Mr Zhang is also an activist for social welfare and civic responsibility.

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 Banyan Tree Holdings Limited, Frasers Property Limited, Fraser and Neave Limited in Singapore and One Bangkok Holdings in Thailand. He is also a director of Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which owns and operates Fullerton Hotel and Fullerton Bay Hotel respectively. Mr Chan is the Senior Advisor of the Milken Institute Asia Center, a non-profit think tank which is based in the United States and Singapore.

Mr Chan was previously the Ambassador to Thailand and Consul-General to Hong Kong and Shanghai. 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 and a Master of Arts from the University of Singapore.

Board Of Directors

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 is currently the Chairman of Halftime Limited, Hong Kong. He is a Finance Management Committee Member of the Hong Kong Management Association, Hong Kong. He also serves as the independent nonexecutive 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.

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. Concurrently, he is also a Senior Advisor of Atlas

Financial Solutions, a Paris-based corporate finance advisory firm specialising in mid-cap company mergers and acquisitions. 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, whose ultimate controlling shareholder is Tsinghua University.

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. 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

Mr Goh was appointed as Director on 17 May 2016 and took on the roles as Executive Director and Chief Executive Officer of the Manager on 14 February 2018. Please refer to his profile in the Management Team section found on Page 34 of this Annual Report.

Management Team



FROM LEFT MS SABRINA TAY, MR WANG FENG, MR GOH TOH SIM, MR LI JINBO, MS GAO YUAN AND MR TEO KAH MING

MR GOH TOH SIM

Executive Director and Chief Executive Officer

Mr Goh has over 25 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 LI JINBO

Chief Investment Officer

Mr. Li Jinbo is the Chief Investment Officer of the REIT Manager and is in charge of investment, asset management and investor relations functions of the Manager.

He is responsible for ECW REIT's corporate development activities including acquisitions, divestments as well as asset management. Mr. Li also serves as the main contact point between the Manager and the investment community focusing on maintaining and strengthening relationships with institutional, retail investors as well as research analysts and media.

Prior to joining the Manager in January 2017, Mr. Li worked as an investment banker with Deutsche Bank and Standard Chartered. During his corporate advisory career, he advised clients across different industries on a multitude of capital raising and M&A transactions with a focus on real estate and REITs sector. He started his career with Citigroup in Singapore.

Mr. Li graduated from National University of Singapore with a degree (Honours) in Industrial & Systems Engineering.

MR WANG FENG (FCCA, CA, CIA)

Deputy Chief Financial Officer

Mr Wang is responsible for the overall finance, accounting, tax, treasury, 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 is 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 5 years at KPMG providing audit and review services to many multi-national 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.

MR TEO KAH MING

Vice President, Investment & Asset Management

Mr Teo is responsible for evaluating and executing of acquisition transactions. He is also responsible for driving business plans and strategic initiatives to maximise asset performance. He has more than 15 years of experience in the real estate industry, covering areas such as contracts management, property development and asset management.

Prior to joining the Manager in December 2017, Mr Teo held asset management roles in Lippo Malls Indonesia Retail Trust, PT Farpoint & CapitalLand Commercial Trust covering a mixed portfolio of office, retail and serviced apartments.

He graduated with a Bachelor's degree in Science (Building) and obtained a Graduate Certificate in Real Estate Finance from National University of Singapore.

MS SABRINA TAY

Senior Manager, Investor Relations

Ms Tay is responsible for formulating and executing investor relations programmes to promote ECW REIT to the investing community. She is also the key liaison person for media relations as well as other corporate communications initiatives. She has over 12 years of experience in investor relations and corporate communications.

Prior to joining ECW REIT, she was the Investor Relations Manager for Dasin Retail Trust where she was instrumental in formulating effective communications messages for various marketing collaterals for the purpose of the listing. Prior to that, she was handling a balance portfolio of investor relations and corporate communications responsibilities for many blue-chip companies including Sembcorp Marine Limited, Keppel Land and Ascendas REIT.

Ms Tay holds a Bachelor of Arts in Mass Communications from RMIT University and a Diploma for Graduates in Finance from the University of London (External Programme).

MS GAO YUAN

Finance Manager

Ms Gao Yuan assists the Deputy Chief Financial Officer in financial reporting, taxation and financial planning & analysis matters of the REIT. She has 8 years of experience in statutory reporting, taxation and finance.

Ms Gao Yuan started her career as an external auditor with KPMG LLP Singapore within the real estate segment, providing audit and review services for a number of clients including listed real estate companies, REITs and business trusts.

She graduated with a Bachelor's degree in Accountancy (Honours) from the Nanyang Technological University of Singapore. She is a Chartered Accountant (CA) with Institute of Singapore Chartered Accountants.

DELIVERING
Sustainable Returns

ENHANCE RESILIENCE
WITH ENTRY INTO
**New Master
Lease Agreements**
EXTENDING LEASE EXPIRY

ENSURE SUSTAINABLE
RETURNS WITH
99.97%
PORTFOLIO OCCUPANCY¹
&
4.1
YEARS OF WALE²

The Manager actively assesses the operating performance and sustainability of our asset portfolio and underlying leases and capitalizes on the strong operational expertise of the Sponsor and the Property Manager to ensure stable cash-flows to ECW REIT.

¹ As at 31 December 2019

² By Gross Rental Income. As at 31 December 2019

Stakeholders Engagement And Investor Relations

Engaging The Investing Community and Other Stakeholders

The Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts as well as the media. The Manager undertakes a proactive approach to engage the investing community through an array of initiatives and programmes. This includes one-on-one and group meetings with analysts and fund managers, attending non-deal roadshows and conferences in Singapore and in regional countries such as Hong Kong, Malaysia, Thailand, Taiwan and Japan where there is a heightened interest in S-REITs, site visits for retail and institutional investors, retail seminars as well as post-results briefings.

The Manager highly values corporate transparency and strives to uphold high standards of corporate governance and disclosures. Financial results, announcements, press releases, presentation slides and other relevant disclosures are issued through SGXNET. These are also posted in a timely manner on ECW REIT's website at www.ecwreit.com. Unitholders and other stakeholders can subscribe to email alerts via the website to receive the latest updates on ECW REIT.

In 2019, the management team conducted over 25 investor outreach programmes to meet over 100 retail and institutional investors as well as research analysts to educate them on the merits of investing in ECW REIT. The management also held media interviews and gave talks at conference to enhance the awareness on ECW REIT.

As a result of the management proactive investor relations outreach, three securities houses initiated research coverage on ECW REIT with "Buy" (or equivalent) calls in 2019. As at 31 December 2019, ECW REIT has five analysts' coverage from DBS Bank, KGI Securities, Philips Securities, RHB Securities and Soo Chow Securities, of which all of the houses have "Buy" (or equivalent) calls on ECW REIT.

Investor Relations Activities in 2019

1st Quarter 2019

Jan	Site Visit by Institutional Investors in Hangzhou
Jan	Shenzhen Institutional Investor Conference
Jan	Media Interview with Mr Goh Toh Sim
Feb	FY2018 Full Year Financial Results Announcement
Mar	CIMB-CGS Brokers Presentation

2nd Quarter 2019

Apr	KGI Securities Brokers Presentation
Apr	Annual General Meeting FY2019
Apr	Extraordinary General Meeting for (1) The Proposed Entry into the New Master Lease Agreements (2) The Proposed Electronic Communications Trust Deed Supplement
May	1QFY2019 Financial Results Announcement
May	S-REIT Symposium in Singapore
Jun	BOC-SGX Corporate Day in Shanghai
Jun	Extraordinary General Meeting for the Proposed Acquisitions and the Master Lease Agreements of Fuzhou E-Commerce
Jun	Non-Deal Roadshow in Taiwan
Jun	Non-Deal Roadshow in Hong Kong
Jun	Site Visit for retail investors from SGX Academy

3rd Quarter 2019

Jul	Interview with SPH MoneyFM
Jul	2QFY2019 Financial Results Announcement
Jul	Philips Securities Brokers Presentation
Aug	Presentation at INVEST fair
Aug	Citi C-Suite Singapore REITs & Sponsor Corporate Day
Aug	SGX S-REIT Sharing with China Merchant Bank in Shanghai
Aug	SGX S-REIT Sharing with Shanghai Asset Management Association
Sep	SGX-DBSV-REITAS Bangkok Corporate Day
Sep	UOB Kay Hian Brokers Presentation
Sep	Media Interview with MoneyFM at Primetime

4th Quarter 2019

Oct	Non-Deal Roadshow in Kuala Lumpur
Nov	Presentation to Fund Managers organized by NH Securities
Nov	3QFY2019 Financial Results Announcement
Nov	JP Morgan Corporate Access Day in Japan
Dec	Site Visit by Institutional Investors



Mr Goh Toh Sim, CEO and Executive Director presenting ECW REIT's achievements at FY18 Annual General Meeting

Calendar of Financial Events for 2020

Subject to changes by the Manager without prior notice

Feb 2020	Release of Financial Year 2019 Results
May 2020	Annual General Meeting for FY2019
May 2020	Release of First Quarter FY20 Financial Results
Aug 2020	Release of FY20 Second Quarter and Half-Yearly Financial Results
Nov 2020	Release of FY20 Third Quarter Financial Results
Feb 2021	Release of Financial Year 2020 Results

ECW REIT's FY2019 Distribution

Period	Distribution Per Unit (Singapore cents)	Payment Date
1 January 2019 to 31 March 2019	1.501	28 June 2019
1 April 2019 to 30 June 2019	1.547	26 September 2019
1 July 2019 to 30 September 2019	1.489	26 December 2019
1 October 2019 to 31 December 2019	1.510	27 March 2020
Total Distribution for the year	6.047	
Distribution Yield ¹	8.1%	

ECW REIT Unit Price Performance in FY2019

Opening Price (as at 2 January 2019) (S\$)	0.695
Highest (S\$)	0.805
Lowest (S\$)	0.695
Closing Price (31 December 2019) (S\$)	0.745
Average daily trading volume (units)	1.07 million
Trading Volume for the year (units)	266.3 million

¹ Computed based on FY2019 DPU of 6.047 Singapore cents and the closing Unit price of S\$0.745 per unit on 31 December 2019

Sustainability

SUSTAINABILITY

The long-term success and business continuity of ECW depend significantly on the integration of a sustainable Environmental, Social and Governance (“ESG”) framework in its daily activities. Therefore, the Manager always seeks to plan and undertake ESG initiatives and projects in our day-to-day operations to create favourable financial and non-financial impacts. Through training and development, the Manager also seek to enhance sustainability awareness among ECW’s stakeholders and Unitholders.

At ECW, the Executive Director and Chief Executive Officer of the Manager, Mr Goh Toh Sim, leads the assessment of ECW’s ESG policies and practices. The senior management of the Manager and Property Manager facilitate the evaluation and account for the sustainability practices. Through adaptation of the best corporate practices in the ESG framework and in accordance to the SGX-ST Listing Manual Rules 711(A) and 711(B), the Global Reporting Initiatives (GRI) Standards – Core Option and GRI’s Construction and Real Estate Sector Supplement (“CRESS”), the Manager is constantly adapting and implementing initiatives and programmes to reach new heights in ECW’s sustainability journey. And this can only be done with continuous support from the Sponsor and ECW’s stakeholders.

Governance

Robust risk management is key to the business at EC World REIT and its subsidiaries (collectively, the “ECW Group”). The Manager timely and proactively undertakes the identification, management, monitoring, and reporting of material risks for the strategy and operations across the EC World REIT Group.

ECW is one of the participating companies for the Corporate Governance – Statement of Support 2019 by Securities Investors Association (Singapore) or SIAS, a Charity and an Institution of Public Character (IPC), and the largest organised investor group in Asia.

ENTERPRISE RISK MANAGEMENT

The Board is responsible for executing it and overseeing the risk management with the help of the Audit and Risk Committee (the “ARC”). The Board’s responsibilities comprise the determination of ECW Group’s risk appetite, the oversight of the Manager’s Enterprise

Under the Enterprise Risk Management (“ERM”) Framework, the Board regularly reviewing ECW Group’s risk profile, material risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. The ERM programme consolidates the ECW Group’s risk management practices in a structured framework, and is substantively in line with best practices in Singapore.

CODE OF BUSINESS CONDUCT

At ECW, the Manager takes responsibilities of maintaining the integrity and reputation of our business. All employees are required to comply with applicable laws and regulations, code of conduct, and internal ethical standards. ECW and the Manager of ECW do not tolerate any unethical behaviours and takes disciplinary actions without hesitation. A diverse range of policies on regulatory compliance are adopted to ensure ethical behaviours during the conduct of businesses. 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.

Regarding cross-boundary transactions, the Manager requires employees to strictly abide by the laws and regulations in the operating countries. When it comes to conflicts of interest, the Manager implements policies to identify and manage any potential cases between the Manager, its directors, and employees. Standard procedures in place include internal mediation and disclosure with the consent from the affected party.

The Manager requires all employees to make an annual declaration where they pledge to upload the Manager’s core values and not engage in any corrupt or unethical practices.

WHISTLE-BLOWING POLICY

To enhance the effectiveness of the risk management and strength of ethics and integrity, EC World REIT formulated and adopted a clear, firm, and trust-worthy whistle-blowing policy. All employees are encouraged to report concerns and possible ethical breaches such as fraud, corruption, bribery or blackmail, criminal offences, non-compliance with legal or regulatory requirements, miscarriage of justice, health and safety threats and risks.

Apart from the independent investigations, follow-up plans and corrective actions to protect our business, the policy also ensures the security and privacy of whistleblowers. It protects them from discrimination, retaliation, harassment or reprisal of any kind. The Deputy Chief Financial Officer works closely with the ARC to investigate reported matters if any, and remedial measures are taken where warranted.

Environmental

As a responsible organisation, the Manager is fully aware of its duty to protect the environment and combat global warming by maximising the energy efficiency across ECW's properties. Through innovation and adaptation of energy-savings initiatives, the Manager constantly reviews its energy consumption trends and seek to implement feasible and cost-effective energy-saving initiatives across ECW's properties.

Social

GIVING BACK TO THE COMMUNITY

Building on its belief of giving back to the community which it does businesses in, the Manager continues to provide opportunities for its employees to give back to society in its effort to be a responsible corporate citizen.

In 2019, the Manager was one of the sponsors for the Chief Challenge at the SGX Bull Charge Charity Run 2019. Held on 8 November 2019, funds were raised for six beneficiaries which supports programmes broadly categorized as Children and Youth Programmes, Family Programmes & Elderly Programmes. The adopted beneficiaries are namely Autism Association (Singapore), AWWA Ltd, Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities. The Manager also showed support as a sponsor for the SGX Charity Golf Dinner on 17 May 2019. Together with other corporates, the SGX Golf Charity event raised \$770,000 for a SGX's adopted charity.

During the year, the Manager connected with Lion Befrienders, a Social Service Agency which is a registered member with the National Council of Social Service, the local social services sector's umbrella body. The agency aims to provide friendship and care for seniors to age in place with community participation. Through close collaboration, the employees of the Manager brought about 30 seniors to enjoy a sumptuous treat of Dim Sum



Giving back to the community: The Manager collaborated with Lion Befrienders to bring a group of seniors for a sumptuous Dim Sum lunch



Running for a cause: Employees of the Manager and the Sponsor took part in the SGX Bull Charge Charity Run in November 2019

at a local Dim Sum restaurant. The employees of the Manager mingled freely with the seniors and enjoyed games of BINGO while feasting on delicious Dim Sum.

The Manager will persevere with its sustainability efforts to ensure long-term sustainability and success of ECW. ECW's third sustainability report will be published by May 2020.

Corporate Governance

Our Corporate Governance Culture

The manager of EC World Real Estate Investment Trust (“**ECW**” and as manager of ECW, the “**Manager**”) aspires to achieving the highest standards of corporate governance. The Manager is committed to ongoing improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent 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 comply with the substance and spirit of the principles 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 (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 practices for the financial year ended 31 December 2019 (“**FY2019**”) with reference to the Code. Where there are deviations from the principles and provisions of the Code, explanations are provided within this Annual Report.

Our 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 opportunities for ECW and the enhancement of the assets of ECW in accordance with the stated investment strategy for ECW. The research, evaluation and analysis required for these purposes are coordinated and carried out by us as the Manager.

As the Manager, we have general powers of management over the assets of ECW. Our primary responsibility is to manage the assets and liabilities of ECW for the benefit of the unitholders of ECW (the “**Unitholders**”). We do this with a focus on generating rental income and enhancing asset value over time so as to maximise the returns from the investments, and ultimately the distributions and total returns to unitholders.

(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 long-term success of ECW. The Board works with the management team of the Manager (“**Management**”) to achieve this and Management remains accountable to the Board.

The Board oversees the affairs of the Manager in furtherance of the Manager’s primary responsibility to manage 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.

The Board establishes goals for Management 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 requirements under the Listing rules of the SGX-ST (“**Listing Rules**”), the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. 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 and social factors as part of its strategic formulation and has identified the key stakeholder groups and recognises that their perceptions affect ECW's reputation.

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 and these 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.

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, the Securities and Futures Act, the Code on Collective Investment Schemes (the "**CIS Code**") and the Companies Act, as well as any applicable laws, regulations and rules. The Directors who are members of the Audit and Risk Committee are also updated on any changes in the financial reporting standards by the external auditors.

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 in connection with their duties. The costs of arranging and funding of the training of Directors are borne by the Manager. In FY2019, certain Directors had attended seminars conducted by Singapore Institute of Directors or professional firms and Singapore Corporate Governance Week organised by Securities Investors Association (Singapore).

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. There was no new director appointed during FY2019.

Corporate Governance

The Board has established two board committees (the “**Board Committees**”) which will submit their recommendations to assist the Board in the discharge of its functions. These Board Committees are the Audit and Risk Committee (the “**ARC**”) and the Nominating and Remuneration Committee (the “**NRC**”). The current composition of the Board Committees is set out in the table below.

Current Composition of the Board and Board Committees

Board Members	ARC	NRC
Mr Zhang Guobiao	Dr Wong See Hong	Mr Li Guosheng
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		

Each of these Board Committees operates 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 Board Committees 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 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.

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.

A total of five Board meetings were held in FY2019. A table showing the attendance record of the Directors at meetings of the Board, Board Committees and general meeting during FY2019 is set out on page 50 of this Annual Report. 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 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.

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.

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 has also held a strategic meeting during FY2019 to have a more focused discussion on strategic issues.

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 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.

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the company's expense. 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

The NRC reviews from time to time the size and composition of the Board with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making, 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, one (1) Non-Executive Director (the "**NED**") and four (4) Independent Non-Executive Directors (the "**IDs**"). The Chairman of the Board is a non-independent NED. In compliant with the Code, the IDs make up a majority of the Board. The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, strategic planning and investment backgrounds. The varied backgrounds of the Directors enable Management to benefit from their diverse expertise and experience. The Board with the concurrence of the NRC is of the view that the current Board size is appropriate taking into consideration the nature and scope of ECW's operations.

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 30 to 33 of this Annual Report.

Currently, there is no alternate Director appointed.

Corporate Governance

The NRC reviews annually the independence of each Director in accordance with the guidelines in the Code and the Securities and Futures (licensing and Conduct of Business) Regulations (“**SF(LCB)R**”), and the existence of relationships or circumstances. Under the enhanced independence requirements set out in the SF(LCB)R, 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.

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.

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

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.

During the year, the NC and Board had reviewed and 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 his 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 shareholders, 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 contribution of NED and ID;
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.

In view that the Board Chairman is not an independent director, Mr Chan Heng Wing was appointed as the Lead Independent Director 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. Unitholders can write in to the Manager and address it to the Lead Independent Director.

Corporate Governance

Board Membership

Principle 4:

Formal and transparent process for the appointment and re-appointment of directors to the Board

The Board has established a NRC to make recommendations to the Board on all Directors' appointment/re-appointment and related matters including reviewing the structure, size and composition of the Board, reviews the independence of Directors, reviews the training and professional development programme for the Board and reviewing the performance and independence of Board members. The NRC seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to ECW's business.

The NRC comprises four NEDs, a majority of whom, including the NRC Chairman are IDs. The members of the NRC are:

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

The NRC has adopted a process for selecting, appointing and re-appointing Directors. 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 has sufficient time available to commit to his responsibilities as a Director, and whether he 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:

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

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.

Apart from the above, the responsibilities of the NRC as set out in its Terms of Reference include:

- (a) review of the Board composition at least annually as well as on each occasion when an existing Director gives notice of his intention to retire or resign. This is to assess the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for ECW;
- (b) review of Board succession plans for Directors, in particular, the Chairman of the Board and for the CEO and key management personnel ("KMP");
- (c) review of the performance of the Board, Board Committees and Directors annually;
- (d) review of training and professional development programmes for the Board;
- (e) the appointment and re-appointment of Directors. No member of the Board will be involved in any decision of the Board relating to his own appointment, re-appointment or assessment of independence. external consultants may be engaged from time to time to identify potential directors;
- (f) 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 the succession planning of KMP;
- iii) reviewed performance of the Board, Board Committees and individual Directors;
- iv) reviewed the training and professional development programmes for the Board;
- v) reviewed and adopted a revised terms of reference to be in line with the Code;
- vi) reviewed the tenure of Directors; and
- vii) reviewed the key performance indicators of the CEO and KMP.

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 records of the Directors at meetings of the Board and Board committees during FY2019 below, 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. In consultation with the NRC, the Board has prescribed that its IDs may not hold more than six directorships in other public listed companies and its executive Directors not more than two directorships in other public listed companies other than the one he is serving.

Corporate Governance

Attendance Record of Meetings in FY2019

Name of Director	BOD		NRC		ARC		Annual General Meeting
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	
Mr Zhang Guobiao	5	5	2	2	–	–	1
Mr Chan Heng Wing	5	4	2	2	–	–	1
Dr Wong See Hong	5	5	–	–	–	4	1
Mr Chia Yew Boon	5	5	2	2	4	4	0
Mr Li Guosheng	5	5	2	2	4	4	1
Mr Goh Toh Sim	5	5	2	2	4	4	1

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

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 deals with matters on Board composition, information, process, 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 collectively, the performance of the Board as a whole and its Board Committees. For FY2019, the Directors had completed the evaluation forms and returned them to the company secretary of the Manager ("**Company Secretary**") for compilation of the summary of the results of the evaluation. The summary was tabled at the NRC's meeting for the NRC's review.

The performance evaluation of the Board and the Board Committees in respect of FY2019 was carried out in February 2020. The NRC was satisfied with the Board, Board Committees and Individual Directors' performance evaluation results which indicate each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. Individual Directors have recommended means to further enhance the Board. The NRC had discussed the results and recommendations with the Board who would work on further enhancement areas.

(B) REMUNERATION MATTERS**Procedures For Developing Remuneration Policies****Principle 6: Procedures for Developing Remuneration Policies****Principle 7: Level and Mix of Remuneration****Principle 8: Disclosure on Remuneration**

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 key management personnel to successfully manage ECW for the long term.

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.

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 FY2019, the Board did not engage any remuneration consultant.

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

NEDs' fees are based on a structured fees framework reflecting the responsibilities and time commitment of each Director. The fees framework 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. NEDs' 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.

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The Manager has set out in the table below information on the fees paid to the NEDs for FY2019:

Non-Executive Directors' Fees

Board Members	FY2019	FY2018
Zhang Guobiao	100,000	100,000
Chan Heng Wing [@]	109,000	99,000
Wong See Hong [@]	100,000	90,000
Li Guosheng	75,000	75,000
Chia Yew Boon	70,000	70,000
Goh Toh Sim*	-	5,417

[@] FY2019 Directors' Fees include one-off additional fees amounting to S\$10,000 for the Director's additional efforts and time spent with Management during the refinancing exercise of ECW in FY2019.

* Mr Goh Toh Sim was re-designated from non-executive Director to executive Director of the Manager on 9 February 2018. Accordingly, FY2018 Director's Fees were pro-rated to 9 February 2018.

In establishing the remuneration structure of the Executive Directors and KMP of the Manager, the NRC exercises broad discretion and independent judgement in ensuring that a significant and appropriate proportion of executive directors' 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 Directors' specific remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines.

The total remuneration mix of the 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). Annual performance targets are in the form of both quantitative and qualitative measures and, are aligned to the business strategy for ECW Group and linked to the performance of ECW.

In recognition of contributions of Mr Goh Toh Sim (in his capacity as Executive Director) in FY2019, the NRC has recommended the payment of a year-end performance bonus totalling S\$105,000 ("**Performance bonus**") payable to Mr Goh Toh Sim on top of his contractual annual wage supplement. The Board supported the NRC's recommendation and further approved the payment of the performance Bonus.

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

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 Securities and Futures Act) 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.

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 on a named basis 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 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 and Executive Director.

The breakdown of the level and mix of remuneration paid to the CEO/Executive Director (in percentage) for FY2019 is as follows:

Remuneration Band Name of CEO/Executive Director	Basic Salary	Bonus	Other Benefits	Total
S\$500,000 to S\$750,000				
Goh Toh Sim	78%	20%	2%	100%

Remuneration of the KMP of the Manager (who are not Directors or the CEO) in bands of S\$250,000 for FY2019 is as follows:

Remuneration Band and Name of KMP (other than Directors and CEO)	Basic Salary	Bonus	Other Benefits	Total
S\$250,000 to S\$500,000				
Johnnie Tng Chin Hwee*	74%	22%	4%	100%
Li Jinbo[#]	67%	27%	6%	100%

* Mr Johnnie Tng resigned as Chief Financial Officer on 31 December 2019.

Mr. Li Jinbo was appointed as Chief Investment Officer on 16 August 2019.

Due to the existing size of the Management team, Manager has only two KMP other than the Executive Director and CEO for FY2019. For the same commercial reasons mentioned above, the exact quantum of the aggregated remuneration for the key management personnel is not disclosed.

There are no contractual provisions to allow the Manager to reclaim incentive components of remuneration from executive Directors and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Manager and ECW.

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

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

There are no employees of the Manager who are substantial unitholders, or immediate family members of a Director, the CEO or a substantial unitholder, whose remuneration exceeds S\$100,000 during the year.

Corporate Governance

(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

The Manager has put in place an adequate and effective system of internal controls addressing material financial, operational, compliance 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) makes recommendations to the Board on Risk Appetite Statement ("**RAS**") for ECW Group;
- (b) assesses the adequacy and effectiveness of the risk management and internal control systems established by the Manager to manage risks;
- (c) 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;
- (d) 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
- (e) considers and advises on risk matters referred to it by Management or the Board including reviewing and reporting to the Board on any material breaches of the RAS, 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.

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 annually 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 66 to 68 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 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.

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 for FY2019 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 confirmation collectively, "**the Management Assurance Letters**")

The Board has received the Management Assurance Letters duly signed by the (i) CEO and CFO; and (ii) the CEO and other KMP of the Manager.

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 FY2019.

Corporate Governance

Audit Committee

Principle 10:

Establishment of Audit and Risk Committee with written terms of reference

The ARC comprises three IDs namely:

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

The members bring with them invaluable and relevant managerial and professional expertise in accounting and related financial management domains.

In compliance with the Code, the ARC does not have any member who 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.

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.

The ARC is guided by its terms of reference, which defines its duties and scope of authority and in line with the Code, a revised term of reference was reviewed and adopted 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;
- (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 appointment, re-appointment and removal 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
- (l) conducts an annual review of its terms of reference.

In FY2019, the ARC discussed with Management and the external auditors on significant financial reporting matters, in particular the Key Audit Matter associated with valuation of investment properties. The valuation of investment properties has considered all the relevant facts and circumstances in arriving at the basis of valuation. The ARC concurs with the conclusion of the Management and the external auditors on the Key Audit Matter.

As previously announced via SGXnet on 30 September 2016, given the prevailing volatile PRC corporate bonds then, the ARC had concurred with Management's recommendations to set aside the cash security deposits which it received under the Master leases in the form of cash, which may be utilised to part-finance potential acquisition(s). Accordingly, there was no investment made in PRC corporate bonds. Notwithstanding, the ARC has provided in its terms of reference to review ECW's investment in PRC corporate bonds (which are made for the purpose of efficient capital management) and monitoring Manager's compliance with the agreed investment criteria of establishing a diversified portfolio of corporate bonds issued by PRC corporations with investment ratings of AA- or higher (throughout the tenure of such bond investment), if any.

The ARC has reviewed the nature and extent of non-audit services provided by the external auditors during FY2019 and the fees paid for such services. The aggregate amount of fees paid and payable to the external auditors for FY2019 was approximately S\$534,000 of which audit fees amounted to approximately S\$452,000 and non-audit fees amounted to approximately S\$82,000. The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of non-audit services. The non-audit fees were one-off in nature and for financial and tax due diligence on target companies that ECW is considering to acquire. The external auditors have also provided confirmation of their independence to the ARC.

The Board recognizes 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 adopts the Standards for the professional practice of Internal Auditing set by the Institute of Internal Auditors and 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. The ARC also reviews the results of internal audits and Management's actions in resolving any audit issues reported. Deloitte has also separately given its written assurance to the ARC confirming compliance with

Corporate Governance

the guidelines set by The Institute of Internal Auditors of Singapore covering areas such as training, staff recruitment and ongoing education, to assist the ARC in evaluating the quality and attributes of IA. 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.

In FY2019, the ARC also 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) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 11: Unitholders' rights and conduct of unitholder meetings

Principle 12: Engagement with unitholders

Principle 13: Engagement with stakeholders

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.

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.

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 ("**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. The Manager also conducts regular briefings for analysts. During these briefings, Management will share ECW's performance as well as discuss the business outlook for ECW. Briefing materials are also released through the SGX-St via SGXNet and also made available on ECW's website.

ECW has been included in the FTSE ST China Index and the FTSE ST Shariah Index in 2019.

Distribution policy

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 2019. Thereafter, ECW will distribute at least 90% of its Distributable Income on a semi-annual basis.

During FY2019, the Manager had made a distribution of 6.107 Singapore cents per unit (2018: 6.113 Singapore cent per unit). Distribution of 1.510 Singapore cents per unit for the period from 1 October 2019 to 31 December 2019 will be made on 27 March 2020.

Conduct of Unitholders' meetings

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. At the 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 present at the general meetings for all the resolutions proposed at the general meetings. An independent external party is also appointed as scrutineers for the poll voting procedures.

At general meetings, Management makes a presentation to unitholders to update them on ECW's performance, position and prospect. 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 to address any queries that unitholders may have.

The total number of votes cast for or against the resolutions and the respective percentages are announced on SGXNet after the general meetings. 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.

Minutes of the general meetings are taken and are available to unitholders for their inspection upon written request.

Unitholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting ECW after the general meetings.

Corporate Governance

Stakeholders Engagement

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

For more information, please refer to the "Sustainability" section on page 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 Transactions¹ Approving Authority, procedures and Disclosure

Approval Authority	
S\$100,000 and above per transaction (which singly, or when aggregated with other transactions ² 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)	Trustee ARC
Transaction ² which:	Trustee ARC
(a) is equal to or exceeds 3.0% of ECW's latest audited net tangible assets/net asset value; or	Immediate announcement
(b) when aggregated with other transactions ² 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 ² which:	Trustee ARC
(a) is equal to or exceeds 5.0% of ECW's latest audited net tangible assets/net asset value; or	Unitholders
(b) when aggregated with other transactions ^{2,3} 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	Immediate announcement

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, including the quotations obtained to support such basis).

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 FY2019 are disclosed on page 132 of this Annual Report.

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.

Corporate Governance

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.

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).

Corporate Governance

(F) CODE OF BUSINESS CONDUCT

The Manager adheres to an ethics and code of business conduct policy which deals 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.

Whistle-blowing policy is available on the website of ECW. There was no whistle-blowing report received for FY2019.

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.

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.

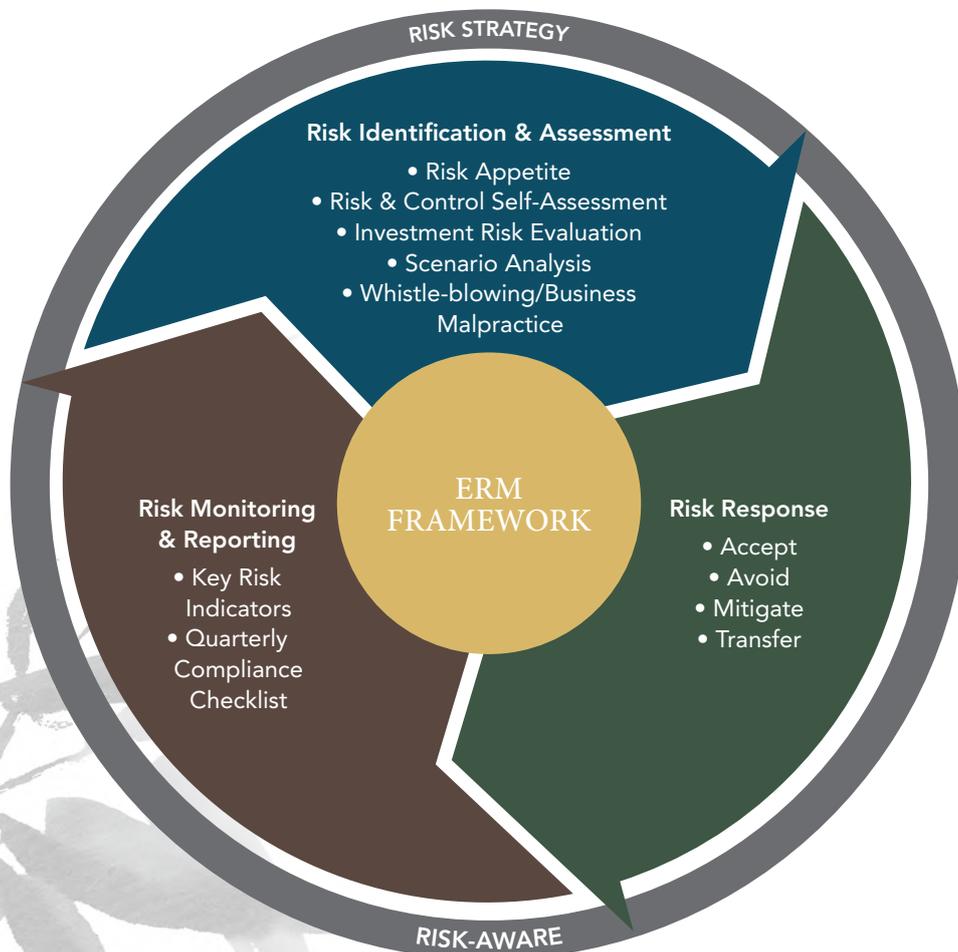
Enterprise Risk Management

Risk management is an integral part of the business of ECW and its subsidiaries (collectively, the “ECW Group”) at both the strategic and operational levels. A proactive approach towards risk management supports the achievement of ECW Group’s business objective and strategy, thereby creating and preserving value for Unitholders.

The Manager recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Manager has to take measured risks. Therefore, risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. The Manager therefore takes risks in a prudent manner for justifiable business reasons.

The Board is responsible for the governance of risk across ECW Group. The responsibilities include determining ECW Group’s risk appetite, overseeing the Manager’s enterprise Risk Management (“ERM”) Framework, regularly reviewing ECW Group’s risk profile, material risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. For these purposes, it is assisted by the ARC which provides oversight of risk management.

ECW Group’s RAS is expressed via formal, high-level and overarching statements. Having considered key stakeholders’ interests, ECW Group’s RAS sets out explicit, forward-looking views of ECW Group’s desired risk profile and is aligned to ECW Group’s strategy and





business plans. The Manager incorporates accompanying risk limits which determine specific risk boundaries established at an operational level.

The Manager's ERM Framework sets out the required environmental and organisational components which enable it to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed regularly and periodically validated by external consultants. A robust internal control system as well as an effective, independent review and audit process are the twin pillars that underpin the Manager's ERM Framework.

The line management is responsible for the design and implementation of effective internal controls using a risk-based approach while the outsourced Internal Audit function from Deloitte & Touché enterprise Risk Services Pte Ltd reviews such design and implementation to provide reasonable assurance to the ARC on the adequacy and effectiveness of the internal control system.

Annually, the Manager facilitates and coordinates ECW Group's Risk and Control Self-Assessment ("RCSA") exercise that requires the respective risk and control owners to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed by the Manager before they are presented to the ARC and the Board.

Awareness of and preparedness for potential risks affecting ECW Group's business continuity help the Manager minimise the impact of disruption to business operations. The Manager has put in place a business continuity plan. In addition, both the Information technology ("IT") team from the Sponsor and the outsourced IT team from JK Technology have a defined disaster recovery strategies and plans, which are reviewed and tested regularly.

The Manager believes that having the right risk culture and people with the right attitude, values and knowledge are fundamental to ECW Group's success.

Managing Material Risks

The Manager undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across ECW Group. Such material risks include:

Business Interruption Risk

ECW Group is exposed to business interruption risk arising from sudden and major disaster event such as fire, prolonged power outages, Communicable Disease Outbreak or other major infrastructure or equipment failures which may significantly disrupt operations at our properties or data centres. The Manager manages such risks through proactive facilities management (for example, Business Continuity Plan, routine inspection and scheduled maintenance) and having business continuity and crisis management procedures at each property as well as Manager's office.

Competition Risk

ECW Group faces keen competition from established players, online businesses and new market entrants which are likely to affect ECW's tenancy profile. The Manager adopts a relentless approach towards strengthening ECW Group's competitiveness through optimising tenant mix, differentiating its product and services offerings, refreshing property concepts and asset enhancement initiatives ("AEI").

Credit Risk

Credit risk is the potential volatility in earnings caused by tenants' failure to fulfil their contractual lease payment obligations, as and when they fall due. The Manager has put in place a stringent collection policy to ensure that credit risk is minimised. In addition to the requirement for upfront payment of security deposit, the Manager also establishes vigilant debt monitoring and collection procedures.

Economic Risk

ECW Group is exposed to changes in developments in economy, financial and property markets. These developments may reduce revenue, increase costs and result in downward revaluation of ECW Group's assets. Market illiquidity during a financial crisis makes asset

Enterprise Risk Management

divestment challenging and this can affect ECW Group's investment and strategic objectives. The Manager manages this by adopting a prudent approach towards financial management and having a well-balanced portfolio in China.

Information Technology Risk

IT risk comprises cyber risk, information security risk and technology infrastructure risk. IT is an integral part of ECW Group's business and security of sensitive information (for example, tenant details and financial information) is crucial.

Increasing threats to information security such as hacking and website defacement, may pose risk of data leakage and damage to ECW Group's reputation. The outsourced IT team has put in place policies and procedures to manage IT risks. Established policies and procedures govern IT security, access controls and data security.

Disaster recovery testing is conducted periodically to validate the system continuity plan. In addition, network penetration testing is also conducted regularly to check for potential security gaps.

Foreign Currency Risk

ECW Group's cash flows from the operation of the properties is denominated in RMB while the Group pays distributions in Singapore dollars. This exposed the ECW Group to fluctuations in the currency rates of RMB and SGD. To mitigate the foreign exchange risks on the distribution to Unitholders, ECW Group enters into derivative contracts to hedge a portion of rental income to be received from overseas assets.

Interest Rate Risk

ECW Group's exposure to changes in interest rates relates primarily to the interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of minimising the impact on interest expenses caused by adverse movements in interest rates. The Manager puts in place interest rate swaps to hedge 100% 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 AEI, acquisition of properties as well as property

developments. The risks involved in such investment activities are managed through a rigorous set of investment process which includes evaluating potential for growth in yield, rental sustainability and potential for value creation. Also, key financial assumptions are reviewed and sensitivity analysis performed on key variables. The potential risks associated with proposed projects and the issues that may prevent their smooth implementation or achievement of projected outcomes are identified at the evaluation stage. This is to enable the Manager to devise action plans to mitigate such risks as early as possible.

Leasing Risk

Strong competition, poor economic and market conditions are some of the key factors that could result in key tenants not renewing their leases, and adversely affecting the leasing performance of our properties.

The Manager establishes a diversified tenant base and sustainable trade mix and has put in place proactive tenant management strategies which are in line with the properties' positioning. The proposed renewal of master leases subjected to Unitholders' approval, will reduce considerably the leasing risk.

Liquidity Risk

ECW Group maintains sufficient cash and debt facilities to meet its operating cash requirements and financial obligations. ECW Group regularly monitors and observes bank covenants for borrowings and the property fund guidelines in the Code on Collective Investment Schemes issued by MAS on the Aggregate Leverage Ratio.

Regulatory and Compliance Risk

Due to the nature of ECW Group's business, ECW Group is required to comply with the applicable and relevant legislations and regulations. These include Listing Rules of the SGX-ST, the Code on Collective Investment Schemes issued by MAS and the tax rulings issued by the Inland Revenue Authority of Singapore, as well as laws and regulations in the countries where the assets of ECW Group are located in. The Manager proactively identifies applicable laws and regulatory obligations, legal updates and embeds compliance into the day-to-day operations.

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Report of the Trustee

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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. In accordance with the Securities and Futures Act (Cap. 289), 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 and Second Supplemental Deed dated 7 August 2019 (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, 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 77 to 131, 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

Jane Lim Puay Yuen
Director

Singapore, 25 March 2020

Statement by the Manager

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 77 to 131, comprising the Statements of Financial Position of ECW and the Group, the Investment Properties Portfolio Statement of the Group as at 31 December 2019, 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 2019 are drawn up so as to present fairly, in all material respects, the financial position of ECW and the Group as at 31 December 2019, the Investment Properties Portfolio Statement of the Group as at 31 December 2019, the movements in Unitholders' funds of ECW and the Group, the consolidated total return, the consolidated amount distributable and the consolidated cash flows of the Group for the year ended 31 December 2019, 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 and Second Supplemental Deed dated 7 August 2019 (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, 25 March 2020

Independent Auditor's Report

TO THE UNITHOLDERS OF EC WORLD REIT
(Constituted under a Trust Deed in the Republic of Singapore)

Opinion

In our opinion, the accompanying consolidated financial statements of EC World REIT ("ECW") and its subsidiaries (the "Group") and the Statement of Financial Position and Statement of Movements in Unitholders' Funds of ECW are properly drawn up 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 ("RAP 7"), 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 2019 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements of unitholders' funds of the Group and the movement in unitholders' funds of ECW, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of ECW and the Group comprise:

- Consolidated Statement of Total Return of the Group for the year ended 31 December 2019;
- Statements of Financial Position of the Group and ECW as at 31 December 2019;
- Consolidated Distribution Statement of the Group for the year then ended;
- Consolidated Statement of Cash Flows of the Group for the year then ended;
- Statements of Movements in Unitholders' Funds of the Group and ECW for the year then ended;
- Investment Properties Portfolio Statement of the Group as at 31 December 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Independent Auditor's Report

TO THE UNITHOLDERS OF EC WORLD REIT
(Constituted under a Trust Deed in the Republic of Singapore)

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>Refer to Note 14 (Investment properties)</p> <p>As at 31 December 2019, the carrying value of the Group's investment properties of S\$1,568 million accounted for 91% of the Group's total assets.</p> <p>The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include discount rates and capitalisation rates and are dependent on the nature of each investment property and the prevailing market conditions.</p> <p>The key inputs are disclosed in Note 14 to the accompanying financial statements.</p>	<p>Our procedures performed to ascertain the appropriateness of the key inputs and assumptions used in the valuation included the following:</p> <ul style="list-style-type: none"> assessed the competency, capabilities and objectivity of the external valuer engaged by the Group; obtained an understanding of the techniques used by the external valuer in determining the valuations of individual investment properties; discussed the critical assumptions made by the external valuer for the key inputs used in the valuation techniques; tested the integrity of information, including underlying lease and financial information provided to the external valuer; and assessed the reasonableness of the discount rates and capitalisation rates by benchmarking these against those of comparable properties and prior year inputs. <p>We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> <p>We found the external valuer to be a member of recognised bodies for professional valuers. We found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.</p>

Independent Auditor's Report

TO THE UNITHOLDERS OF EC WORLD REIT
(Constituted under a Trust Deed in the Republic of Singapore)

Other Information

The Manager is responsible for the other information. The other information comprises the "Report of the Trustee" and the "Statement by the Manager" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of ECW's Annual Report 2019 ("Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 RAP 7 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 terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

TO THE UNITHOLDERS OF EC WORLD REIT
(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

TO THE UNITHOLDERS OF EC WORLD REIT
(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Mr Alex Toh Wee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 25 March 2020

Consolidated Statement of Total Return

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 S\$'000	2018 S\$'000
Gross revenue	4	99,128	96,229
Property expenses	5	(9,391)	(8,893)
Net property income		89,737	87,336
Finance income		1,788	1,519
Finance costs	6	(32,936)	(27,413)
Manager's base fees		(4,886)	(4,901)
Manager's performance fees		–	(223)
Trustee's fees		(303)	(289)
Exchange differences		414	1,835
Other trust expenses	7	(1,683)	(946)
Net income		52,131	56,918
Net change in fair value of investment properties	14	50,342	12,015
Net change in fair value of financial derivatives		(4,306)	1,263
Total return for the year before income tax		98,167	70,196
Income tax expenses	8	(32,946)	(23,261)
Total return for the year after income tax before distribution		65,221	46,935
Earnings per unit (cents)			
– Basic and diluted	9	8.20	5.96

Statements of Financial Position

AS AT 31 DECEMBER 2019

	Note	Group		ECW	
		31 December 2019 S\$'000	31 December 2018 S\$'000	31 December 2019 S\$'000	31 December 2018 S\$'000
ASSETS					
Current assets					
Cash and bank balances	10	119,469	142,127	305	10,011
Trade and other receivables	11	36,876	38,334	1,214	866
Derivative financial instruments	12	110	329	110	329
Loans to subsidiaries	13	–	–	288,978	241,557
		156,455	180,790	290,607	252,763
Non-current assets					
Investment properties	14	1,567,586	1,335,034	–	–
Investments in subsidiaries	15	–	–	39,588	–*
		1,567,586	1,335,034	39,588	–*
Total assets		1,724,041	1,515,824	330,195	252,763
LIABILITIES					
Current liabilities					
Trade and other payables	16	34,139	23,354	1,874	3,803
Loans from a subsidiary	17	–	–	393,700	–
Borrowings	18	67,889	474,705	15,690	280,746
Derivative financial instruments	12	4,301	95	71	95
Current income tax liabilities		11,743	9,153	–	2
		118,072	507,307	411,335	284,646
Non-current liabilities					
Trade and other payables	16	63,392	56,917	–	–
Borrowings	18	586,625	–	–	–
Deferred income tax liabilities	19	271,022	262,442	–	–
Government grant	20	1,005	606	–	–
		922,044	319,965	–	–
Total liabilities		1,040,116	827,272	411,335	284,646
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		683,925	688,552	(81,140)	(31,883)
Represented by:					
UNITHOLDERS' FUNDS		683,925	688,552	(81,140)	(31,883)
UNITS IN ISSUE ('000)	21	801,206	792,014	801,206	792,014
NET ASSET VALUE PER UNIT (S\$)		0.85	0.87	(0.10)	(0.04)

*: Less than S\$1,000

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

Consolidated Distribution Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	S\$'000	S\$'000
Amount available for distribution to Unitholders at beginning of the year	12,646	11,784
Total return for the year	65,221	46,935
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments (Note A)	(16,370)	2,072
Amount available for distribution	61,497	60,791
Distributions made during the year:		
Distribution of 1.570 cents per unit for the period from 1 October 2018 to 31 December 2018	(12,435)	–
Distribution of 1.501 cents per unit for the period from 1 January 2019 to 31 March 2019	(11,921)	–
Distribution of 1.547 cents per unit for the period from 1 April 2019 to 30 June 2019	(12,311)	–
Distribution of 1.489 cents per unit for the period from 1 July 2019 to 30 September 2019	(11,873)	–
Distribution of 1.504 cents per unit for the period from 1 October 2017 to 31 December 2017	–	(11,801)
Distribution of 1.469 cents per unit for the period from 1 January 2018 to 31 March 2018	–	(11,559)
Distribution of 1.570 cents per unit for the period from 1 April 2018 to 30 June 2018	–	(12,379)
Distribution of 1.570 cents per unit for the period from 1 July 2018 to 30 September 2018	–	(12,406)
Total Unitholders' distributions	(48,540)	(48,145)
Amount available for distribution to Unitholders at end of the year	12,957	12,646
Note A:		
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments comprise:		
– Straight lining of step-up rental	2,906	(166)
– Security deposits accretion	118	(7)
– Manager's base fees paid/payable in units	4,886	4,901
– Manager's performance fee payable in units	–	223
– Trustee's fees	303	289
– Net fair value gain on investment properties	(50,342)	(12,015)
– Deferred tax charged, net	15,709	7,969
– Net change in fair value of financial derivatives	4,306	(1,263)
– Amortisation of upfront debt issuance costs	4,725	4,122
– Foreign exchange gain, net (unrealised)	(564)	(1,974)
– Provision of real estate tax	1,748	–
– Write-back provision for doubtful receivables	(164)	–
– Others	(1)	(7)
	(16,370)	2,072

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 S\$'000	Group 2018 S\$'000
Cash flows from operating activities			
Total return for the year		65,221	46,935
Adjustments for:			
– Income tax expenses	8	32,946	23,261
– Finance income		(1,788)	(1,519)
– Finance costs	6	32,936	27,413
– Effect of straight lining of step-up rental		2,906	(166)
– Effect of security deposits accretion		(2,827)	(2,768)
– Fair value loss/(gain) on derivative financial instruments		4,306	(1,263)
– Fair value gain on investment properties	14	(50,342)	(12,015)
– Write-back provision for doubtful receivables		(104)	(116)
– Manager's base fees payable in units		4,886	4,901
– Manager's performance fees payable in units		–	223
– Foreign exchange gain, net (unrealised)		(564)	(1,974)
Operating cash flow before working capital change		87,576	82,912
Change in working capital:			
Trade and other receivables		3,177	(407)
Trade and other payables		15,016	(4,443)
Cash generated from operating activities		105,769	78,062
Interest received		1,788	1,192
Income tax paid (net)		(15,215)	(15,901)
Net cash provided by operating activities		92,342	63,353
Cash flows from investing activities			
Additions to investment properties		(3,355)	(1,462)
Acquisition of subsidiaries	15	(152,837)	(28,915)
Net cash used in investing activities		(156,192)	(30,377)
Cash flows from financing activities			
Repayment of borrowings		(537,207)	(2,166)
Distribution to Unitholders		(48,540)	(48,145)
Proceeds from borrowings		667,952	43,900
Payment of loan transaction fees		(15,709)	–
Interest paid		(23,178)	(19,822)
SBLC commission paid		(355)	(382)
Settlement of derivative financial instruments (net)		121	(266)
Placements of deposits for SBLC facilities		18,575	(48,801)
Increase in interest reserves		(6,224)	(19)
Net cash provided by/(used in) financing activities		55,435	(75,701)
Net decrease in cash and cash equivalents		(8,415)	(42,725)
Cash and cash equivalents at beginning of the year		43,698	87,150
Effects of exchange rate changes on cash and cash equivalents		(586)	(727)
Cash and cash equivalents at the end of the year	10	34,697	43,698

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities:

	1 January 2019 S\$'000	Transaction fees, principal and interest payments S\$'000	Acquisition of subsidiaries (Note 15)	Non-cash changes S\$'000 Interest expense	Foreign exchange movement	31 December 2019 S\$'000
Borrowings and interest payables	478,001	91,858	67,737	29,207	(7,482)	659,321

	1 January 2018 S\$'000	Principal and interest payments S\$'000	Non-cash changes S\$'000 Interest expense	Foreign exchange movement	31 December 2018 S\$'000
Borrowings and interest payables	438,794	21,912	23,802	(6,507)	478,001

Statements of Movements in Unitholders' Funds

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		ECW	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
OPERATIONS				
Beginning of the year	801,827	758,771	(11,746)	(14,101)
Total return for the year	65,221	46,935	(7,499)	2,355
Distribution to Unitholders	(11,921)	–	(11,921)	–
Transfer to general reserves	(4,868)	(3,879)	–	–
End of the year	850,259	801,827	(31,166)	(11,746)
GENERAL RESERVES*				
Beginning of the year	10,841	6,962	–	–
Transfer from operations	4,868	3,879	–	–
End of the year	15,709	10,841	–	–
UNITHOLDERS' CONTRIBUTION				
Beginning of the year	(20,137)	22,647	(20,137)	22,647
Movements during the year				
– Manager's base fees paid in units	4,853	4,838	4,853	4,838
– Manager's performance fees paid in units	293	523	293	523
– Manager's acquisition fees paid in units	1,636	–	1,636	–
Distribution to Unitholders	(36,619)	(48,145)	(36,619)	(48,145)
End of the year	(49,974)	(20,137)	(49,974)	(20,137)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the year	(103,979)	(70,762)	–	–
Translation differences relating to financial statements of foreign subsidiaries	(28,090)	(33,217)	–	–
End of the year	(132,069)	(103,979)	–	–
Total Unitholders' funds at end of the year	683,925	688,552	(81,140)	(31,883)

* 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.

Investment Properties Portfolio Statement

AS AT 31 DECEMBER 2019

Property name	Date of acquisition	Remaining term of lease* (Years)	Location	Occupancy rates at 31 December 2019 (%)	Occupancy rates at 31 December 2018 (%)	Latest valuation date	Valuation as at 31 December 2019 (\$'000)	Valuation as at 31 December 2018 (\$'000)	Percentage of total net assets attributable to	
									Unitholders as at 31 December 2019 (%)	Unitholders as at 31 December 2018 (%)
Chongxian Port Investment	25 August 2015	36.0	No.5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	437,371	443,424	63.95	64.40
Chongxian Port Logistics – Complex 1	25 August 2015	36.0	No.5-2, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	167,418	171,021	24.48	24.84
– Complex 2	25 August 2015	40.7								
Fu Zhuo Industrial	25 August 2015	36.0	No.5-1, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	22,400	22,618	3.28	3.28
Fu Heng Warehouse – Building 1 and 2	9 September 2015	39.4	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	118,370	115,072	17.31	16.71
Stage 1 Properties of Bei Gang Logistics	25 August 2015	32.2	No. 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	252,768	257,325	36.96	37.37
– Building 1 to 8										
Hengde Logistics – Phase 1	6 November 2015	33.6	No.21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2019	285,595	291,648	41.76	42.36
– Phase 2	6 November 2015	39.5	No.2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC							
Wuhan Meiluo	16 April 2018	45.5	Yinyan Village, Nanwan Village, Daji Street, Caidian District, Wuhan, PRC	99.4	88.7	31 December 2019	34,565	33,926	5.05	4.93
Fuzhou E-Commerce	8 August 2019	39.4	No.9 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, People's Republic of China	100	–	31 December 2019	249,099	–	36.41	–
Other assets and liabilities (net)							1,567,586	1,335,034	229.20	193.89
Net assets of the group							(883,661)	(646,482)	(129.20)	(93.89)
							683,925	688,552	100.00	100.00

* Refers to the remaining tenure of underlying land.

The portfolio of ECW comprises eight properties and are collectively known as the "Properties". On 8 August 2019, ECW successfully completed the acquisition of Zhejiang Fuzhou E-Commerce Co., Ltd. which is the sole legal and beneficial owner of the industrial property known as the Fuzhou E-Commerce.

The carrying amounts of the investment properties were based on independent valuations as at 31 December 2019. The valuations were undertaken by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent valuer. JLL 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. The net movement in valuation has been taken to the Statement of Total Return. It is the intention of the Group to hold the investment properties for the long term.

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION (CONTINUED)

(b) Manager's management fees (continued)

The Manager had elected to receive 100% (2018: 100%) of the manager's management fees in the form of Units for the financial year end 31 December 2019.

(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 fiscal year (as defined in the Property Management Agreement) for the following management fees:

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION (CONTINUED)

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

(i) Property management services (continued)

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 RMB 1,105,400 per annum.

(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 14) 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 2019

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 ("RAP 7") "Reporting Framework for Unit Trusts" 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.

Going concern

As at 31 December 2019, ECW has net current liabilities and net liabilities of \$120,728,000 (2018: \$31,883,000) and \$81,140,000 (2018: \$31,883,000) respectively. Notwithstanding, the financial statements are prepared on a going concern basis, as the Group subsidiaries produce positive operating cash flows for them to distribute dividend to enable ECW to pay its debts as and when they fall due.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, 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.

FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group adopted this new standard from 1 January 2019 using the modified retrospective approach and comparatives are not restated. Adoption of this standard has immaterial impact to the financial statements as the Group has recognised the prepaid operating lease relating to the land within investment properties prior to the adoption of FRS 116. No lease liability is recorded as the lease had been prepaid and no adjustment is made to retained earnings as at 1 January 2019.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2019

2. SIGNIFICANT ACCOUNTING POLICIES (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. Manager periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 balance sheet 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Income taxes (continued)

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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Group accounting (continued)

Subsidiaries (continued)

(ii) Acquisitions (continued)

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 net identifiable 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.

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.

Please 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, with any change therein recognised in the Statement of Total Return. 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 from time to time. The cost of major renovations and improvement 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount or if there is a change in the events that had given rise to the impairment since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Statement of Total Return.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement category:

- 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

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 cash equivalents and trade and other receivables.

The Group holds this group of financial assets for collection of the contractual cash flows and these cash flows represent solely payments of principal and interest. Hence, these financial assets 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 25 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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 bank balances 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".

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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Fair value estimation of financial assets and liabilities (continued)

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:

Right-of-use asset is measured at cost which includes the amount of initial measurement of the lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct cost incurred by the Group and restoration cost to be incurred to restore the underlying asset to the condition required by the terms and conditions of the lease.

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.

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 within "Investment Properties" line item.

2.19 Currency translation

(a) 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (continued)

(b) 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 balance sheet 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 borrowings in foreign currencies and investment in foreign operations, are 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 2019

2. SIGNIFICANT ACCOUNTING POLICIES (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.

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.

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.

Fair value estimation of investment properties

The Group carries investment properties at fair value as at balance sheet date. Certain assumptions and estimates are made to determine the fair value of these investment properties. The details of the fair value and estimates used are set out in Note 14.

4. GROSS REVENUE

	2019	Group 2018
	S\$'000	S\$'000
Rental income	99,057	96,182
Other operating income	71	47
	<u>99,128</u>	<u>96,229</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. PROPERTY EXPENSES

	2019	Group 2018
	S\$'000	S\$'000
Property maintenance and repair expenses	1,004	1,090
Property management fee	1,750	1,560
Business and property-related taxes	6,637	6,243
	<u>9,391</u>	<u>8,893</u>

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

	2019	Group 2018
	S\$'000	S\$'000
Interest expenses:		
– Borrowings	25,016	19,198
– Interest rate swaps	(534)	482
Amortisation of upfront debt issuance costs	4,725	4,122
Security deposits accretion	2,945	2,761
Others	784	850
	<u>32,936</u>	<u>27,413</u>

Including the realised fair value gain on interest rate swaps of \$534,000 (2018: realised fair value loss on interest rate swaps of \$482,000), total net change in fair value of financial derivatives recognised in the Statement of Total Return amounted to a loss of \$3,772,000 for the financial year ended 31 December 2019 (2018: gain of \$781,000).

7. OTHER TRUST EXPENSES

	2019	Group 2018
	S\$'000	S\$'000
Audit fees	395	368
Valuation fees	167	97
Consultancy and professional fees	867	218
Others	254	263
	<u>1,683</u>	<u>946</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INCOME TAX EXPENSES

	Group	
	2019	2018
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	–	–
– Foreign	17,019	15,449
	17,019	15,449
Withholding tax	543	1,006
Deferred income tax (Note 19)	15,709	8,006
	33,271	24,461
– Over provision in prior financial year:		
Current income tax		
– Foreign	(325)	(1,163)
Deferred income tax (Note 19)	–	(37)
	32,946	23,261

The income tax 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	
	2019	2018
	S\$'000	S\$'000
Total return for the year before income tax	98,167	70,196
Tax calculated using Singapore tax rate of 17% (2018: 17%)	16,688	11,933
Effects of:		
– Different tax rate in foreign jurisdiction	10,419	7,364
– Non-tax deductible items, net	6,032	4,775
– Income not subject to tax	(279)	(617)
– Utilisation of previously unrecognised tax losses	(132)	–
– Withholding tax	543	1,006
– Over provision of tax in prior financial years (net)	(325)	(1,200)
	32,946	23,261

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. EARNINGS PER UNIT

The calculation of basic earnings per Unit is based on:

	2019 S\$'000	Group 2018 S\$'000
Total return attributable to Unitholders of ECW	65,221	46,935
Weighted average number of Units outstanding during the year	795,151	787,741
Basic and diluted earnings per Unit (cents per share)	<u>8.20</u>	<u>5.96</u>

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

	2019 S\$'000	Group 2018 S\$'000	2019 S\$'000	ECW 2018 S\$'000
Cash at bank	34,697	41,976	305	6,212
Interest reserves	15,304	9,107	–	3,799
Cash collaterals	69,468	89,322	–	–
Fixed deposits	–	1,722	–	–
	<u>119,469</u>	<u>142,127</u>	<u>305</u>	<u>10,011</u>

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 18).

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

	2019 S\$'000	Group 2018 S\$'000
Cash and bank balances (as above)	119,469	142,127
Less:		
Interest reserves	(15,304)	(9,107)
Cash collaterals for SBLC facilities	(69,468)	(89,322)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<u>34,697</u>	<u>43,698</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. TRADE AND OTHER RECEIVABLES

	Group		ECW	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<i>Current</i>				
Trade receivables				
– Related parties*	3,438	4,068	–	–
– Ultimate holding corporation	2,297	2,788	–	–
– Non-related parties	963	1,129	–	–
Less: Allowance for impairment of trade receivables (non-related parties)	–	(199)	–	–
Trade receivables (net)	6,698	7,786	–	–
Amounts due from ultimate holding corporation (non-trade)	25,594	26,909	–	–
Amounts due from related parties (non-trade)*	425	131	–	–
Amounts due from subsidiaries (non-trade)	–	–	836	247
Interest receivables	472	338	–	–
VAT receivables	2,869	2,415	357	250
Other receivables	2,156	2,190	–	290
Less: Allowance for impairment of other receivables (non-related parties)	(1,495)	(1,640)	–	–
Prepayments	157	205	21	79
	36,876	38,334	1,214	866

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount S\$'000	Group Fair value		Contract notional amount S\$'000	ECW Fair value	
		Asset S\$'000	Liability S\$'000		Asset S\$'000	Liability S\$'000
2019						
<i>Derivatives not held for hedging</i>						
Interest rate swaps	191,563	–	(1,438)	–	–	–
Cross currency interest rate swaps	109,042	–	(2,792)	–	–	–
Currency option	24,800	110	(71)	24,800	110	(71)
		<u>110</u>	<u>(4,301)</u>		<u>110</u>	<u>(71)</u>

	Contract notional amount S\$'000	Group and ECW Fair value	
		Asset S\$'000	Liability S\$'000
2018			
<i>Derivatives not held for hedging</i>			
Interest rate swaps	200,000	220	–
Currency option	18,000	109	(95)
		<u>329</u>	<u>(95)</u>

The Group did not apply hedge accounting and practice economic hedge. The Group enter into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings (Note 18). Under the swaps, the Group receives floating interest equal to Singapore Dollar Swap Offer Rate ("SGD SOR") at every 3 months and pays fixed rates of interest varying from 1.49% to 1.75% per annum (2018: 1.49% to 1.75% per annum).

The Group had 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. Under the swaps, the Group receives floating interest equal to USD LIBOR at every 3 months and pays fixed rates of interest varying from 1.77% to 1.79%. During the financial year, the Group had also entered into new currency option contracts to manage its foreign currency risk.

13. LOANS TO SUBSIDIARIES

	ECW	
	2019 S\$'000	2018 S\$'000
Loans to subsidiaries	<u>288,978</u>	<u>241,557</u>

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. INVESTMENT PROPERTIES

	2019	Group 2018
	S\$'000	S\$'000
Beginning of the year	1,335,034	1,337,010
Acquisition of subsidiaries (Note 15)	220,823	29,207
Asset enhancements during the year	3,355	1,462
Effect of straight lining of step-up rental	(2,906)	166
Fair value changes	50,342	12,015
Currency translation differences	(39,062)	(44,826)
End of the year	<u>1,567,586</u>	<u>1,335,034</u>

All investment properties are mortgaged to secure bank loans (Note 18).

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involved certain estimates.

The overall portfolio valuation in RMB terms increased from RMB 6,729,000,000 (equivalent to S\$1,335,034,000) as at 31 December 2018 to RMB 8,118,000,000 (equivalent to S\$1,567,586,000) as at 31 December 2019.

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

Fair values of investment properties are measured under Level 3 of the fair value hierarchy which included significant unobservable inputs in the valuation techniques used. The valuation technique used in 2019 were Discounted Cash Flow method and Income Capitalisation method (2018: Discounted Cash Flow method) as the valuer believes this valuation technique is more reflective of the fair values of the properties.

Valuation techniques and key unobservable inputs

The following table presents the valuation techniques and key 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	6.0% – 6.25% (2018: 6.5% – 6.75%)	The higher the terminal capitalisation rate, the lower the valuation.
		Discount rate	9.0% (2018: 8.5% – 9.0%)	The higher the discount rate, the lower the valuation.
	Income capitalisation	Capitalisation rate	5.5% – 5.75% (2018: N/A)	The higher the capitalisation rate, the lower the valuation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. INVESTMENT PROPERTIES (CONTINUED)

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 2019, the fair values of the properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

The properties include Chongxian Port Investment, Chongxian Port Logistics (Complex 1 and Complex 2), Fu Zhuo Industrial, Fu Heng Warehouse (Building 1 and Building 2), Stage 1 properties of Bei Gang Logistics, Hengde Logistics (Phase 1 and Phase 2), Wuhan Meiluote and Fuzhou E-Commerce.

15. INVESTMENTS IN SUBSIDIARIES

	2019	ECW	2018
	S\$		S\$
<i>Equity investments at cost</i>			
Beginning of the year	51		51
Additions	39,587,647		–
End of the year	<u>39,587,698</u>		<u>51</u>

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	
			2019 %	2018 %	2019 %	2018 %
Fullwealth Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Richwin Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Prorich Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Richport Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Magnasset Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
JY Logistics Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100

Notes to the Financial Statements

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15. 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	
			2019 %	2018 %	2019 %	2018 %
ECW Treasure Pte. Ltd.*	Investment holding	Singapore	100	–	100	–
ECW Treasure 1 Pte. Ltd.*	Investment holding	Singapore	100	–	100	–
Flutric Investments Limited^	Investment holding	British Virgin Islands	100	–	100	–
Realtime Assets Global Pte. Ltd.*	Investment holding	Singapore	–	–	100	–
Hangzhou Chongxian Port Investment Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Chongxian Port Logistics Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Fu Zhuo Industrial Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Bei Gang Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Fu Heng Warehouse Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	100	100

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. 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	
			2019 %	2018 %	2019 %	2018 %
Zhejiang Hengde Sangpu Logistics Co., Ltd.#	Specialised logistics	People's Republic of China, Hangzhou	–	–	100	100
Wuhan Fute Logistics Co., Ltd.#	Investment holding	People's Republic of China, Wuhan	–	–	100	100
Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Wuhan	–	–	100	100
Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd^	Supply Chain Management	People's Republic of China, Shanghai	–	–	100	100
Zhejiang Fuzhou E-Commerce Co., Ltd#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	100	–

* Audited by PricewaterhouseCoopers LLP, Singapore

Audited by PricewaterhouseCoopers Zhong Tian LLP, People's Republic of China

^ The entity is not subject to audit.

Acquisition of subsidiaries

On 8 August 2019, ECW, together with its wholly-owned subsidiary Wuhan Fute Logistics Co., Ltd, acquired 100% of equity interest of Flutric Investments Limited, a limited liability company incorporated in the British Virgin Islands at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, Realtime Assets Global Pte. Ltd., a limited liability company incorporated in Singapore at 9 Raffles Place, #45-02, Republic Plaza and Zhejiang Fuzhou E-Commerce Co., Ltd, a limited liability company incorporated in the PRC at No.9 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang (the "Acquisition") for total considerations of RMB 1,112,500,000 (equivalent to S\$218,130,000), adjusted for net liabilities of the companies being acquired as at the completion date of the Acquisition. The net consideration for the Acquisition was S\$109,542,000.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries (continued)

The Acquisition has been accounted for as an asset acquisition instead of business combination due to the following reasons:

- 1) There is no organised workforce acquired that is sufficient to operate the business.
- 2) There are no substantive processes acquired that is capable of generating outputs.

As a result, the Group will not be able to manage the acquired subsidiaries as a business without incurring significant incremental effort.

The cash flow and net assets of the subsidiaries acquired are provided below:

	Cost recognised on acquisition 2019 S\$'000
Investment properties (Note 14)	220,823
Trade and other receivables	15,050
Cash and cash equivalents	3,571
Deferred income tax assets (Note 19)	115
	<u>239,559</u>
Trade and other payables	(61,527)
Borrowings	(67,737)
Current income tax liabilities	(753)
Total liabilities	<u>(130,017)</u>
Total identifiable net assets	<u>109,542</u>
Consideration transferred for acquisition:	
Purchase consideration, net of settlement adjustment	109,542
Less: Cash and cash equivalents	(3,571)
Acquisition fee paid by way of issue of units	(1,636)
Add: Shareholder loan settled on behalf of subsidiaries acquired	48,502
Net cash paid for acquisition	<u>152,837</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. TRADE AND OTHER PAYABLES

	Group		ECW	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<i>Current</i>				
Trade payables to:				
– non-related parties	7,579	4,333	13	–
– related parties*	945	668	–	–
Interest payables	4,807	3,296	27	1,484
Accruals:				
– operating expenses	2,270	2,132	1,834	1,882
– construction costs	4,512	–	–	–
Other payables				
– non-related parties	8,156	6,907	–	14
– related parties*	948	477	–	423
Deposits	652	1,404	–	–
Deferred income	2,993	2,691	–	–
Rental received in advance	1,277	1,446	–	–
	34,139	23,354	1,874	3,803
<i>Non-current</i>				
Tenancy related deposits	51,987	54,225	–	–
Deferred income	11,405	2,692	–	–
	63,392	56,917	–	–
	97,531	80,271	1,874	3,803

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

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.

17. LOANS FROM A SUBSIDIARY

	ECW	
	2019 S\$'000	2018 S\$'000
Loans from a subsidiary	393,700	–

The loans from a subsidiary are unsecured, repayable on demand and approximate their fair values.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BORROWINGS

	Group		ECW	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<i>Current</i>				
Secured bank borrowings				
– Onshore facility	5,149	193,959	–	–
– Offshore facility	–	198,846	–	198,846
– Revolving credit facilities	62,740	81,900	15,690	81,900
	67,889	474,705	15,690	280,746
<i>Non-current</i>				
Secured bank borrowings				
– Onshore facility	178,350	–	–	–
– Offshore facility	408,275	–	–	–
	586,625	–	–	–
Total borrowings	654,514	474,705	15,690	280,746

The maturity of the borrowings are as follows:

	Group		ECW	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Within 1 year	67,889	474,705	15,690	280,746
After 1 year but within 3 years	575,736	–	–	–
Over 3 years	10,889	–	–	–
	654,514	474,705	15,690	280,746

Measurement of fair value

Onshore and Offshore interest-bearing borrowings are repriced upon revision of People's Bank of China ("PBOC") Lending Base Rate, SGD SOR and USD LIBOR. The carrying amounts of the borrowings as at reporting date approximate to their corresponding fair values.

Onshore facility

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 (Note 15).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BORROWINGS (CONTINUED)

Onshore facility (continued)

As at 31 December 2019, the onshore facility is secured by:

- (i) a first ranking pledge over the entire issued equity interest of two of the Group's subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. (Note 15) and a first ranking pledge over 65.98% equity interests of Zhejiang Fuzhou E-Commerce Co., Ltd. held by Wuhan Fute Logistics Co., Ltd. (Note 15);
- (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 Zhuo Industrial Co., Ltd., 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., (Note 15) 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, Hangzhou Fu Zhuo Industrial Co., Ltd., 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BORROWINGS (CONTINUED)

Offshore Facility

The offshore borrowers are ECW Treasure Pte. Ltd. ("ECWT") and Zhejiang Fuzhou E-commerce Co., Ltd.. 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 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 Zhuo Industrial 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\$39,074,000 and US\$5,840,000; 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 Onshore Facility and the Offshore Facility have cross-default provisions, where an event of default of the Offshore Facility shall automatically trigger a cross default on the Onshore Facility and vice versa.

Revolving Credit Facilities

As at 31 December 2019, ECW has uncommitted revolving credit facilities of S\$120,000,000 with United Overseas Bank Ltd ("UOB"), Malayan Banking Berhad ("MBB") and Bank of East Asia Limited, Singapore Branch ("BEA"). ECW had drawn down a total of S\$62,740,000 short-term loan backed by SBLC issued by United Overseas Bank (China) Ltd, Malayan Banking Berhad Shanghai Branch and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB359,750,000 (S\$69,468,000) (Note 10).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. 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 Statements of Financial Position as follows:

	Group	
	2019	2018
	S\$'000	S\$'000
Deferred income tax assets		
– To be recovered after 1 year	(411)	(366)
Deferred income tax liabilities		
– To be settled after 1 year	271,433	262,808
Deferred income tax liabilities (net)	<u>271,022</u>	<u>262,442</u>

Deferred income tax liabilities of S\$2,639,000 (2018: S\$1,654,000) have not been recognised for the withholding taxes and other taxes that will be payable on the earnings of its overseas subsidiaries when remitted to the holding company as the Group is in a position to control the dividend policies of these subsidiaries and provision of such taxes is made only when there is a plan for dividend distribution.

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 gains on investment properties S\$'000	Accelerated tax depreciation S\$'000	Total S\$'000
<u>Group</u>			
2019			
Beginning of the year	261,250	1,558	262,808
Tax charged for the year	16,273	(623)	15,650
Currency translation differences	(6,998)	(27)	(7,025)
End of the year	<u>270,525</u>	<u>908</u>	<u>271,433</u>
2018			
Beginning of the year	261,979	1,544	263,523
Acquisition of subsidiaries	–	63	63
Tax charged for the year	7,884	4	7,888
Currency translation differences	(8,613)	(53)	(8,666)
End of the year	<u>261,250</u>	<u>1,558</u>	<u>262,808</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. DEFERRED INCOME TAX (CONTINUED)

Deferred tax assets

	Provisions and others S\$'000
<hr/>	
<u>Group</u>	
2019	
Beginning of the year	(366)
Acquisition of subsidiaries (Note 15)	(115)
Tax charged for the year	59
Currency translation differences	11
End of the year	<u>(411)</u>
 2018	
Beginning of the year	(462)
Tax charged for the year	81
Currency translation differences	15
End of the year	<u>(366)</u>

20. GOVERNMENT GRANT

	<u>Group</u>	
	2019	2018
	S\$'000	S\$'000
<hr/>		
Government grant	<u>1,005</u>	606

21. UNITS IN ISSUE

	<u>Group and ECW</u>	
	2019	2018
	No. of Units	No. of Units
	'000	'000
<hr/>		
<i>Units in issue</i>		
Beginning of the year	792,014	784,658
Issue of Units:		
– Manager's base fees paid in Units	6,564	6,667
– Manager's performance fees paid in Units	423	689
– Manager's acquisition fees paid in Units	2,205	–
End of the year	<u>801,206</u>	<u>792,014</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. UNITS IN ISSUE (CONTINUED)

During the year, ECW issued 6,987,083 new Units (2018: 7,356,790 new Units), in respect of the payment of management fees in 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.

On 29 November 2019, ECW issued 2,204,836 new Units (2018: Nil), in respect of the payment of acquisition fees for the Acquisition. 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 immediately preceding 29 November 2019.

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) 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.

22. 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 32.2 to 45.5 years, which is used in the Group's operations. This leasehold land is recognised within Investment properties (Note 14).

There is no externally imposed covenant on these lease arrangements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. 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 born 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 adhoc 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.

	Group 2019 S\$'000
Less than one year	105,262
One to two years	87,343
Two to three years	83,260
Three to four years	84,126
Four to five years	74,551
More than five years	6,399
Total undiscounted lease payments	440,941

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. COMMITMENTS

(a) 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\$1,559,000 (2018: S\$727,000).

(b) Operating lease commitments – where the Group is a lessor

The Group leases out its investment properties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group 2018 S\$'000
Not later than one year	97,925
Between one and five years	96,321
	<u>194,246</u>

On 1 January 2019, the Group has adopted FRS 116 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 are disclosed in Note 23.

25. 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 2019

25. 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 will adopt 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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 2019				
Financial assets				
Cash and bank balances	7,661	105,343	6,465	119,469
Trade and other receivables	1,966	32,041	–	34,007
Receivables from holding corporation/subsidiaries	718,654	210,454	–	929,108
Total financial assets	728,281	347,838	6,465	1,082,584
Financial liabilities				
Trade and other payables*	(4,838)	(77,018)	–	(81,856)
Payables to holding corporation/subsidiaries	(718,654)	(210,454)	–	(929,108)
Borrowings	(356,521)	(183,500)	(114,493)	(654,514)
Total financial liabilities	(1,080,013)	(470,972)	(114,493)	(1,665,478)
Net financial liabilities	(351,732)	(123,134)	(108,028)	(582,894)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(1,559)	–	(1,559)
Less: Currency options	–	24,800	–	24,800
Less: Cross currency swaps	–	–	109,042	109,042
Less: Net financial liabilities denominated in the respective entities' functional currency	313,424	49,360	–	362,784
Net currency exposure	(38,308)	(50,533)	1,014	(87,827)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. 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 2018				
Financial assets				
Cash and bank balances	9,517	127,129	5,481	142,127
Trade and other receivables	370	35,549	-	35,919
Receivables from holding corporation/subsidiaries	276,895	136,017	-	412,912
Total financial assets	286,782	298,695	5,481	590,958
Financial liabilities				
Trade and other payables*	(3,452)	(69,990)	-	(73,442)
Payables to holding corporation/subsidiaries	(276,895)	(136,017)	-	(412,912)
Borrowings	(280,746)	(193,959)	-	(474,705)
Total financial liabilities	(561,093)	(399,966)	-	(961,059)
Net financial (liabilities)/assets	(274,311)	(101,271)	5,481	(370,101)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(727)	-	(727)
Less: Currency options	-	18,000	-	18,000
Less: Net financial liabilities denominated in the respective entities' functional currency	274,311	32,078	-	306,389
Net currency exposure	-	(51,920)	5,481	(46,439)

* Excludes deferred income and rental received in advance

ECW is not exposed to significant currency risk as all transactions are 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 3% (2018: 3%) and 5% (2018: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset would increase/decrease the total return by S\$316,000 (2018: S\$1,284,000) respectively.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. 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 floating interest rates. 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.

As at the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		ECW	
	Carrying amount		Carrying amount	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Variable rate instruments</u>				
– Onshore borrowings	188,236	195,017	–	–
– Offshore borrowings	416,860	200,000	–	200,000
– Revolving credit facilities	62,740	81,900	15,690	81,900
– Interest rate swaps	(191,563)	(200,000)	–	(200,000)
– Cross currency interest rate swap	(109,042)	–	–	–
Net exposure to interest rate risk	367,231	276,917	15,690	81,900

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risks (continued)

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).

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 (2018: 25) basis points ("bp") at the reporting date, the total return would be lower/higher by S\$918,000 (2018: S\$693,000). 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.

(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.

76% of trade and other receivables are due from the ultimate holding corporation and secured with the security deposits placed with the Group.

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 balance sheet, 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 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 write-back for doubtful receivables amounting to S\$104,000 (2018: S\$116,000) due to collections.

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 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Loans to subsidiaries

ECW has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of \$288,978,000 (2018: \$241,557,000) 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 and financial covenants imposed by the banks on the various borrowings.

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 those Group subsidiaries and the repatriation 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.

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 2 to 3 years S\$'000	More than 3 years S\$'000
Group				
2019				
Non-derivative financial liabilities				
Borrowings	(675,263)	(33,023)	(629,303)	(12,937)
Revolving credit facilities	(63,059)	(63,059)	–	–
Trade and other payables*	(91,735)	(25,062)	–	(66,673)
Derivative financial liabilities				
Interest rate swaps	(1,448)	(599)	(849)	–
Cross currency interest rate swaps	(2,870)	88	(2,958)	–
2018				
Non-derivative financial liabilities				
Borrowings	(408,948)	(408,948)	–	–
Revolving credit facilities	(82,807)	(82,807)	–	–
Trade and other payables*	(75,942)	(15,921)	(60,021)	–
Derivative financial liabilities				
Interest rate swaps	92	92	–	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 2 to 3 years S\$'000
<u>ECW</u>			
2019			
Non-derivative financial liabilities			
Revolving credit facilities	(15,788)	(15,788)	–
Trade and other payables*	(1,847)	(1,847)	–
Loans from a subsidiary	(393,700)	(393,700)	–
2018			
Non-derivative financial liabilities			
Borrowings	(206,202)	(206,202)	–
Revolving credit facilities	(82,807)	(82,807)	–
Trade and other payables*	(2,319)	(2,319)	–
Derivative financial liabilities			
Interest rate swaps	92	92	–

* Exclude interest payables, deferred income and rental received in advance.

(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 and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property at the time the borrowing is incurred, taking into account deferred payments, including deferred payments for assets whether to be settled in cash or in Units.

The Group has complied with the Aggregate Leverage requirements for the financial years ended 31 December 2019 and 31 December 2018:

	2019 S\$'000	2018 S\$'000
<u>Group</u>		
Total borrowings and deferred payment	667,836	476,917
Total assets	1,724,041	1,515,824
Aggregate leverage ratio	<u>38.7%</u>	<u>31.5%</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

The Manager aims to optimise the capital structure and cost of capital, within the Aggregate Leverage limit in the Property Fund 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).

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 balance sheet 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial instruments by category and fair value measurements (continued)

	Carrying amount			Fair value				
	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
Group 2019								
Financial assets								
Cash and bank balances	-	119,469	-	119,469	-	-	-	-
Trade and other receivables*	-	33,850	-	33,850	-	-	-	-
Derivative financial instruments	110	-	-	110	-	110	-	110
	<u>110</u>	<u>153,319</u>	<u>-</u>	<u>153,429</u>				
Financial liabilities								
Trade and other payables^	-	-	81,856	81,856	-	-	-	-
Borrowings	-	-	654,514	654,514	-	-	-	-
Derivative financial instruments	4,301	-	-	4,301	-	4,301	-	4,301
	<u>4,301</u>	<u>-</u>	<u>736,370</u>	<u>740,671</u>				
2018								
Financial assets								
Cash and bank balances	-	142,127	-	142,127	-	-	-	-
Trade and other receivables*	-	35,714	-	35,714	-	-	-	-
Derivative financial instruments	329	-	-	329	-	329	-	329
	<u>329</u>	<u>177,841</u>	<u>-</u>	<u>178,170</u>				
Financial liabilities								
Trade and other payables^	-	-	73,442	73,442	-	-	-	-
Borrowings	-	-	474,705	474,705	-	-	-	-
Derivative financial instruments	95	-	-	95	-	95	-	95
	<u>95</u>	<u>-</u>	<u>548,147</u>	<u>548,242</u>				

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial instruments by category and fair value measurements (continued)

	Carrying amount			Fair value				
	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
<u>ECW</u>								
2019								
Financial assets								
Cash and bank balances	-	305	-	305	-	-	-	-
Trade and other receivables*	-	836	-	836	-	-	-	-
Derivative financial instruments	110	-	-	110	-	110	-	110
Loans to subsidiaries	-	288,978	-	288,978	-	-	-	-
	<u>110</u>	<u>290,119</u>	<u>-</u>	<u>290,229</u>				
Financial liabilities								
Trade and other payables^	-	-	1,874	1,874	-	-	-	-
Borrowings	-	-	15,690	15,690	-	-	-	-
Derivative financial instruments	71	-	-	71	-	71	-	71
Loans from a subsidiary	-	-	393,700	393,700	-	-	-	-
	<u>71</u>	<u>-</u>	<u>411,264</u>	<u>411,335</u>				

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial instruments by category and fair value measurements (continued)

	Carrying amount				Fair value			
	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
ECW								
2018								
Financial assets								
Cash and bank balances	–	10,011	–	10,011	–	–	–	–
Trade and other receivables*	–	537	–	537	–	–	–	–
Derivative financial instruments	329	–	–	329	–	329	–	329
Loans to subsidiaries	–	241,557	–	241,557	–	–	–	–
	<u>329</u>	<u>252,105</u>	<u>–</u>	<u>252,434</u>				
Financial liabilities								
Trade and other payables^	–	–	3,803	3,803	–	–	–	–
Borrowings	–	–	280,746	280,746	–	–	–	–
Derivative financial instruments	95	–	–	95	–	95	–	95
	<u>95</u>	<u>–</u>	<u>284,549</u>	<u>284,644</u>				

* Excludes prepayments and VAT receivables

^ Excludes deferred income and rental received in advance

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

For financial reporting purposes under FRS 110 *Consolidated Financial Statements*, the Group is regarded as a subsidiary of Forchn Global Pte. Ltd.. 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.

27. 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:

	2019	Group 2018
	S\$'000	S\$'000
Property management fees paid/payable	1,750	1,560
Trustee's fees paid/payable	303	289
Manager's base fees paid/payable	4,886	4,901
Manager's performance fees payable	–	223
Rental and other related income received/receivable from related parties	(80,270)	(75,718)
Operating lease commitment where the Group is a lessor	<u>411,150</u>	<u>150,997</u>

Outstanding balances at 31 December 2019, 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 16 respectively.

28. FINANCIAL RATIOS

	2019	Group 2018
	%	%
Ratio of expenses to weighted average net assets ¹		
– including performance component of Manager's fees	1.00	0.92
– excluding performance component of Manager's fees	1.00	0.89
Portfolio turnover ratio ²	<u>31.79</u>	<u>4.39</u>

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 2019

29. 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, Chief Financial Officer and the Chief Investment 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.

Property income and expenses

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Gross revenue	41,766	44,757	14,320	14,785	43,042	36,687	99,128	96,229
Property expenses	(2,607)	(3,079)	(1,404)	(1,121)	(5,380)	(4,693)	(9,391)	(8,893)
Net property income	39,159	41,678	12,916	13,664	37,662	31,994	89,737	87,336
Net change in fair value of investment properties	9,764	4,356	1,694	1,354	38,884	6,305	50,342	12,015
Finance income							1,788	1,519
Finance costs							(32,936)	(27,413)
Other trust expenses*							(6,872)	(6,359)
Exchange differences							414	1,835
Net change in fair value of financial derivatives							(4,306)	1,263
Total return for the financial year before income tax							98,167	70,196
Income tax expenses							(32,946)	(23,261)
Total return for the financial year after income tax before distribution							65,221	46,935

* Other trust expenses include Manager's fees and Trustee's fees.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. SEGMENT INFORMATION (CONTINUED)

Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Segment assets								
– Investment properties	627,189	637,063	285,595	291,648	654,802	406,323	1,567,586	1,335,034
– Trade and other receivables	7,468	9,444	52	266	27,940	28,003	35,460	37,713
Unallocated assets							120,995	143,077
Total assets							1,724,041	1,515,824
Segment liabilities	173,488	172,339	62,822	67,561	140,100	109,287	376,410	349,187
Unallocated liabilities								
– Borrowings							654,514	474,705
– Others							9,192	3,380
Total liabilities							1,040,116	827,272

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to FRS 103 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under FRS 103. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term “outputs” is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. Entities can apply a “concentration test” that, if met, eliminates the need for further assessment. Under this optional test, where substantially all the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. EVENTS OCCURRING AFTER STATEMENTS OF FINANCIAL POSITION DATE

The Manager announced a distribution of 1.510 cents per unit for the period from 1 October 2019 to 31 December 2019.

Due to the outbreak of Novel Coronavirus Disease ("COVID-19") in China, the World Health Organisation announced the outbreak of COVID-19 as a Public Health Emergency of International Concern on 30 January 2020.

As at the date of this report, the COVID-19 situation in China is reported to be under control. The Group's properties, with the exception of Wuhan Meiluote, have received the necessary permits to restart operations. With the net property income of Wuhan Meiluote accounting for less than 2% of that of the Group, the Manager has not observed any major disruptions to the Group operations. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 25 March 2020.

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 2019, 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:

Name of interested person	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	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
EC World Asset Management Pte Ltd		
- Manager's base fees	4,886	-
- Manager's performance fees	-	-
- Acquisition fees	1,636	-
Forchn Holdings Group Co. Ltd. and its subsidiaries		
- Rental income	(1,282)	-
- Waiver of penalty fees	6,635	-
- Property management fees	1,533	-
DBS Trustee Limited		
- Trustee's fees	303	-

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

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial year from 1 January 2019 to 31 December 2019.

For Period	Issue Date	Units issued	Issue Price (S\$)*
1 October 2018 to 31 December 2018	28 March 2019	2,214,409	0.6940
1 January 2019 to 31 March 2019	1 July 2019	1,566,602	0.7607
1 April 2019 to 30 June 2019	18 October 2019	1,579,440	0.7799
1 July 2019 to 30 September 2019	29 November 2019	1,626,632	0.7297

Please also see Related party transactions in Note 27 to the financial statements.

B. UTILISATION OF THE SECURITY DEPOSITS

As at the reporting date, the Group has received rental deposits of RMB344.7 million (equivalent to S\$66.6 million) from the Master Lease tenants (the "Security Deposits"). This includes the rental deposits of RMB43 million (equivalent to S\$8.3 million) from the Master Lease tenants at Fuzhou E-Commerce, following the acquisition of Fuzhou E-Commerce on 8 August 2019.

In 2018, the Group have used the Security Deposits to finance the acquisition costs of Wuhan Meiluote for a net consideration of RMB138,787,000 (equivalent to S\$28,937,000). No additional utilisation during 2019.

At the reporting date, there are reasonable grounds to believe that ECW and the Group will be able to repay the security deposits at the end of the term of the Master Leases.

Statistics of Unitholdings

AS AT 16 MARCH 2020

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	2	0.05	14	0.00
100 – 1,000	424	10.01	354,974	0.04
1,001 – 10,000	2,025	47.80	11,748,400	1.47
10,001 – 1,000,000	1,764	41.64	83,809,880	10.46
1,000,001 AND ABOVE	21	0.50	705,292,968	88.03
TOTAL	4,236	100.00	801,206,236	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	ICBC (SINGAPORE) NOMINEES PRIVATE LIMITED	322,957,200	40.31
2	CITIBANK NOMINEES SINGAPORE PTE LTD	149,116,872	18.61
3	RAFFLES NOMINEES (PTE.) LIMITED	117,227,900	14.63
4	DBS NOMINEES (PRIVATE) LIMITED	39,047,024	4.87
5	EC WORLD ASSET MANAGEMENT PTE LTD	13,560,806	1.69
6	FORCHN INTERNATIONAL PTE LTD	9,503,123	1.19
7	PHILLIP SECURITIES PTE LTD	8,694,300	1.09
8	ABN AMRO CLEARING BANK N.V.	6,169,200	0.77
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,448,290	0.56
10	HSBC (SINGAPORE) NOMINEES PTE LTD	4,305,899	0.54
11	SNG KAY BOON TERENCE	4,177,000	0.52
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,806,890	0.48
13	IFAST FINANCIAL PTE. LTD.	3,578,800	0.45
14	CITIGROUP GLOBAL MARKETS SINGAPORE SECURITIES PTE. LTD.	3,180,038	0.40
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,626,800	0.33
16	DB NOMINEES (SINGAPORE) PTE LTD	2,610,300	0.33
17	DBSN SERVICES PTE. LTD.	2,492,500	0.31
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,144,526	0.27
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,085,100	0.26
20	OCBC SECURITIES PRIVATE LIMITED	1,834,700	0.23
	TOTAL	703,567,268	87.84

Statistics of Unitholdings

AS AT 16 MARCH 2020

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 16 MARCH 2020

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of EC World REIT as at 16 March 2020 are as follows:

	Names of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Forchn Global Pte. Ltd.	322,957,200	–
2	Forchn International Pte. Ltd. ⁽¹⁾	9,503,123	336,518,006
3	Forchn Holdings Group Co., Ltd. ⁽²⁾	–	346,021,129
4	Zhang Guobiao ⁽³⁾	–	346,021,129
5	Zhang Zhangsheng ⁽⁴⁾	–	346,021,129
6	BOCOM International Global Investment Limited	61,728,300	–
7	BOCOM International Holdings Company Limited ⁽⁵⁾	–	61,728,300
8	Bank of Communications Co., Ltd. ⁽⁶⁾	–	61,728,300
9	Fosun International Holdings Ltd.	73,966,000	–
10	Guo Guangchang ⁽⁷⁾	–	73,966,000
11	Sunkits Resources Limited	81,526,700	–
12	China Cinda (HK) Asset Management Co., Limited ⁽⁸⁾	–	81,526,700
13	China Cinda (HK) Holdings Company Limited ⁽⁹⁾	–	81,526,700
14	China Cinda Asset Management Co., Ltd. ⁽¹⁰⁾	–	81,526,700
15	Ministry of Finance of The People's Republic of China ⁽¹¹⁾	–	81,526,700

Notes:

- (1) 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..
- (2) 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 Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (3) 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 Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (4) 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 Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (5) BOCOM International Holdings Company Limited is deemed to be interested in the Units held by its wholly-owned subsidiary, BOCOM International Global Investment Limited.
- (6) Bank of Communications Co., Ltd. is deemed to be interested in the Units held by BOCOM International Global Investment Limited. BOCOM International Global Investment Limited is a wholly-owned subsidiary of BOCOM International Holdings Company Limited. BOCOM International Holdings Company Limited is a wholly-owned subsidiary of Bank of Communications Co., Ltd..
- (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..
- (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..

Statistics of Unitholdings

AS AT 16 MARCH 2020

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2020

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
Zhang Guobiao ⁽¹⁾	–	346,021,129
Goh Toh Sim	821,575	–
Chan Heng Wing	300,000	–
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 Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..

FREE FLOAT

Based on information available to the Manager as at 16 March 2020, approximately 29.53% 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.

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.
9 Raffles Place
#45-02 Republic Plaza
Singapore 048619
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:
Alex Toh Wee Keong
(With effect from financial year ended 31 December 2017)

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.
50 Raffles Place
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EC World Real Estate Investment Trust

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RESEARCH REPORT FROM THE NATIONAL CENTER FOR QUALITY REPORT 2019