ANNUAL
REPORT
2022

EC World
运通网城 REIT

RE-
BALANCE

EC World REIT's matured portfolio of properties held steady, supported by positive organic rental reversions in the face of challenging market conditions.

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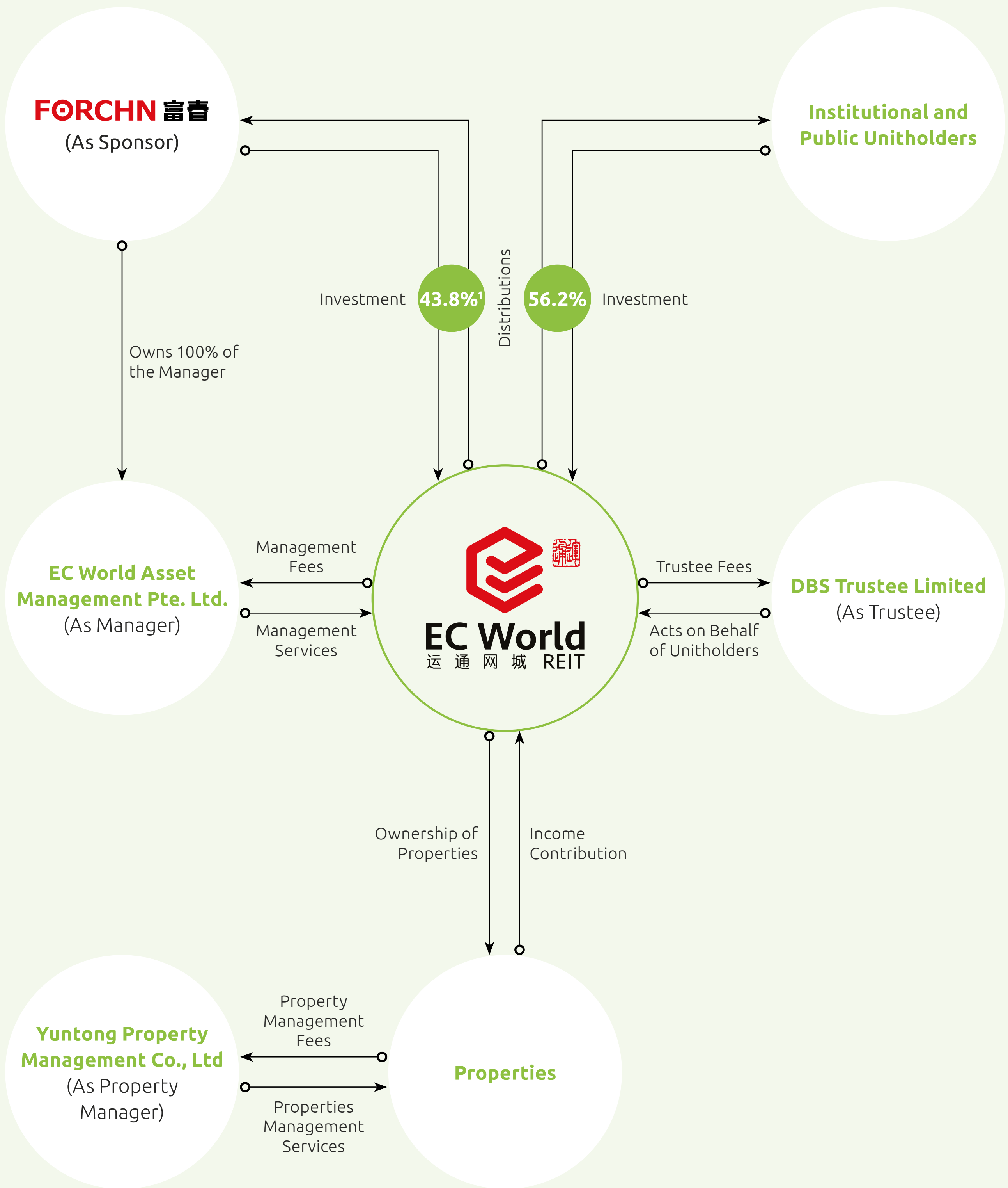
Corporate Profile

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

ECW offers investors an unique exposure to the specialised logistics and e-commerce sector in the PRC. As at 31 December 2022, its portfolio consists of seven quality properties located within the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan, with an aggregate net lettable area of 953,333 sqm valued at approximately S$1.47 billion.

ECW is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of Forchn Holdings Group Co., Ltd., the Sponsor of EC World REIT (the “Sponsor”). Established in 1992 and headquartered in Shanghai, the Sponsor is a Shanghai-based conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors.

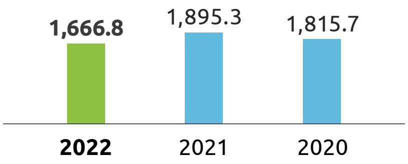
Trust Structure



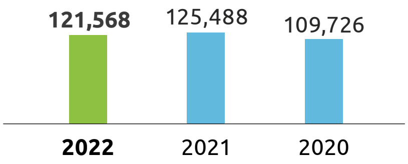
[1] As at 31 December 2022. Includes Units held by the Manager.

Financial Highlights

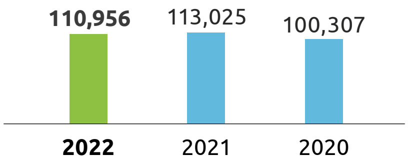
Total Assets
S$ (m)



Gross Revenue
S$ ('000)



Net Property Income
S$ ('000)



Balance Sheet (S$ million)	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Total Assets	**1,666.8**	1,895.3	1,815.7	1,724.0	1,515.8
Investment Properties (including held for sale)	**1,469.8**	1,673.9	1,623.7	1,567.6	1,335.0
Total Liabilities	**1,059.8**	1,143.5	1,100.1	1,040.1	827.3
Net Assets	**607.0**	751.8	715.5	683.9	688.6

Key Financial Indicator					
Gross borrowings / Total assets	**38.8%**	38.2%	38.1%	38.7%	31.5%
Interest cover ratio (times)[1]	**2.7**	2.9	2.6	2.8	3.3
Weighted average debt maturity	**0.4 years[2]**	0.6 years	1.6 years	2.6 years	0.5 years
Annualised all-in interest rate	**5.8%**	4.9%	5.1%	5.4%	5.2%
Annualised all-in blended running interest rate[3]	**4.9%**	4.1%	4.3%	4.5%	4.3%
Total operating expenses as percentage of net assets[4]	**1.7%**	1.7%	1.3%	1.4%	1.3%

Financial Performance	For the Financial Year Ended 31 December 2022	For the Financial Year Ended 31 December 2021	For the Financial Year Ended 31 December 2020	For the Financial Year Ended 31 December 2019	For the Financial Year Ended 31 December 2018
Gross Revenue (S$'000)	**121,568**	125,488	109,726	99,128	96,229
Net Property Income (S$'000)	**110,956**	113,025	100,307	89,737	87,336
Distribution to Unitholders (S$million)	**38,564**	50,615	43,111	48,208	48,801
Distribution Per Unit (Singapore cents)	**4.762[8]**	6.263[7]	5.359[6]	6.047[5]	6.179
Distribution yield (%) (Based on IPO price of S$0.81 per Unit)	**5.9**	7.7	6.6	7.5	7.6
Distribution yield (%) (Based on Unit Price of S$0.445 per Unit on 30 Dec 2022)	**10.7**	14.1	12.0	13.6	13.9

[1] Calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.
[2] Calculated based on original loan maturity date.
[3] Exclude upfront financing fee.
[4] Defined as property expenses divided by net assets.
[5] For FY19, the Manager resolved to distribute 98.7% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 6.127 cents.
[6] For FY20, the Manager resolved to distribute 91.3% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 5.869 cents.
[7] FY21 distribution included payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021 amounting to approximately S$2.0 million.
[8] For FY22, distribution included payout distribution previously retained in 2Q2020 (balance) and 3Q2020 (partial) in 2Q2022 amounting to approximately S$1.3 million.

Develop deeper value propositions

by focusing on service quality, customer experience, and delivery capabilities across tenant segments

CHALLENGES

Overcome **challenges** by embracing **changes**

By focusing on tenant relationships and implementing product innovation strategies, we are proactively optimising potential from the e-commerce sector to realise higher sustainable returns from our assets.

The Stage 1 Properties
of Bei Gang Logistics

Letter to Unitholders

"In the face of these challenging operating conditions, and notably throughout the COVID-19 pandemic, our portfolio of mature and diverse logistics assets, enabled us to register steady stream of income, despite the turbulence in global economies. This further attests to the strong fundamentals and resilience of our core businesses and markets."

ZHANG GUOBIAO
Chairman and Non-Executive Director

DEAR UNITHOLDERS,

The year 2022 has been a very challenging year. The stringent lockdowns imposed to counter the fast changing COVID-19 pandemic, deteriorating property sector and weaknesses in export demand due to global geo-political situations had been the main triggers for the slowdown in economic activities in China, and consequently, contributed to a softer GDP growth of 3% for 2022 from 8.4% in 2021. More recently, with the sudden easing of COVID-19 restrictive measures in December 2022, and the progressive re-opening of its borders to international travelers, there was a nationwide outbreak of COVID-19 cases which spread rapidly within China, and only started to taper off in February 2023. In many cities, the situation had curtailed mobility as most people had to spend more time at home[1] which affected operation of many businesses across industries.

In the face of these challenging operating conditions, and notably throughout the COVID-19 pandemic, our portfolio of mature and diverse logistics assets, enabled us to register steady stream of income, despite the turbulence in global economies. This further attests to the strong fundamentals and resilience of our core businesses and markets.

Conducting a Sustainable Business

ECW delivered a stable full year operational performance across all properties, attributable to organic rental escalations, which offset the impact from the discontinuance of contribution from Fu Zhuo Industrial due to compulsory expropriation. However, the currency translation effect due to the depreciating RMB, led to marginal decline in gross revenue and net property income in FY2022 by 3.1% to S$121.6 million and 1.8% to S$111 million respectively. Without this effect, net property income in RMB terms rose 0.8%, reflecting the continuous focus by the REIT and Property Managers on cost containment to keep property expenses under control.

Distribution per Unit ("DPU") of 4.762 cents for FY2022, translated to a yield of 10.7%[2]. The year-on-year lower amount distributed in FY2022 was mainly due to increase in finance costs, absence of contribution from Fu Zhuo Industrial, the pre-terminated compensation to third party tenants, higher withholding taxes, lower percentage of management fees paid in units to reduce dilution effect from the issuance of new units to pay for management fees and higher distributable income retained (representing 10% total distributable amount) for loan repayment, refinancing related costs and general working capital purpose.

With completion of deregistration of Fu Zhuo Industrial on 30 September 2022, ECW's portfolio valuation for its portfolio of seven properties of RMB7,604 million as at 31 December 2022, was 2.2% lower than the portfolio valuation of RMB7,775 million as at 31 December 2021, on a like-for-like basis mainly due to effects of COVID-19 pandemic.

Optimizing Existing Portfolio

Portfolio occupancy sustained at a high of 99.2%, while weighted average lease to expiry ("WALE") by gross rental income was at 1.6 years. Through proactive engagement with existing and prospective tenants, new and renewal of leases were secured at Chongxian Port Logistics, Hengde Logistics and Wuhan Meiluote during the year.

Enhancing Capital Structure

ECW aims to maintain prudent financial structure to ensure that it will be able to access adequate capital at reasonable costs. The Group's cashflow is well supported by income from master leases and multi-tenanted leases from our diverse businesses across e-commerce logistics, specialized logistics and port logistics.

ECW's aggregate leverage ratio of 38.8% as at year ended 31 December 2022 was well below the regulatory gearing limit. The refinancing of the onshore and offshore syndicated facilities has been completed by 31 May 2023. The blended running interest rate of the aggregate of all existing facilities stood at 4.9% for FY2022, higher than previous year's 4.1%, resulting from the increase in finance costs during the year.

We will closely monitor our interest rate exposures on a continuous basis, as downside risks remain including further tightening of financial conditions. The Group uses interest rate derivatives for the purpose of hedging its interest rate risks. As at 31 December 2022, 45% of our offshore facilities were hedged using floating to fixed interest rate swaps and cross currency swaps. Whereas for exposure to foreign exchange risks as a result of distributions in Singapore dollars, these were managed through Currency options contracts and currency forward contracts.

Proposed Divestment

Due to the current macro-economic and real estate market conditions in the PRC, the lenders of the existing bank Loans of ECW (the "**Lenders**" and the "**Existing Bank loans**") had called on ECW to repay at least 25% of the Existing Bank loans (the "**Mandatory Repayment**") by 31 December 2022. Without the proceeds from the Proposed Divestment, ECW would be at the risk of an imminent default of the Mandatory Repayment obligations. On 16 December 2022, an EGM was held and unitholders approved the divestment proposal. On behalf of the Board of the Diretors, I wish to take this opportunity to express our appreciation towards all unitholders for the strong support.

In order to manage this risk and potential operational risks over our portfolio of properties identified through progressive assessments over the years, as well as to respond to suitable opportunities including re-constitution of our portfolio for the

[1] https://www2.deloitte.com/cn/en/pages/about-deloitte/articles/deloitte-research-issues-79.html.
[2] Based on closing price of S$0.445 as at 30 December 2022.

Letter to Unitholders

benefit of Unitholders, the Beigang Logistics Stage 1 and Chongxian Port Logistics (the "**Divestment Properties**") were determined to be the most suitable for divestment.

As announced on 3 October 2022, ECW has entered into equity purchase agreement with the related parties to divest its indirect interests in the Divestment Properties[3] , at a total sales and purchase consideration of RMB1,370,000,000. The divestment of assets at opportune time, will allow us to meet ECW's Mandatory Repayment obligations under the existing bank loans, unlock value at optimal prices, and preserve the long-term value for Unitholders. In consideration of the Mandatory Repayment requirement, the Sponsor decided to support ECW to overcome the challenges and provided undertakings to the Lenders of ECW to ensure the repayment of the Mandatory Repayment amount by acquiring the Divestment Properties.

Looking Ahead

China continues to be a giant in the e-commerce market, accounting for more than a third of the market share globally[4]. It has a considerably higher proportion of retail sales attributable to online penetration, driven by the rapid growth in its digital community compared to other top e-commerce countries[5]. Even though online retail sales growth is expected to continue to rise, accompanying by growth in disposable incomes in lower-tier cities, and the underserved categories of retail goods in the post-pandemic economy, overall e-commerce growth is likely to be at slower pace.

Despite the improving economic conditions in China, there remain concerns over the continued strength of recovery, effectiveness of policy support to revitalize the currently heavily stressed real estate sector, and the slowing global growth as rising interest rates and geopolitical tensions continue to weigh on economic activities[6].

[3] https://ecwreit.listedcompany.com/newsroom/20221003_004324_BWCU_8SM8CX5076DEJRSY.1.pdf.
[4] https://www.globaldata.com/media/banking/china-continues-to-lead-global-e-commerce-market-with-over-2-trillion-sales-in-2022-says-globaldata/.
[5] https://www.schroders.com/en-us/us/individual/insights/china-e-commerce-is-it-time-to-look-beyond-regulatory-pressures/.
[6] https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023.

Our ability to respond to the present market situations and the evolving business trends will place us in an appropriate position to adapt to the economic rebound.

Sustainability

We are cognizant of the environmental impact on our operation if no actions are taken to manage climate-related risks and reduce emissions where possible. In this aspect, we have continued to uphold and implement our core sustainability values in all our business activities, and raise sustainability awareness amongst our internal and external stakeholders. ECW has adapted the best corporate practices in our sustainability reporting for FY2022, including the inaugural referencing of the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations framework. During the year, several key environmental initiatives were completed at our properties including installation of more LED light bulbs and feasibility studies on solar panel installation.

The Manager has also conducted a qualitative assessment of climate-related transition and physical risks for all our properties, and have disclosed the findings under different scenarios in our latest sustainability report.

Acknowledgements

I would like to express my appreciation to our unitholders, tenants and all business partners for their continued support, and to my fellow board members for their active contributions during the past year. I also like to commend the Manager and staff for their continuous efforts and commitment.

I look forward to a better FY2023 as we strive to continue to further solidify our market position and deliver stakeholder value and returns in a sustainable manner.

Zhang Guobiao
Chairman and Non-Executive Director

DPU Yield at
10.7%

Occupancy Rate at
99.2%

Portfolio valuation at
RMB7.6 billion

致单位持有人

亲爱的单位持有人，

过去的2022年是非常有挑战性的一年。基于应对新冠疫情变化所需的严格的疫情管控措施，房地产行业的进一步低迷以及因国际大环境所影响的出口需求疲软等多种客观因素，综合导致了中国整体经济增长速度从2021年的8.4%放缓至3%。另外随着中国新冠病毒疫情管控措施自2022年 12月初开始全面缓解并逐步向国际旅客重新开放边境，中国在全国范围短时间内爆发了大量新冠病毒感染病例。病毒疫情的蔓延直到2023年2月才开始逐渐减少。这场席卷全国的疫情在极大程度上限制了人们的流动性因而影响了各行各业的实际运营。

面对这些具有挑战性的经营条件，尤其是在整个新冠病毒疫情大流行期间，我们成熟以及多元化的物流资产组合使我们能够在动荡的经济大背景下持续达到稳定提供收入。这进一步证明了我们核心业务和市场的强劲基本面和弹性。

开展可持续发展的业务

2022财年的总收入和净财产收入分别下降3.1%至1.216亿新元和1.8%至1.11亿新元，这主要是由于富卓实业被强制征用而停止贡献的影响以及人民币贬值带来的货币换算效应。如不考虑以上影响，以人民币计算的净物业收入实际增长了0.8%，反映出房地产投资信托基金和物业管理公司持续关注成本控制以控制物业开支的成效。

2022财年的每单位派息（"DPU"）为4.762美分，达到年化10.7%的高收益率。2022财年各单位分派的金额同比减少主要是由于：1）财务成本增加；2）富卓实业被被强制征用导致的收入减少和对提前终止的第三方租户的补偿；3）预扣税增加；4）为减少发新股导致现有小股东股权稀释趋势而减少用单位支付基金管理人的管理费；5）为融资的现金需求而提高了可派息净收入保留额度到10%用于偿还贷款、支付再融资相关费用和一般营运资金用途。

由于富卓实业已于2022年9月30日完成注销，运通网城截至2022年12月31日对其剩余七项物业组合的投资组合估值为人民币76.04亿元，较截至2021年12月31日的投资组合估值人民币77.75亿元稍低2.2%，主要是由于新冠病毒疫情大流行的影响。

优化现有投资组合

投资组合的入住率保持在99.2%的高位，而按总租金收入计算的加权平均租期（"WALE"）为1.6年。年内，崇贤港物流、恒德物流及武汉梅洛特通过积极接洽现有及潜在租户，获得了部分新租及续租。

资本结构改善

运通网城旨在维持审慎的财务结构，以确保能够以合理的成本获得充足的资金。本集团的现金流得到来自电子商务物流、专业物流和港口物流等多元化业务的整租和多租户租赁收入的有力支持。

截至2022年12月31日止，运通网城的总杠杆率为38.8%，远低于监管杠杆限制。现有境内外贷款也已于2023年5月31日成功完成再融资。基于国际经济大环境影响，2022财年现有贷款的综合利率从2021年度的4.1%提高到4.9%，导致本财年的财务成本较上年有所增加。

因为全球金融紧缩和经济下行风险仍然存在，我们将持续密切监控我们的利率风险并使用利率衍生工具对冲相关利率风险。截至2022年12月31日，信托有45%的境外贷款使用利率掉期及交叉货币利率互换进行了风险对冲。对于以新加坡元进行境外派息的外汇风险则是通过货币期权合约和货币远期合约进行管控。

资产处置

由于中国近期的宏观经济和房地产市场状况，贷款人针对运通网城的现有银行贷款（“**贷款人**”和“**现有银行贷款**”）于2022年中提出要求运通网城在2022年12月31日之前偿还至少25%的现有银行贷款（“**强制还款**”）。运通网城因此需要通过资产处置来得到相关的资金用于满足该要求，以避免违约风险。信托的股东们在2022年12月16日批准了这项处置计划，在此我代表董事会感谢各位的大力支持。

在日常管理中基金管理公司会通过渐进评估来确定信托资产组合的潜在运营风险。基金管理人从管理上述违约风险以及潜在运营风险的角度出发，从单位持有人利益的角度出发，会在恰当的时机对信托的资产组合进行重组。北港物流一期和崇贤港物流（“**待处置资产**”）被确定为当前最适合剥离的资产。待处置资产的净权益对价定为人民币1,370,000,000元。

通过在适当的时候处置非核心资产，不但可以帮助信托履行运通网城在现有银行贷款下的强制还款义务，还可以当前最优价格释放价值，以达到为为单位持有人保留长期价值的目的。考虑到强制还款要求对信托的挑战，发起人已决定权力支持信托，并向运通网城的贷款人提供承诺，以确保通过收购上述待处置资产来保证信托有能力偿还强制还款金额。

展望未来

中国仍然是电子商务市场的巨头，占全球市场份额的三分之一以上。与其他顶级电子商务国家相比，由于中国数字社区的快速增长，线上零售的份额相对较高。然而，尽管线上零售增长预计将伴随着低线城市可支配收入的增长以及后疫情经济中零售品类服务不足而继续上升，整体电子商务增长可能会放缓步伐。

尽管中国经济状况有所改善，但市场仍然担心经济复苏的持续力度和支持振兴当前压力重重的房地产行业的政策的有效性，以及由于国际利率上升，地缘政治紧张局势继续对全球经济活动造成压力而导致全球增长放缓。

信托应对当前市场形势和不断变化的业务趋势的能力将使我们处于适应经济反弹的适当位置。

可持续性

如果不采取任何措施来管理与气候相关的风险并尽可能减少排放，我们就会意识到我们运营对环境的影响。在这方面，我们继续在所有业务活动中坚持和践行我们的可持续发展核心价值观，并提高我们内部和外部利益相关者的可持续发展意识。运通网城在我们2022财年的可持续发展报告中采用了最佳企业实践，包括首次引用气候相关财务信息披露工作组（“TCFD”）的建议报告框架。年内，我们的物业完成了几项重要的环保措施，包括安装更多发光二极管灯泡和安装太阳能电池板的可行性研究。

管理公司还对我们所有物业的气候相关转型和物理风险进行了定性评估，并在我们最新的可持续发展报告中披露了不同情景下的调查结果。

致谢

我要感谢我们的单位持有人、租户和所有业务合作伙伴的持续支持，并感谢我的董事会成员在过去一年中的积极贡献。我还要赞扬经理人及其旗下员工的不懈努力。

我期待更好的 2023 财年，我们会努力继续继续进一步巩固我们的市场地位，并以可持续的方式为利益相关者提供价值和回报。

张国标
董事长兼非执行董事

Management Review

In 2022, EC World 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. As at 31 December 2022, a 99.2% portfolio occupancy rate was achieved, with the underlying occupancy rate at 87.3%[1] for the 7 remaining properties in the portfolio.

Stable and High Occupancy Rate

Of the four e-commerce assets, Fu Heng Warehouse, Bei Gang Logistics and Fuzhou E-commerce are on long master leases. Fu Heng Warehouse, Bei Gang Logistics are master leased to Hangzhou Fuyang Yunton 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 Yunton 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 Meiluote is a multi-tenanted property.

With the re-opening of its economy, e-commerce volumes are expected to grow as consumers gravitate toward online shopping. However, rate of growth of online retail in general is expected to normalise, while the offfline brick-and-mortar retail sales will rebound faster with the recovery of consumer demand and confidence[2]. The REIT is well positioned to benefit from growth of China's logistics industry in 2023, with the emphasis from Chinese government on transportation infrastructure and digital technologies as unveiled in its "Five-Year Plan" in December 2022, to boost logistics capacity, improve the efficiency of logistics and transportation operations and streamline processes to reduce costs[3]. Three of the REIT's e-commerce assets (Fu Heng Warehouse, Bei Gang Logistics and Fuzhou E-commerce) are based 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 zones[4]. Despite the various restrictions throughout 2022, Zhejiang province, where Hangzhou is located, continued to register strong online retail sales growth[5].

Assets	Type of Lease (No. of Tenants)	Committed Occupancy Rate (As at 31 Dec 2022)
Chongxian Port Investment	Master leased	100%
Fu Heng Warehouse	Master leased	100%
Hengde Logistics	Multi-tenanted (2 tenants)	100%
Wuhan Meiluote	Multi-tenanted (9 tenants)	86.7%
Fuzhou E-commerce	Master leased (2 tenants)	100%
Stage 1 Properties of Bei Gang Logistics	Master leased	100%
Chongxian Port Logistics	Multi-tenanted (4 tenants)	99.3%

1 Underlying occupancy rate weighted by NLA.
2 https://www.businesstimes.com.sg/startups-tech/startups/its-shape-or-ship-out-e-commerce-logistics-players-facing-slowing-demand.
3 https://www.sekologistics.com/us/news/posts/2023/february/china-unveils-five-year-plan-to-reclaim-its-spot-as-a-modern-logistics-giant/.
4 http://www.xinhuanet.com/english/2018-07/14/c_137322643.htm.
5 https://en.imsilkroad.com/p/324959.html.

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 more than 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 2019.[6] 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 will continue to see more intensive use of the port.

Located beside Chongxian Port Investment, Chongxian Port Logistics supplements the port operations in the vicinity. Chongxian Port Logistics is leased to 4 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.

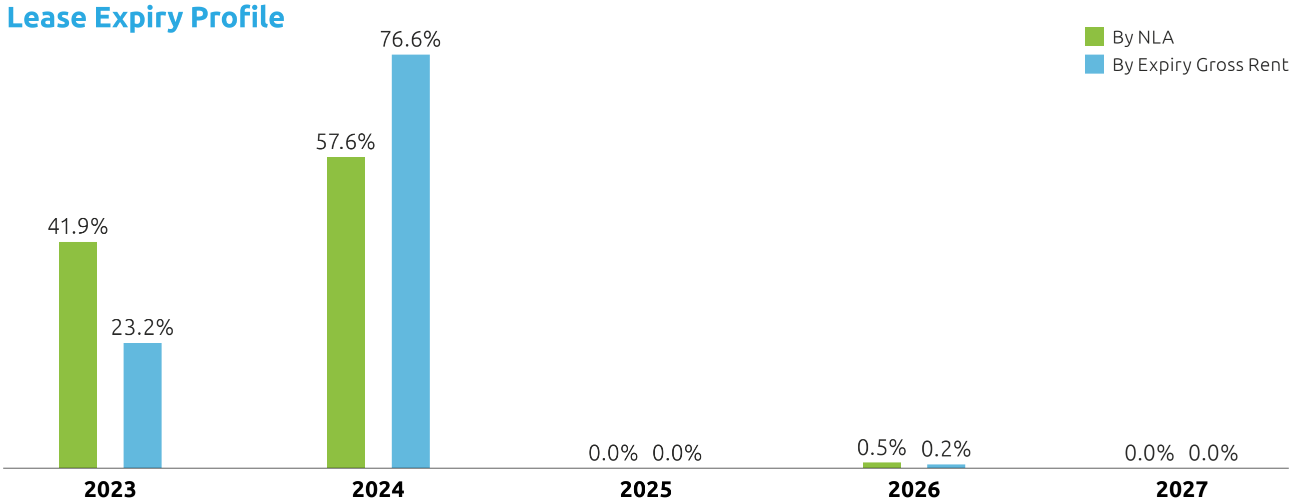
Active Lease Management

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 Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse (the "New Master Lease Agreements"). As at 31 December 2022, the portfolio WALE was 1.4 and 1.6 by committed net lettable area and gross revenue respectively.

During 2022, 99%, 1% and 81% of the net lettable at Chongxian Port Logistics, Hengde Logistics and Wuhan Meiluote, respectively, had new or renewal leases signed. These new/renewed leases signed in 2022 contributed to 11.4% of the portfolio's FY2022 gross revenue. The new leases had a WALE of 0.9 and 0.9 by committed net lettable area and gross revenue respectively as at 31 December 2022.

The expiry profile of leases that were committed as at 31 December 2022 are shown in the chart below.

Lease Expiry Profile



[6] http://tjj.hangzhou.gov.cn/art/2020/1/23/art_1653185_41852534.html.

Management Review

Property	Lease Terms	Rental Escalation
E-COMMERCE LOGISTICS		
Fu Heng Warehouse	Master lease: From 1 Jan 2021 to 31 Dec 2024	2.0% annually
Stage 1 Properties of Bei Gang Logistics	Master lease: From 1 Nov 2020 to 31 Oct 2024	1.0% annually
Wuhan Meiluote	Multiple tenancies	Current leases have no escalation except for 1 lease with 4.7% escalation after 2 years
Fuzhou E-commerce	Master lease: From 8 Aug 2019 to 7 Aug 2024	2.25% annually
SPECIALISED LOGISTICS		
Hengde Logistics	1) 5 Oct 2020 to 31 Dec 2023 2) 9 May 2021 to 31 Dec 2023	No escalation
PORT LOGISTICS		
Chongxian Port Investment	Master lease: From 1 Jan 2021 to 31 Dec 2024	2.0% annually
Chongxian Port Logistics	Multiple tenancies	No escalation

The duration and rental escalation of the leases are shown in the table above. Most of the leases have built-in rental escalation, providing unitholders with organic growth.

During 2022, the gross revenue of the portfolio was S$121.6 million and the DPU for the full year was 4.762 Singapore cents. The projected revenue derived from market rent would have been S$112.0 million and the corresponding DPU would have been 4.111 Singapore cents per unit.

As compared to the projected market rents[7], the master lease gross rent for (excluding VAT) for Chongxian Port Investment, Bei Gang Logistics, Fu Heng Warehouse and Fuzhou E-Commerce are approximately RMB11.4 million, RMB25.7 million, RMB3.4 million and RMB5.6 million higher, respectively. The total difference of RMB46.1 million is 8.1% of the portfolio gross rent (excluding VAT) in 2022[8].

Compulsory Expropriation of Fu Zhuo Industrial

During the year, Fu Zhuo Industrial, a port property was expropriated by the Chongxian Sub-district Office of the People's Government of Linping District, Hangzhou City, People's Republic of China, for development of the Grand National Cultural Park in Hangzhou. Under the terms of the expropriation agreement of Fu Zhuo Industrial, the compensation package from the PRC authorities amounted to RMB108.5 million, representing 26.8% higher than the purchase consideration of Fu Zhuo Industrial at RMB85.6 million at the initial public offering of EC World REIT. As at 31 December 2022, we received 70% or RMB76 million of compensation package from the PRC authorities and expected the remaining 30% to be collected in 2023. Following the completion of de-registration of property right, Fu Zhuo has had ceased to be a property of EC World REIT since 30 September 2022.

Property	Master Lease Gross Rent in 2022 (RMB '000)
Chongxian Port Investment	169,833
Stage 1 Properties of Bei Gang Logistics	131,204
Fu Heng Warehouse	51,042
Fuzhou E-commerce	90,718

7 Projected market rents for Chongxian Port Investment, Bei Gang Logistics and Fu Heng Warehouse are based on JLL rent valuation in the New Master Lease Agreement Circular dated 29 March 2019, page A-7. Project market rent for Fuzhou E-Commerce is based on Knight Frank projection (lower of the 2 valuers' projections) in the Fuzhou E-Commerce Acquisition Circular dated 4 June 2019, page C-21.

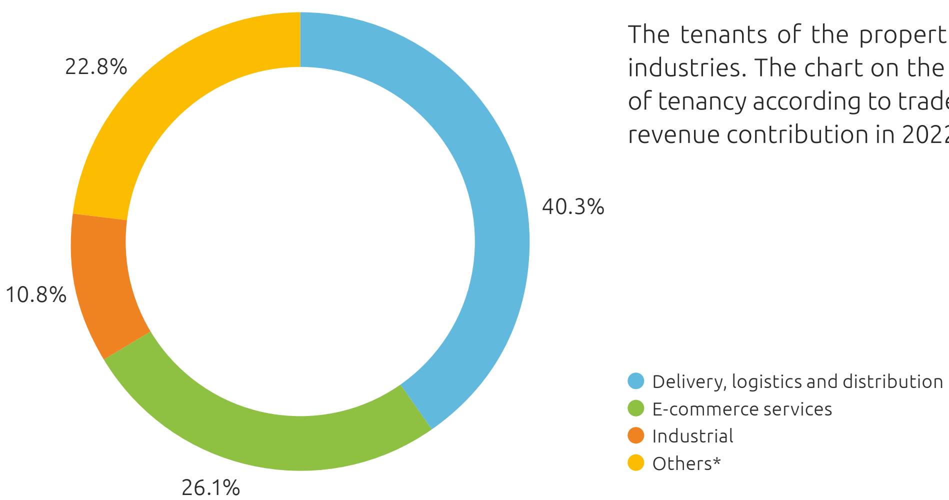
8 If based on Colliers projection in the Fuzhou E-Commerce Acquisition Circular dated 4 June 2019, page C-21, the projected revenue derived from market rent would have been S$113.0 million and the corresponding DPU would have been 4.167 Singapore cents per unit. The master leases gross rent for Fuzhou E-Commerce are RMB1.0 million higher and the total difference for the 4 master leased properties will be RMB41.4 million, 7.2% of the portfolio gross rent in 2022.

Diversified Tenancy

As at 31 December 2022, there were a total of 15 different tenants across the portfolio and contribution to gross rental income, based on lock-in rental, by the top 10 tenants is as follows:

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.	36.9
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 Yunton E-commerce Co., Ltd.	21.6
4. 浙江中烟工业有限责任公司 Zhejiang China Tobacco Industrial Co., Ltd.	9.9
5. 浙江运通电子商务有限公司 Zhejiang Yuntong E-commerce Co., Ltd.	4.4
6. 美的集团武汉制冷设备有限公司 Midea Group Wuhan Refrigeration Equipment Co., Ltd.	0.6
7. 武汉楚讯飞物流有限公司 Wuhan Chuxunfei Logistics Co., Ltd.	0.4
8. 湖北京邦达供应链科技有限公司 Hubei Jingbangda Supply Chain Techonology	0.3
9. 广东中贸物流股份有限公司 Guangdong Zhong Mao Logistics Co., Ltd.	0.3
10. 杭州华贤金属剪切有限公司 Hangzhou Hua Xian Metal Processing Co., Ltd.	0.2

Tenants Operate Across Diverse Industries



The tenants of the properties operate across diverse industries. The chart on the left shows the breakdown of tenancy according to trade sector, weighted on gross revenue contribution in 2022.

* Others include Telecommunication sectors, conglomerates and human resources sector.

ADAPTABILITY

Prioritise **adaptability** by strengthening **ability**

Our portfolio's unique combination of e-commerce logistics, specialised logistics, and port logistics assets, enables us to harness synergies, rationalise infrastructure, and optimise shared services to effectively capture emerging opportunities from the wider economy.

Chongxian Port Investment

Balance growth, profitability, and capital

to drive efficient operations and create strong competitive advantages

Property Portfolio Overview

35

Average Remaining Tenure (Years) as at 31 December 2022

E-COMMERCE LOGISTICS

→ **Fu Heng Warehouse**

Land Tenure (Expiry):
3 May 59
Remaining Tenure (Years):
36

→ **Fuzhou E-Commerce**

Land Tenure (Expiry):
3 May 59
Remaining Tenure (Years):
36

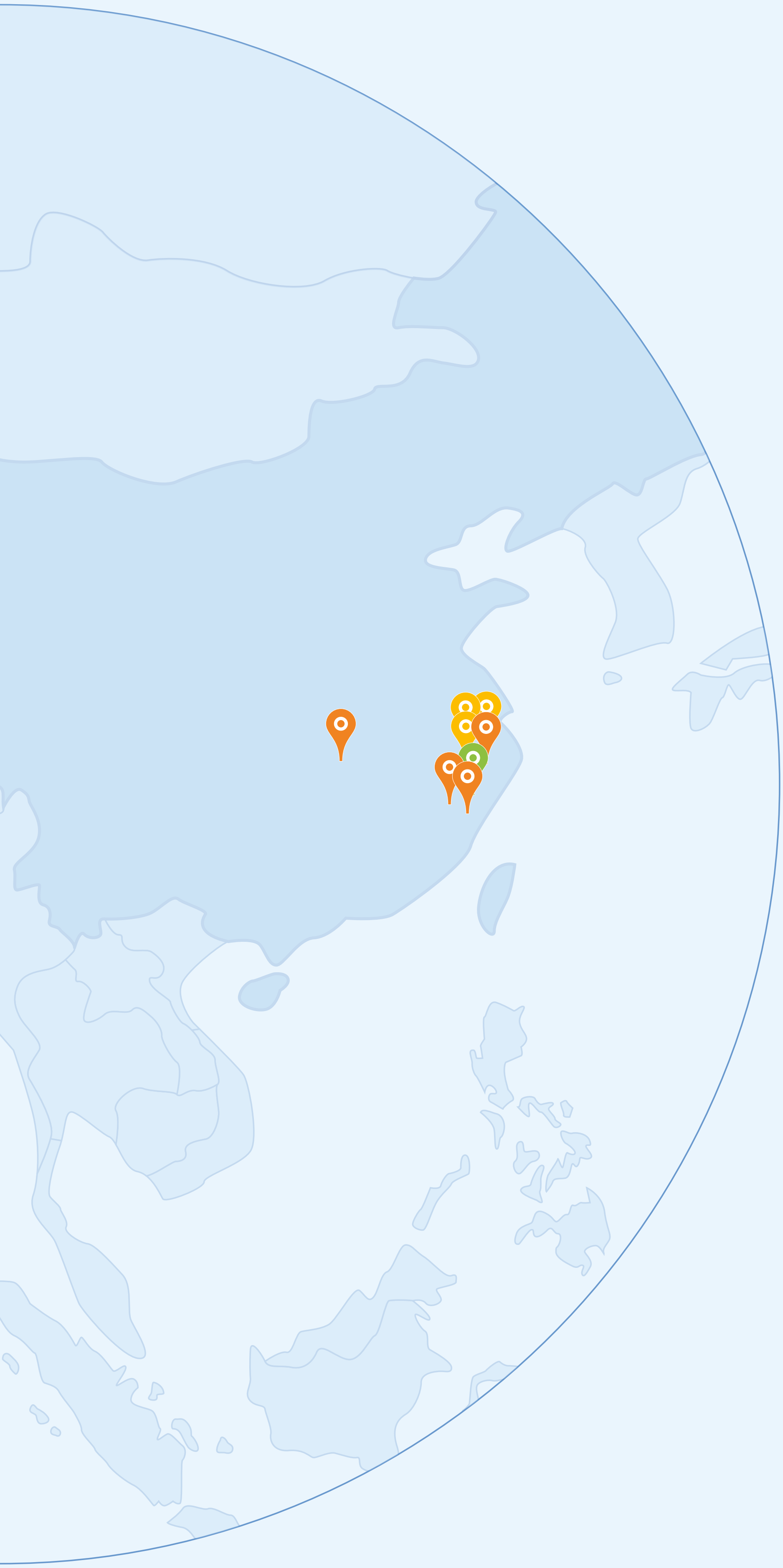
→ **Stage 1 Properties of Bei Gang Logistics***

Land Tenure (Expiry):
14 Mar 52
Remaining Tenure (Years):
29

→ **Wuhan Meiluote**

Land Tenure (Expiry):
29 Jun 65
Remaining Tenure (Years):
43

* Divestment properties



PORT LOGISTICS

→ **Chongxian Port Investment**

Land Tenure (Expiry):
30 Dec 55
Remaining Tenure (Years):
33

→ **Chongxian Port Logistics***

Land Tenure (Expiry):
30 Dec 55
Remaining Tenure (Years):
33

* Divestment properties

SPECIALISED LOGISTICS

→ **Hengde Logistics - complex 1**

Land Tenure (Expiry):
9 Jul 59
Remaining Tenure (Years):
37

→ **Hengde Logistics - complex 2**

Land Tenure (Expiry):
28 Jul 53
Remaining Tenure (Years):
31

Property Portfolio Overview

E-COMMERCE LOGISTICS

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

Fu Heng Warehouse

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

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

Valuation	Committed Occupancy
588.0 RMB million	**100%**

Net Lettable Area (sqm)	94,287*
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	444.2
Key Tenant	Master leased to Hangzhou Fuyang Yunton E-commerce Co., Ltd.
WALE (by NLA)	2.0
WALE (by Gross Rental Revenue)	2.1

* includes underground space of 22,851sqm

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

E-COMMERCE LOGISTICS

Fuzhou E-Commerce

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

Fuzhou E-Commerce is adjacent to Fu Heng Warehouse, which is also focused on e-commerce related fulfilment activities. Together with Fu Heng Warehouse, these two properties form a combined 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.

Valuation
1,251.0
RMB million

Committed Occupancy
100%

Net Lettable Area (sqm)	214,284
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	1,112.5
Key Tenant	Master leased to Hangzhou Fuyang Yunton E-commerce Co., Ltd. and Zhejiang Yuntong E-commerce Co., Ltd.
WALE (by NLA)	1.6
WALE (by Gross Rental Revenue)	1.6

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

Property Portfolio Overview

E-COMMERCE LOGISTICS

Wuhan Meiluote

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

Valuation
170.0
RMB million

Committed Occupancy
86.7%

Net Lettable Area (sqm)	48,695
Land Use Expiry	29 Jun 2065
Purchase Consideration (RMB million)	145.0
Key Tenant	Midea Group Wuhan Refrigeration Equipment Co., Ltd.
WALE (by NLA)	0.8
WALE (by Gross Rental Revenue)	0.7

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

SPECIALISED LOGISTICS

Hengde Logistics

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

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

Valuation	Committed Occupancy
1,375.0 RMB million	**100%**

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
Key Tenant	China Tobacco Zhejiang Industrial Co., Ltd.
WALE (by NLA)	1.0
WALE (by Gross Rental Revenue)	1.0

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

Property Portfolio Overview

PORT LOGISTICS

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

Chongxian Port Investment

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

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

Valuation	Committed Occupancy
2,187.0 RMB million	**100%**

Net Lettable Area (sqm)	112,726
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	1,682.1
Key Tenant	Master leased to Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	2.0
WALE (by Gross Rental Revenue)	2.1

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

DIVESTMENT PROPERTIES[1]

Chongxian Port Logistics

Chongxian Port Logistics is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and 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.

Valuation	Committed Occupancy
820.0[2] RMB million	**100%**

Net Lettable Area (sqm)	125,826
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	685.5
Key Tenant	Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	0.6
WALE (by Gross Rental Revenue)	0.6

[1] EC World REIT, through its wholly-owned subsidiary Richwin Investment Pte. Ltd., entered into a conditional equity purchase agreement dated 30 September 2022 ("**Equity Purchase Agreement**") with Forchn Holdings Group Co., Ltd. (being the sponsor of EC World REIT), Hangzhou Futou Beigang Enterprise Management Co., Ltd. and Forchn International Pte. Ltd. for the divestment of EC World REIT's indirect 100.0% interests in the Divestment Properties (the "**Proposed Divestment**"). Please refer to the circular issued to unitholders of EC World REIT ("**Unitholders**") on 24 November 2022 (the "**Circular**") as well as the announcements issued by EC World REIT from time to time, for further details.

[2] Based on the agreed property values of the Divestment Properties pursuant to the Equity Purchase Agreement, which were also set out in the Circular. For reference, the independent valuations as of 30 June 2022 for the Divestment Properties, as disclosed in the Circular, were as follows:

Divestment Properties	Independent Valuations as of 30 June 2022 (RMB' million)	
	Knight Frank Petty Limited ("KF") (appointed by the Manager)	JLL (appointed by DBS Trustee Limited, in its capacity as trustee of EC World REIT)
Stage 1 Bei Gang Logistics	1,178	1,238
Chongxian Port Logistics	797	833

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

Property Portfolio Overview

DIVESTMENT PROPERTIES[1]

Stage 1 Bei Gang Logistics

Stage 1 Bei Gang Logistics comprise eight buildings (Buildings No. 1 to No. 8) of which, Building No. 1 is a 15-storey building, Building No. 2 is a four-storey building, and Buildings No. 3 to No. 8 are five-storey buildings. Advanced logistics management systems and equipment are installed in the properties providing e-commerce service providers value-added services. Stage 1 Bei Gang Logistics seek to consolidate like-minded tenants in the e-commerce industry to build and enhance the e-commerce eco-system in Zheijang 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.

Valuation	Committed Occupancy
1,213.0[2] RMB million	**100%**

Net Lettable Area (sqm)	120,449*
Land Use Expiry	14 March 2052
Purchase Consideration (RMB million)	1,039.7
Key Tenant	Master leased to Forchn Holdings Group Co., Ltd
WALE (by NLA)	1.8
WALE (by Gross Rental Revenue)	1.9

* includes underground carpark space of 29,848sqm

1 EC World REIT, through its wholly-owned subsidiary Richwin Investment Pte. Ltd., entered into a conditional equity purchase agreement dated 30 September 2022 ("**Equity Purchase Agreement**") with Forchn Holdings Group Co., Ltd. (being the sponsor of EC World REIT), Hangzhou Futou Beigang Enterprise Management Co., Ltd. and Forchn International Pte. Ltd. for the divestment of EC World REIT's indirect 100.0% interests in the Divestment Properties (the "**Proposed Divestment**"). Please refer to the circular issued to unitholders of EC World REIT ("**Unitholders**") on 24 November 2022 (the "**Circular**") as well as the announcements issued by EC World REIT from time to time, for further details.

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Chongxian Port Logistics	797	833

Note:
The valuations of the respective properties were conducted as at 31 December 2022.

The Property Manager

Chongxian Port Investment

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.

Take measured steps

**to bolster capital position
and reinforce sustainability
of business**

TRANSACTIONS

Driving **transactions**
with directed **actions**

Wuhan
Meiluote

Board of Directors

MR ZHANG GUOBIAO

Chairman and Non-Executive Director

Born in 1960 in Zheijang Province, China, Mr Zhang Guobiao is the Chairman of Forchn Holding Group.

He is the first runner-up for the National Science and Technology Progress Award, winner of the Science and Technology Progress Award of the People's Liberation Army, and was awarded the "Outstanding Zhejiang Businessman Award" and the "Global Zheijiang Businessman Award" at the third and fifth Zhejiang Businessman Conference respectively. In addition, he has been accredited for the development of socialism with Chinese Characteristics in Zhejiang and has received several accolades including the Zhejiang Province Native Model Developer award, Outstanding Social Entrepreneur of Zhejiang and has been credited with his efforts towards the fight against the COVID-19 epidemic. He is also included in the National Veteran list in the 2021 Veteran Entrepreneurship Hall of Fame. His achievements were cited in various literature and magazines.

In 1992, Mr Zhang founded Forchn Trading. Under his leadership and over 30 years of dedication, the small construction materials firm grew into a conglomerate with diversified businesses in supply chain management, manufacturing, healthcare and finance.

Since 2003, following the Zhejiang Provincial Government's campaign for successful Zhejiang businessmen residing outside Zhejiang to return and invest in the province, Mr Zhang led the acquisition and modernisation of one of the key inland ports in the PRC, namely Chongxian Port in Hangzhou. He also spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Zhang Xiao Quan Group Co., Ltd. and other investments in hospitality such as the Grand Century Hotel, Fuyang and integrated projects such as China Wood Sculpture Museum.

Forchn Group was one of the founders for Cainiao Network in 2013. At the same time, Ruyicang, an e-commerce omni channel warehousing and distribution platform is a key business in the Forchn Group to support the online and offline integration and development of e-commerce businesses. In 2017, Forchn Group collaborated with Zhejiang Industrial Integration Fund to set up "Hangzhou Unilogix" to build a leading domestic intelligent supply chain platform.

Mr Zhang led the expansion of the Forchn Group in 2016 into the hospitality sector with the acquisition of Fuchun Resort. Located in Hangzhou, Fuchun Resort is a premier integrated holiday resort with elements of health and fitness, medical, leisure, entertainment, culture as well as sports, providing a highly customized and personalized wellness for its customers. In 2019, it entered a strategic cooperation with Zhejiang University and the first hospital of Zhejiang University to jointly develop a rehabilitation centre incorporating the latest in technological advancement to enhance the services that Fuchun Resort can provide and to better cater to the health and wellness sector in Zhejiang, Hangzhou and also the rest of China. In 2022, Forchn Health & Wellness Group was formally established encompassing the Group's various initiatives in this sector.

At the same time, he responded to the national "One Belt and One Road" initiative and set up an overseas investment expansion platform, Forchn International,

MR ZHANG GUOBIAO
Chairman and
Non-Executive Director

with Hong Kong and Singapore as the dual headquarters. He actively promoted the company to enter overseas markets by sponsoring EC World Real Estate Investment Trust on its listing on the mainboard of the Singapore Stock Exchange in July 2016. The REIT's successful listing on the Singapore Mainboard has created a precedent for the listing of Chinese e-commerce logistics assets in the Singapore capital market. In September 2021, Mr Zhang successfully listed "Zhang Xiao Quan" on the Shenzhen Stock Exchange which became China's first ever A share listed scissors maker.

In recent years, Mr Zhang led the company to deepen its roots in Zhejiang Province to better serve the country. He also mooted the expansion into Southeast Asia market and is committed to build Forchn Holding Group into a comprehensive service platform industry with social responsibility at the heart of its operations.

MR CHAN HENG WING

Independent Non-Executive Director and Lead Independent Director

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

Mr Chan currently serves as the Non-Resident Ambassador of Singapore to the Republic of Austria. Mr Chan is an Independent Non-Executive Director of Fraser and Neave Limited in Singapore and One Bangkok Holdings in Thailand. In November 2022, Mr Chan was appointed Strategic Advisor of the Optima Integration Group from Shenzhen, China. Mr Chan was appointed to the Executive Board of the Singapore China Cultural Centre in 2020.

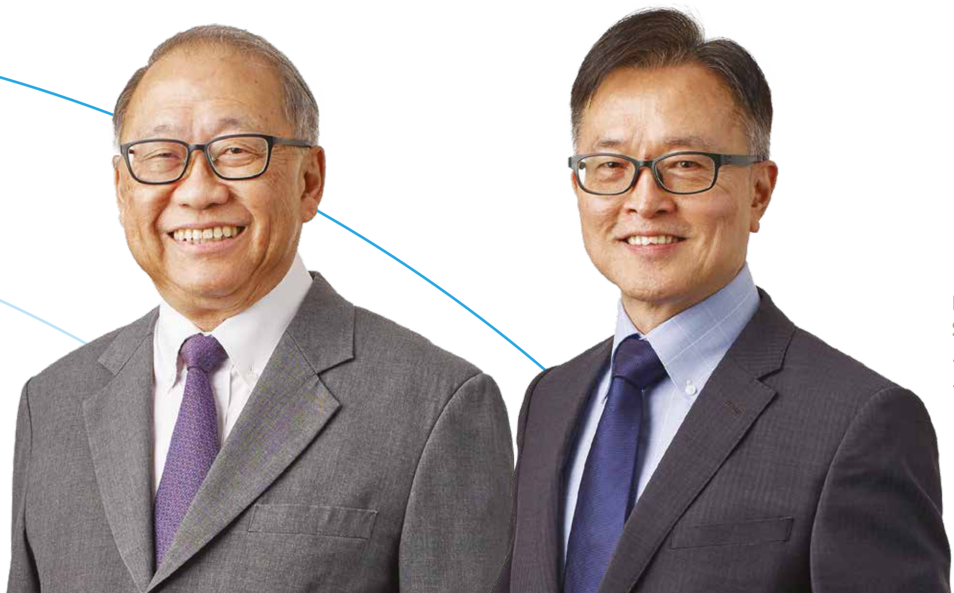
Mr Chan was previously the Ambassador to Thailand and Consul-General to Hong Kong and Shanghai. He also held the position of Singapore Non-Resident High Commissioner to the People's Republic of Bangladesh. He later joined Temasek Holdings (Private) Limited as Chief Representative in China and Managing Director for International Relations in Temasek International (Singapore) Pte. Ltd.

Mr Chan was awarded the Public Administration Medal (Silver) in 1980 by the Singapore Government. He holds a Master of Science from the Columbia Graduate School of Journalism and a Bachelor of Arts (Honours) and a Master of Arts from the University of Singapore.

DR DAVID WONG SEE HONG

Independent Non-Executive Director

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



From left:

MR CHAN HENG WING
Independent Non-Executive Director and Lead Independent Director

DR DAVID WONG SEE HONG
Independent Non-Executive Director

Board of Directors

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. In September 2011, Mr Chia was appointed as an Independent Non-Executive Director of Technovator International Limited, a leading company in energy management systems, solutions and services; it is part of the Tsinghua Tongfang group of companies. He is also a Board Director of Hydrecyc, a waste-to-energy technology engineering company, and an Advisor to Rosemoor Capital, a firm investing in blockchain infrastructure companies.

From July 2005 to June 2007, Mr Chia was the Director of Business Development at SGX-listed Boustead Singapore Limited, and concurrently the Chief Executive Officer of a Boustead subsidiary, ASX-listed EasyCall International Ltd. Prior to that, from January 1999 to June 2005, Mr Chia served as Senior Vice President of GIC Special Investments Pte Ltd. ("GIC SI"), the venture capital and private equity arm of GIC, the sovereign wealth fund of Singapore.

MR CHIA YEW BOON
Independent Non-Executive Director

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

MR LI GUOSHENG

Independent Non-Executive Director

Mr Li was appointed as Independent Non-Executive Director on 21 June 2016. He is also the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee.

Mr Li is the Managing Director of Horizonline Pte Ltd, a company involved in the import and wholesale of security products and systems, since December 2006 and a non-executive director of Horizonline Capital Pte Ltd since May 2019. He is also the Managing Director of Ningbo Horizonline Technologies Co. Ltd., a PRC manufacturing company, since December 2009. Mr Li currently serves as a Director of Linear Furnishings Pte Ltd. From June 2004 to December 2006, he was a technical manager with China Enersave Limited (now known as Charisma Energy Services Ltd), a company that operates in the renewable energy industry, where he was responsible for the evaluation of the waste energy power plants.

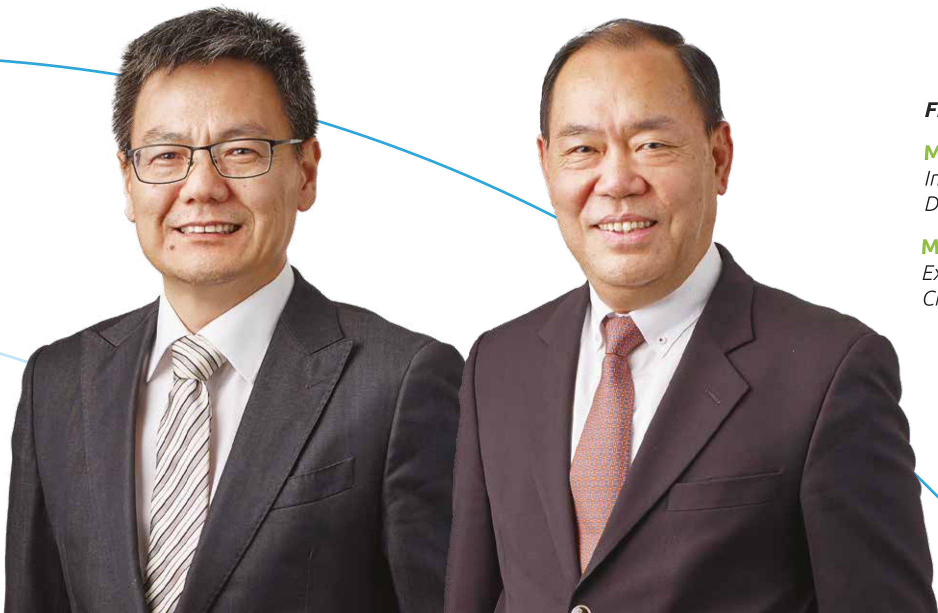
Mr Li began his career in 1988 as an electrical engineer with Beilungang Thermal Power Plant Engineering Co. Ltd., a PRC company which constructed thermal power plants. Mr Li has been the President of the Zhejiang (S) Entrepreneurs Association, a non-profit association for people with links to the Zhejiang Province, since 2013.

Mr Li holds a Bachelor Degree in Automation of Electrical Power System from Shanghai Jiaotong University, Shanghai, PRC, and a Master of Business Administration from the National University of Singapore.

MR GOH TOH SIM

Executive Director and Chief Executive Officer

Refer to management profile on the following page.



From left:

MR LI GUOSHENG
Independent Non-Executive Director

MR GOH TOH SIM
Executive Director and Chief Executive Officer

Management Team

From top:
Mr Goh Toh Sim, Mr Wang Feng, Mr Teo Kah Ming, Ms Khoo Li Ching and Ms Joyce Wang Xiaoou

MR GOH TOH SIM

Executive Director and Chief Executive Officer

Mr Goh has over 26 years of experience in the management of industrial parks, real estate development and business management in China. Prior to joining the Manager, he was the Chief Representative in China for Keppel Corporation Limited where he was responsible for government relations and business development. Prior to that, Mr Goh was the Chief Executive Officer of SGX-listed Evergro Properties Limited, a real estate developer in Tianjin, Jiangyin and Changzhou.

Mr Goh also served as the Chief Executive Officer of Ascendas (China) Pte Ltd from January 2004 to June 2006, where he was responsible for developing and managing Ascendas' businesses in China. He was the Deputy Chief Executive Officer of China- Singapore Suzhou Industrial Park Development Co., Ltd. from January 2000 to December 2003 where he was responsible for infrastructure development, finance and government relations.

Mr Goh holds a Diplôme d' Ingénieur (French engineering degree which is equivalent to a Master's degree) in Telecommunications from the Ecole Nationale Supérieure des Télécommunications, Paris, France, and a Master of Business Administration from INSEAD, Fontainebleau, France.

MR WANG FENG (FCCA, CA, CIA)

Chief Financial Officer

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

Prior to joining the Manager, Mr Wang was an Audit Manager with KPMG Singapore. He spent over five years at KPMG providing audit and review services to many multinational corporations listed in Singapore and overseas exchanges. Mr Wang has in-depth knowledge on key corporate reporting issues such as valuation, lease and revenue recognition in construction, shipping and freight forwarders, offshore oil and gas segment, health and aviation industry. In addition, Mr Wang had more than 12 years' experience as a project manager in real estate development industry before joining KPMG.

Mr Wang is currently a Fellow member (FCCA) of Association of Chartered Certified Accountants in United Kingdom, a Chartered Accountant (CA) with Institute of Singapore Chartered Accountants and a Certified Internal Auditor (CIA) accredited by the Institute of Internal Auditors.

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 & CapitaLand 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 KHOO LI CHING

Manager, Investor Relations

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

She began her career as an equity analyst, where she provided insights and analysis on companies listed in Singapore Stock Exchange. Ms Khoo has over 15 years of experience in strategic planning and investor relations, spanning across different industries. Previously in her capacity as the Investor Relations Manager at OCBC Bank, she was actively involved in the engagements with analysts, fund managers, shareholders and media, and also assisted in the development of the Group's messages and other corporate collaterals. She had held similar positions in SATS and GuocoLand, where she focused on investor and media relations.

Ms Khoo holds a Bachelor of Business from Monash University, major in Economic and Management.

MS JOYCE WANG XIAOOU

Manager, Finance

Ms Wang assists the Chief Financial Officer in financial reporting, taxation and financial planning & analysis matters of the ECW. She has over 20 years of experience in statutory reporting, taxation and finance.

Ms Wang started her professional career as an external auditor with Deloitte LLP Singapore, providing audit and review services to a number of clients in various industry. She spent over 10 years in Real Estate Industry, prior to joining ECW REIT, she was responsible for group reporting in several public-listed companies in Singapore including WingTai, Mapletree, Keppel and CapitaLand.

Ms Wang graduated with a Bachelor's degree in Applied Accounting (First Class Honours) from Oxford Brooks University. She is currently a Fellow member (FCCA) of Association of Chartered Certified Accountants in United Kingdom, a Chartered Accountant (CA) with Institute of Singapore Chartered Accountants.

Stakeholders Engagement and Investors Relations

The Manager has a dedicated investor relations and corporate communications function to keep the market apprised of its operational and financial performance, and strategies. The tight restrictions which we faced at the onset of the COVID-19 pandemic, did not deter our outreach efforts to the investing community. Through various modes of communication, including virtual meetings and conference calls, to conduct post-results briefings and investor meetings, the Manager continued to maintain close contact with analysts, and attend to queries from Unitholders in a responsive manner.

The Manager is fully committed to ensuring that the investing public receive timely, accurate, and clear information; encouraging constructive relations between the Manager and its unitholders; and promoting high standards of corporate governance. ECW's financial and corporate information such as financial results, press releases, results and corporate presentations, company announcements as well as yearly publications, comprising annual report and sustainability report are available on our corporate website aside from releasing through SGXNET to the market. Unitholders and public who are keen to receive the latest updates on ECW can subscribe to email alerts via our corporate website. The contact details of the Investor Relations department is published on ECW's website to facilitate communication with its stakeholders.

During the year, the Annual General Meeting of Unitholders ("AGM") for the financial ended 31 December 2021 was convened and held by electronic means pursuant to the COVID-19 Temporary Measures Order and the Checklist. Unitholders Investors were granted the opportunity to submit questions to the Manager prior to the meeting and the responses to substantive and relevant questions were subsequently published onto SGXNet and our corporate website before the AGM.

Calendar of Financial Events for 2023

February 2023	Release of Financial Year FY2022 Results
July 2023[1]	Annual General Meeting for FY2022
May 2023	Release of First Quarter FY2023 Financial Results
August 2023	Release of FY2023 Second Quarter and Half-Yearly Financial Results
November 2023	Release of FY2023 Third Quarter Financial Results
February 2024	Release of Financial Year FY2023 Results

Subject to changes by the Manager without prior notice.

[1] AGM for FY2022 has been extended from April 2023 to July 2023. For more information, please refer to SGXNET announcement dated 1 May 2023.

ECW's FY2022 Distribution

Period	Distribution Per Unit (Singapore cents)	Payment Date
1 January 2022 to 31 March 2022	1.383	29 June 2022
1 April 2022 to 30 June 2022	1.387	28 September 2022
1 July 2022 to 30 September 2022	1.364	29 December 2022
1 October 2022 to 31 December 2022	0.628	29 March 2023
Total Distribution for the year	4.762	
Distribution Yield[2]	10.7%	

[2] Computed based on FY2022 DPU of 4.762 Singapore cents and the closing price of S$0.445 per unit as at 30 December 2022.

ECW Unit Price Performance in FY2022

Opening Price (as at 3 January 2022) (S$)	0.765
Highest (S$)	0.765
Lowest (S$)	0.410
Closing Price (31 December 2022) (S$)	0.445
Average daily trading volume (units)	541,282
Trading Volume for the year (units)	135,320,400

Sustainability

The Manager strives to firmly uphold its core sustainability values in the conduct of business activities and strategic initiatives. We regularly refine our approaches to further integrate sustainability into ECW through our top-down governance structure and robust framework led by the Board. The Manager continues to plan and undertake Environmental, Social and Governance ("ESG") initiatives and projects in day-to-day operations to generate favourable financial and non-financial impact and create long term, sustainable value. In addition to project initiatives, the Manager also seeks to enhance sustainability awareness amongst ECW's internal and external stakeholders, including Unitholders, through targeted capability building sessions.

At ECW, the Executive Director and Chief Executive Officer of the Manager, Mr Goh Toh Sim, leads the assessment of its ESG policies and practices. He is supported by Management of the Manager and Property Manager, who has the functional responsibilities to facilitate the evaluation and maintain accountability for sustainability practices. Through the adaptation of the best corporate practices in the ESG framework and reporting in accordance to SGX-ST Listing Manual Rules 711(A) and 711(B), and referencing the Global Reporting Initiative ("GRI") Universal Standards 2021, GRI's Construction and Real Estate Sector Supplement ("CRESS") and the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations for the first time this year, the Manager has made disclosures of our key ESG performance in a balanced report to communicate ECW's progress and continued maturity in its sustainability journey.

In 2022, the robustness and resilience of our Business Continuity Plan, coupled with the comprehensive Enterprise Risk Management framework, enabled us to sustain, and even overcome the challenges due to the long drawn COVID-19 pandemic. This has also allowed us to shift our gear swiftly to capitalise on the recovery of consumer and business confidence and expanded opportunities as the wider economic environment shows signs of stabilising in 2023. We believe that ECW continues to be well-placed to manage our sustainability strategy and support our stakeholders in every way possible.

Governance

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

Enterprise Risk Management

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

Code of Business Conduct

At ECW, the Manager assumes responsibility for maintaining integrity and reputation of our business. All employees are required to comply with applicable laws and regulations, ECW 's code of conduct, and internal ethical standards. ECW and the Manager maintain zero tolerance of any unethical behaviour and will not hesitate to take disciplinary actions if situations so warrant. A comprehensive set of policies on regulatory compliance has been adopted to ensure ethical behaviour in conduct of business. These include Insider Trading, Gifts and Entertainment Policy, Anti-Money Laundering and Countering the Financing of Terrorism, Prevention of Corruption Act ("PCA"), Use of Employee Personal Data, as well as policies on the Access and Correction Requests of the Employee.

For cross-border transactions, the Manager requires employees to strictly abide by laws and regulations in the respective operating countries. With regards to conflicts of interest, the Manager has established policies to identify and manage any potential cases of conflict between the Manager, its directors, and/ or employees. Procedures in place include internal mediation and disclosure with consent from the affected parties.

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

Whistle-Blowing Policy

ECW has adopted a clear, firm, and trustworthy whistle-blowing policy, to reinforce the effectiveness of overall enterprise risk management. To ensure the policy remains robust and relevant, Management has fine-tuned the policy during the current reporting period, and updates to the policy have been communicated to all employees. All employees are encouraged to report any concerns, including 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. The whistle-blowing policy seeks to protect individuals or groups who have filed a report from discrimination, retaliation, harassment or reprisal of any kind. Direct access to the ARC Chairman is available via email for whistle-blowers to report any cases, and the ARC Chairman will review all information reported and direct an independent investigation team to investigate the reported matter as he deems fit.

Asset improvements

Quality property management is crucial to improve tenants' leasing experience, to continually attract and retain key tenants and generate sustainable returns to stakeholders, including tenants and unitholders, via competitive rental rates at our properties. The Manager continues to actively assess necessity for improvements to our assets, facilities and equipment, with view to carry out upgrading projects and implement production innovation strategies to solidify our position in the e-commerce logistics market.

During the year, we completed two key asset improvement initiatives. At Wuhan Meiluote, works were implemented which eventually resulted in higher notch in fire resistance rating, while at Fu Heng Warehouse and Fuzhou E-commerce, 52 new monitoring equipments were installed as part of our surveillance enhancement initiative.

Social

Workplace Health and Safety

The Manager of ECW prioritises workplace health and safety at our premises and in the conduct of business activities through a robust workplace health and safety promotion programme. This extends to the well-being of our employees as well as visitors and customers. ECW complies with the relevant workplace health and safety regulations in the countries where we operate.

Occupational health and safety training is mandatory for all employees, in line with regulations. In 2022, our employees clocked an average of 8.5 hours of training per employee, of which managerial and non-managerial employees underwent 79.5 hours and 22.5 hours of training respectively. In China, a fire drill was conducted at Hengde Logistics as part of precautionary measure for occupants to familiarise themselves with the evacuation routes in the event of an emergency. In the current reporting period, we achieved zero fatalities as a result of work-related injuries, and zero high-consequence work-related injuries and zero recordable work-related injuries. There was also no recordable work-related ill health or fatality due to work-related ill health.

Environmental

The Manager recognises that reducing energy use and GHG emissions positively impacts its business performance through cost reductions, which also enhances its reputation in the marketplace. The Manager evaluates energy usage and GHG emissions based on the number of energy initiatives and by raising energy-saving awareness across our properties. During the year, several key initiatives were implemented including the replacement of iodine-halogen light bulbs to LED light bulbs at Fu Heng Warehouse and the execution of feasibility studies regarding solar panel installation on the rooftops of Hengde Logistics and Wuhan Meiluote properties.

Furthermore, the Manager is aware of both the risks and opportunities presented in energy use and the associated GHG emissions. The key findings related to the climate risk assessment exercise which was completed during the reporting period, in alignment with the TCFD communications have been disclosed in the Environmental Risk Management and Climate Change Resilience sections of the latest sustainability report. To mitigate the operational risks, and to consistently move towards more energy efficient systems and processes, the Manager continues to monitor energy usage and performance of individual energy improvement initiatives.

Corporate Governance

OUR CORPORATE GOVERNANCE CULTURE

EC World Asset Management Pte. Ltd. (the "Company") as the manager (the "Manager") of EC World Real Estate Investment Trust ("ECW") 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 endeavour to comply with the substance and spirit of the principles and provisions of the Code of Corporate Governance 2018 (the "Code") while achieving operational excellence and delivering ECW's long-term strategic objectives. The Board of Directors of the Manager (the "Board") is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

This report sets out the corporate governance framework and practices for the financial year ended 31 December 2022 ("FY2022") with reference to the Code. The practices and activities of the Board and management of the Manager ("Management") adhere closely to the provisions under the Code. The Manager generally complies with the principles of the Code. Where there are deviations from the provisions of the Code, explanations are provided within this report.

The Manager

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

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

(A) BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

Corporate Governance

The Board constructively challenges Management, reviews its performance and monitors the achievement of these goals. It ensures that proper and effective controls are in place to assess and manage business risks and compliance with 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, social and governance factors as part of its strategic formulation and has identified the key stakeholder groups and recognises that their perceptions affect ECW's reputation.

Board Reserved Matters (Provision 1.3)

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

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

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

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

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

The Directors are kept abreast of any updates to the Listing Rules, 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 ("ARC") 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 FY2022, the Directors had attended courses like Annual Conference, Rules and Ethics Course organised by REIT Association of Singapore and seminar on how can the Board of a REIT Manager drives the Sustainability Agenda in their respective REITs webinar provided by REIT Association of Singapore, as well as Sustainability E-Trainings provided by ISCA were some of the training courses/ programme attended. A training register is maintained with respect to the courses/seminars attended by Directors and such register is also tabled for the Nominating and Remuneration Committee ("NRC") for information at its meeting.

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

Newly appointed Directors will be briefed on the business activities of ECW, its business plan, the regulatory environment in which ECW operates, its corporate governance practices and their statutory duties and responsibilities as Directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST. There was no new director appointed during FY2022.

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

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

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

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

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

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

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

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

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

Corporate Governance

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

The number of Board, Board Committees meetings and general meetings held during FY2022 and the attendance record of the Directors and key management personnel ("KMP") is set out below.

	BOD	NRC	ARC	Annual General Meeting	Extraordinary General Meeting^
	No. of Meetings Held	No. of Meetings Held	No. of Meetings Held		
	10	2	5		
Name of Director	**No. of Meetings Attended**	**No. of Meetings Attended**	**No. of Meetings Attended**		
Mr Zhang Guobiao	6#	2	-	1	-
Mr Chan Heng Wing	9	1	1*	1	1
Dr Wong See Hong	10	1*	5	1	1
Mr Chia Yew Boon	10	2	5	1	1
Mr Li Guosheng	10	2	5	1	1
Mr Goh Toh Sim	10	2*	5*	1	1
Name of KMP					
Mr Wang Feng (CFO)	10*	-	5*	1	1

Notes :
(1) * By invitation
(2) # Mr Zhang Guobiao recused himself from participating in four Board Meetings
(3) ^ The Extraordinary General Meeting was held on 16 December 2022 for the Proposed Divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics.

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

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

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

Access to Information (Provision 1.6)

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

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

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

The Board and Board Committees meetings for each year are scheduled in advance to facilitate the Directors' arrangements and commitments. Board papers are circulated in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Board papers are also uploaded onto tablet devices for the Directors. Board papers which are confidential and sensitive nature are distributed to the Directors on the day of meeting. Minutes of all Board Committees are circulated to the Board so that Directors are aware of and kept undated as to the proceedings, matters discussed and decisions made during such meetings. This would also enable Directors to weigh in on any key points under consideration.

Access to Management and Company Secretaries (Provision 1.7)

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

Board Composition and Guidance

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

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

The NRC reviews 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 in the best interests of the ECW and its Unitholders, taking into account the scope and nature of the operations of ECW and its subsidiaries (the "ECW Group"); and that the Board has a strong independent element.

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

Board Composition and Diversity (Provisions 2.4)

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

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

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, strategic planning, investment, entrepreneurial and management experience. The diversity of the composition of the Board enable Management to benefit from their diverse expertise, competencies and experience. Such diversity enables the Board to consider issues more holistically. The Board, supported by the NRC, on an annual basis, also reviews the Board's diversity, covering aspects ranging from skills, experience, background, gender, age, ethnicity and culture, tenure of service, independence and other competencies and 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.

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

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

Meeting of Independent Directors without Management (Provisions 2.5)

The IDs, led by the Lead ID regularly meet and communicate (without the presence of Management) both formally and informally, on diverse issues. The Lead ID provides feedback and recommendation to the Board as appropriate.

Chairman and Chief Executive Officer

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

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

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

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

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

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

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

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

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

Corporate Governance

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

1. day-to-day running of the Manager's and ECW Group's business in accordance with the business plans and within approved budgets;

2. meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;

3. developing and proposing the Manager's strategies and policies for the Board's consideration;

4. implementing the strategies and policies approved;

5. maintaining regular dialogue with the Chairman on important and strategic issues facing the Manager and ECW Group;

6. providing timely reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;

7. ensuring the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the Manager and ECW Group of which they might otherwise not be aware; and

8. overseeing the affairs of the Manager and ECW Group in accordance with the practices and procedures adopted by the Board and promoting the highest standards of integrity, probity and corporate governance within the Manager and ECW Group.

Appointment of Lead Independent Director (Provision 3.3)

In view that the Board Chairman is not an independent director, Mr Chan Heng Wing was appointed as the Lead 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.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of directors to the Board

The Board has established an 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 diversified skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to ECW's business.

Composition of the NRC (Provisions 4.2 and 6.2)

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

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

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

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

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

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

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

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

The Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board and its Board Committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience and industry knowledge and knowledge ECW's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date. The term of each Director is for a period of three years, which is extendable for two additional terms of three years each.

In reviewing its Board composition, the NRC and the Board will also consider the internal guidelines that an ID should serve for no more than a maximum of nine years. In view that all IDs were appointed on the same date, the NRC has reviewed and agreed that the IDs will retire or step down from the Board from 2024 to allow for progressive renewal of the Board.

Determining Directors' Independence (Provision 4.4)

The NRC reviews annually the independence of each Director in accordance with the guidelines in the Code and the 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.

Role and Responsibilities of the Nominating Committee (Provision 4.1)

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

(a) review of 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, 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) review and determine the independence of IDs (including a person proposed to be appointed as a director), having regard to the independence criteria set out in the SF(LCB) Regulations.
(g) the development of a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

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

i) reviewed the Board composition;
ii) reviewed performance of the Board, Board Committees and individual Directors;
iii) reviewed the training and professional development programmes for the Board;
iv) reviewed the independence of IDs;
v) reviewed the renewal of tenure of certain Directors;
vi) reviewed the Board Diversity Policy and recommended the diversity target and timeline to achieve it;
vii) reviewed the succession planning policy for all employees of the Group;
viii) reviewed its terms of reference.

A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. All Directors had confirmed that they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. Taking into account also the attendance, preparedness, participation and candor of the Directors at meetings of the Board and Board committees during FY2022, 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 Independent Directors who do not have a full-time executive employment should not have more than six listed company board representations; while for Independent Directors having a full-time executive employment, the number is two (2) more companies other than the one he is serving. For Executive Director of the Manager of EC World REIT, the number shall be not more than two (2) companies outside the Group and in non-executive role.

Board Performance

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

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

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

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

Each Director is required to objectively assess his personal performance and the performance of the Board as a whole and its Board Committees. For FY2022, the Directors had completed the evaluation forms and returned them to the Company Secretary for compilation of the summary of the results of the evaluation. The summary was tabled at the NRC's meeting for the NRC's review.

The performance evaluation of the Board, Board Committees and individual Director in respect of FY2022 was carried out and reviewed by the NRC. Following the review of the performance evaluation results, the Board with the concurrence of the NRC was of the view that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. No external facilitator was used in the evaluation process.

The performance of the Executive Director and CEO is assessed by reference to factors such as financial indicators, strategic focus on unitholder value and risk management, long term vision as well as people development or value creation with the Group.

(B) REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 6: Procedures for Developing Remuneration Policies

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

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

Role and responsibilities of the Remuneration Committee (Provision 6.1)

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

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

Remuneration Framework (Provision 6.3)

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

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

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

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

Access to expert professional advice (Provision 6.4)

The NRC had reviewed and determined the remuneration packages of Directors and KMP of the Manager, to ensure that they are adequately but not excessively remunerated. The NRC seeks expert advice on remuneration and governance matters from external consultants, where necessary. The Board will ensure that existing relationships between ECW and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the external remuneration consultants. For FY2022, the NRC did not recommend the engagement of any remuneration consultant.

Level and Mix of Remuneration

Principle 7: Level and structure of the remuneration of the Board and key management personnel

Remuneration of IDs/ Non-Executive Directors (Provisions 7.2)

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

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

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

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

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

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

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

Disclosure on Remuneration

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

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

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

The Manager has set out in the table below information on the fees paid to the IDs and NED for FY2022:

Board Members	FY2022	FY2021
Zhang Guobiao	100,000	100,000
Chan Heng Wing	99,000	99,000
Wong See Hong	90,000	90,000
Li Guosheng	75,000	75,000
Chia Yew Boon	70,000	70,000

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

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

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

The breakdown of the level and mix of remuneration paid to the CEO/Executive Director (in percentage) for FY2022 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	88%	10%	2%	100%

Remuneration of the KMP (who are not Directors or the CEO) in bands of S$250,000 for FY2022 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				
Wang Feng	83%	12%	5%	100%

The Manager has only one KMP other than its one Executive Director and CEO for FY2022.

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

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

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

(C) ACCOUNTABILITY AND AUDIT

Accountability, Risk Management and Internal Controls

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

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

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

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

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

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

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

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 ("RSCA") process. From the RCSA process, the Manager maintains a risk register which identifies the material risks ECW Group faces and the corresponding internal controls it has put in place to manage or mitigate those risks. The material risks will be reviewed quarterly by the ARC and the Board. The ARC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The system of risk management and internal controls is reviewed and, where appropriate, refined regularly by Management, the ARC and the Board. Where relevant, reference is made to the best practices and guidance in the Risk Governance Guidance for listed Boards issued by the Corporate Governance Council.

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

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 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 (including sanctions-related) and information technology risks. This includes testing, where practical, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors are also reviewed by the ARC.

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

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

(a) the financial records of ECW Group have been properly maintained and the financial statements for FY2022 give a true and fair view of ECW Group's operations and finances;
(b) the system of risk management and internal controls in place for ECW Group is adequate and effective in addressing the material risks faced by ECW Group in its current business environment including material financial, operational, compliance and information technology risks;
(c) Management is aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the ECW Group; and
(d) there are no known significant deficiencies or lapses in the risk management and internal controls systems relating to the ECW Group's financial, operational, compliance and information technology controls which could adversely affect the ECW Group's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

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

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

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the Management Assurance Letters, the Board, with the concurrence of the ARC, is of the opinion, that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks established by the Manager is adequate and effective to meet the needs of ECW Group in its current business environment for FY2022.

Audit and Risk Committee

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

Composition of the ARC (Provision 10.2)

The ARC comprises three IDs namely:

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

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

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

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

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

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

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

Corporate Governance

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

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

In FY2022, 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. These include the methodologies and key assumptions applied by the valuers in arriving at the valuation of ECW's properties. The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of ECW's properties. The ARC concurs with the conclusion of the Management and the external auditors on the Key Audit Matter.

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

The aggregate amount of fees paid and payable to the external auditors for FY2022 was approximately S$407,000 which was solely related to provision of audit services. There was no non-audit fee in FY2022. The external auditors have also provided confirmation of their independence to the ARC. The ARC is satisfied that the independence of the external auditors.

The ARC and the Board had reviewed the suitability of the external auditors, PwC for their role by assessing a wide range of factors including the quality of their work, their expertise and resources and taking into account the Group's operations and complexity. On this basis, the ARC assessed and concluded that PwC has fulfilled its responsibilities as external auditors.

Based on the above, the ARC has recommended to the Board that PwC be re-appointed as the external auditors of the Company and ECW. The Board has concurred with this and accordingly, the motion on re-appointment of PwC will be tabled at the forthcoming Annual General Meeting.

Internal Audit (Provision 10.4)

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

Meeting with EA and IA (Provision 10.5)

For FY2022, the ARC met with the internal and external auditors twice, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to the best practices and guidance in the Guidebook for Audit Committees in Singapore and the practice directions issued from time to time in relation to the Financial Reporting Surveillance programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

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

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 11: Unitholders' rights and conduct of Unitholder meetings

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

Participation of Unitholders' meetings (Provision 11.1)

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

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

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

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

Attendance at general meetings (Provision 11.3)

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

Absentia voting (Provision 11.4)

The 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.

Conduct of General Meetings

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Annual General Meeting ("2022 AGM") of ECW in respect of the financial year ended 31 December 2021 was convened and held wholly by way of electronic means. While unitholders were not able to attend the 2022 AGM physically and participate in person, they were able to submit questions in advance of the meeting and appoint the Chairman of the meeting to vote on their behalf. Unitholders were able to access the 2022 AGM via live audio-visual webcast or live audio-only stream. The substantial and relevant questions were addressed and published on SGXNet and the Manager's website on 21 April 2022, before the 2022 AGM which was duly held on 27 April 2022.

With the easing of the COVID-19 community safe management measures in Singapore in the second quarter of 2022, the Company held its Extraordinary General Meeting ("EGM") on the proposed sale of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics on 16 December 2022 in a wholly physical format. Unitholders (themselves or through their appointed proxies) were able to vote and ask questions in person at the said EGM. All the Directors except the Board Chairman were present at the EGM.

For the forthcoming AGM for the financial year ended 31 December 2022 ("2023 AGM"), this will also be held in a wholly physical format.

Minutes of general meetings (Provision 11.5)

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

Distribution policy (Provision 11.6)

In accordance with the prospectus for IPO of ECW, ECW's distribution policy is to distribute 100% of ECW's Distributable Income for the period from the listing Date to 31 December 2017. Thereafter, ECW will distribute at least 90% of its Distributable Income on a semi-annual basis. Notwithstanding, ECW had been making its distribution on a quarterly basis. As announced to SGX-ST via SGXNet on 27 December 2022, with effect from 1 January 2023, ECW will make its distributions on a half-yearly instead of quarterly basis. The first distribution in relation to a period within the financial year ending 31 December 2023 ("FY2023") will be for the half-year period from 1 January 2023 to 30 June 2023 ("1H 2023"). The change in distribution frequency does not affect ECW's practice of quarterly reporting. ECW will continue to announce its financial results on a quarterly basis.

During FY2022, the Manager had made a distribution of 4.762 Singapore cents per unit (2021: 6.153 Singapore cent per unit). Distribution of 0.628 Singapore cents per unit for the period from 1 October 2022 to 31 December 2022 will be made by 31 March 2023.

Engagement with Unitholders

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

Communication with shareholders (Provision 12.1)

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

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

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

Investor Relations Policy (Provisions 12.2 & 12.3)

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

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

More information on the Manager's investor and media relations with Unitholders can be found in the Stakeholders Engagement and Investor Relations section on page 36 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.

Managing Stakeholders Relationships

Principle 13: Engagement with stakeholders

Material stakeholder groups (Provisions 13.1)
Management of stakeholder relationships (Provision 13.2)

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

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

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

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

For more information, please refer to the "Sustainability" section on page 37 to 38 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.

Corporate Governance

In particular, the procedures in place include the following:

Interested person transactions[1] Approving Authority, procedures and Disclosure

Board Members	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: (a) is equal to or exceeds 3.0% of ECW's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[3] 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	**Trustee ARC** **Immediate announcement**
Transaction which: (a) is equal to or exceeds 5.0% of ECW's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[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	**Trustee ARC** **Unitholders** **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).

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 FY2022 are disclosed on page 140 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.

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.

Corporate Governance

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

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

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

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

(F) CODE OF BUSINESS CONDUCT

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

(i) the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Manager also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face;

(ii) documenting policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls; and

(iii) the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

Bribery and Corruption Prevention Policy

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

Whistle-Blowing Policy

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

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

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

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

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

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

The Whistle-Blowing Policy is available on the website of ECW and whistle-blowing parties are able to lodge their concerns via the channels mentioned above. There was no whistle-blowing report received for FY2022.

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

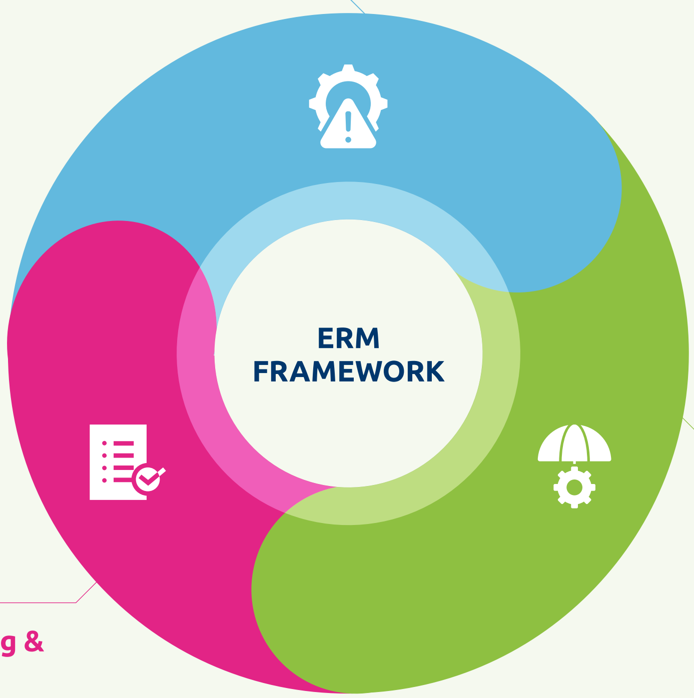
Risk management is an integral part of the business of ECW and its subsidiaries (collectively, the "ECW Group") at both the strategic and operational levels. A proactive approach towards risk management supports the achievement of ECW Group's business objective and strategy, thereby creating and preserving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

The Manager recognises that risk management is about the optimization of risk-reward relationship within known and pre-agreed risk appetite levels. To capitalise on opportunities, the Manager has to take calculated risks in a prudent manner to ensure that the risks undertaken commensurate with the returns it brings.

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 as well as ensuring the effectiveness of risk management policies and procedures. For these purposes, it is assisted by the ARC which provides oversight of risk management.

Risk Identification & Assessment

- Risk Appetite
- Risk & Control Self-Assessment
- Investment Risk Evaluation
- Whistle-blowing/Business
- Malpractice



Risk Response

- Accept
- Avoid
- Mitigate
- Transfer

Risk Monitoring & Reporting

- Key Risk Indicators
- Quarterly Compliance Checklist

ECW Group's Risk Appetite Statement ("RAS") is expressed via formal, high-level and overarching principles. 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 the 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 validated by external consultants periodically. 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.

Being aware and prepared for potential risks affecting ECW Group's business continuity enables the Manager to 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: implementation and activation of the Business Continuity Plan as well as routine inspection and scheduled maintenance) and putting in place 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. In addition to the requirement for upfront payment of security deposit, the Manager also establishes a system of 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 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.

Enterprise Risk Management

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, including tenancy details and financial information, are 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 as well as major business interruption such as COVID-19 pandemic 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. As a show of solidarity with ECW's tenants, ECW provided cash rental rebates to tenants within ECW's portfolio in efforts to mitigate the adverse impact of the COVID-19 situation on tenants' operations in April 2020.

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
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, the tax rulings issued by the Inland Revenue Authority of Singapore, sanctions-related law or regulation 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-today operations. ECW does not have exposure or nexus to sanctions-related risks.

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Report of the Trustee

For the financial year ended 31 December 2022

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 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of EC World Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019, Third Supplemental Deed dated 9 April 2020 and Fourth Supplemental Deed dated 23 February 2023 (the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, 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 78 to 139 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,
1 July 2023

Statement by the Manager

For the financial year ended 31 December 2022

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 78 to 139, comprising the Statements of Financial Position of ECW and the Group, the Investment Properties Portfolio Statement of the Group as at 31 December 2022, 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 2022 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of ECW and the consolidated portfolio holdings of the Group as at 31 December 2022, and the consolidated movements of unitholders' funds of the Group, the movements in unitholders' funds of ECW, the consolidated financial performance of the Group, the consolidated amount distributable of the Group and the consolidated cash flows of the Group for the year ended 31 December 2022, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019, Third Supplemental Deed dated 9 April 2020 and Fourth Supplemental Deed dated 23 February 2023 (the "Trust Deed"). At the date of this statement, there are reasonable grounds to believe that ECW and the Group will be able to meet their financial obligations as and when they materialise.

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

Goh Toh Sim
Director

Singapore,
1 July 2023

Independent Auditor's Report to the Unitholders of EC World Real Estate Investment Trust

(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 2022 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 financial year ended 31 December 2022;
- Statements of Financial Position of the Group and ECW as at 31 December 2022;
- Consolidated Distribution Statement of the Group for the financial year then ended;
- Consolidated Statement of Cash Flows of the Group for the financial year then ended;
- Statements of Movements in Unitholders' Funds of the Group and ECW for the financial year then ended;
- Investment Properties Portfolio Statement of the Group as at 31 December 2022; 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.

Material Uncertainty Related to Going Concern

As disclosed in Note 2.1 to the financial statements, as at 31 December 2022, the current liabilities of the Group and ECW exceeded their current assets by S$234.1 million and S$131.0 million respectively. The Group's current liabilities include bank borrowings of S$139.2 million due for repayment by 31 December 2022 which remains unpaid. These events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of ECW to continue as going concerns. Our opinion is not modified in respect of this matter.

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 2022. 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report to the Unitholders of EC World Real Estate Investment Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to Note 15 (Investment properties) and Note 14 (Assets of disposal group classified as held for sale) to the financial statements* As at 31 December 2022, the carrying value of the Group's investment properties stated at fair value amounted to S$1,469.8 million, comprising S$1,076.9 million presented under Investment properties and S$392.9 million included within Assets of disposal group classified as held for sale, which in aggregate accounted for 88% of the Group's total assets. The valuation of the investment properties is a key audit matter due to the significant estimate and judgement involved. For the investment properties of S$1,076.9 million, the fair value is determined based on valuation reports obtained from an independent property valuer. The key inputs and valuation techniques adopted by the valuer are discount rate and terminal capitalisation rate for the discounted cash flow method, and term yield and reversionary yield for the income capitalisation method. The inputs are dependent on the nature of each investment property and the prevailing market conditions. For the investment properties held for sale of S$392.9 million, the fair value is determined based on the agreed property values per the divestment agreement entered into by the Group on 30 September 2022.	For the investment properties with fair value based on valuation reports, our procedures focused on the valuation process and included the following: • assessing the competency, capabilities and objectivity of the independent valuer engaged by the Group; • testing the integrity of information, including underlying lease and financial information provided to the independent valuer; • obtaining an understanding of the techniques used by the independent valuer; and • assessing the reasonableness of the key inputs adopted by benchmarking these against prior year inputs and those of comparable properties based on the information available as at 31 December 2022. We found the independent valuer to be a member of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the key inputs were within the range of market data. For the investment properties with fair value based on agreed property values per the divestment agreement, our procedures included: • verifying the agreed property values to the divestment agreement; and • assessing the appropriateness of adopting the agreed property values as fair value as at 31 December 2022. We found the fair value adopted to be consistent with the agreed property values stated in the divestment agreement. We also noted that the agreed property values were determined after taking in account independent valuations commissioned by the Group and the divestment was approved by ECW's unitholders on 16 December 2022. We have also found the disclosures in the financial statements to be adequate.

Independent Auditor's Report to the Unitholders of EC World Real Estate Investment Trust

(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 2022 ("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 and will 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 liquidate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report to the Unitholders of EC World Real Estate Investment Trust

(Constituted under a Trust Deed in the Republic of Singapore)

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.

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.

Independent Auditor's Report to the Unitholders of EC World Real Estate Investment Trust

(Constituted under a Trust Deed in the Republic of Singapore)

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

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.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 1 July 2023

Consolidated Statement of Total Return

For the financial year ended 31 December 2022

	Note	Group 2022 S$'000	Group 2021 S$'000
Gross revenue	4	**121,568**	125,488
Property expenses	5	**(10,612)**	(12,463)
Net property income		**110,956**	113,025
Finance income		**1,997**	2,235
Finance costs	6	**(41,856)**	(39,791)
Manager's base fees		**(4,606)**	(5,567)
Manager's performance fees		**-**	(532)
Trustee's fees		**(327)**	(343)
Exchange differences		**4,800**	(2,010)
Other trust expenses	7	**(1,132)**	(1,141)
Net income		**69,832**	65,876
Pre-termination compensation	15(c)	**(4,106)**	-
Net change in fair value of investment properties	15	**(38,859)**	(29,790)
Net change in fair value of financial derivatives		**5,820**	8,548
Total return for the year before income tax		**32,687**	44,634
Income tax expenses	8	**(22,577)**	(20,151)
Total return for the year after income tax before distribution		**10,110**	24,483
Earnings per unit (cents)			
- Basic and diluted	9	**1.25**	3.03

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

Statements of Financial Position – Group and ECW

As at 31 December 2022

	Note	Group 2022 S$'000	Group 2021 S$'000	ECW 2022 S$'000	ECW 2021 S$'000
ASSETS					
Current assets					
Cash and bank balances	10	**113,330**	169,255	**1,494**	184
Trade and other receivables	11	**14,293**	52,115	**1,203**	1,103
Derivative financial instruments	12	**1,857**	-	**-**	-
Loans to subsidiaries	13	**-**	-	**241,556**	289,137
Assets of disposal group classified as held for sale	14	**460,424**	-	**-**	-
		589,904	221,370	**244,253**	290,424
Non-current assets					
Investment properties	15	**1,076,874**	1,673,893	**-**	-
Investments in subsidiaries	16	**-**	-	**39,588**	39,588
		1,076,874	1,673,893	**39,588**	39,588
Total assets		**1,666,778**	1,895,263	**283,841**	330,012
LIABILITIES					
Current liabilities					
Trade and other payables	17	**55,258**	33,521	**2,820**	2,513
Loans from a subsidiary	18	**-**	-	**372,420**	426,272
Borrowings	19	**593,136**	708,308	**-**	-
Derivative financial instruments	12	**1,099**	4,993	**-**	-
Current income tax liabilities		**13,497**	16,380	**-**	-
Liabilities directly associated with disposal group classified as held for sale	14	**161,053**	-	**-**	-
		824,043	763,202	**375,240**	428,785
Non-current liabilities					
Trade and other payables	17	**40,929**	69,969	**-**	-
Borrowings	19	**-**	13,185	**-**	-
Deferred income tax liabilities	20	**193,975**	296,174	**-**	-
Deferred government grant	21	**837**	980	**-**	-
		235,741	380,308	**-**	-
Total liabilities		**1,059,784**	1,143,510	**375,240**	428,785
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		**606,994**	751,753	**(91,399)**	(98,773)
Represented by:					
UNITHOLDERS' FUNDS		**606,994**	751,753	**(91,399)**	(98,773)
UNITS IN ISSUE ('000)	22	**809,838**	809,492	**809,838**	809,492
NET ASSET VALUE PER UNIT (S$)		**0.75**	0.93	**(0.11)**	(0.12)

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

Consolidated Distribution Statement

For the financial year ended 31 December 2022

	Group 2022 S$'000	2021 S$'000
Amount available for distribution to Unitholders at beginning of the year	**18,711**	16,477
Total return for the year	**10,110**	24,483
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments (Note A)	**31,342**	27,424
Amount available for distribution	**60,163**	68,384
Distributions made during the year:		
Distribution of 1.427 cents per unit for the period from 1 October 2020 to 31 December 2020	**-**	(11,499)
Distribution of 1.532 cents per unit for the period from 1 January 2021 to 31 March 2021	**-**	(12,360)
Distribution of 1.532 cents per unit for the period from 1 April 2021 to 30 June 2021	**-**	(12,375)
Distribution of 1.662 cents per unit for the period from 1 July 2021 to 30 September 2021	**-**	(13,439)
Distribution of 1.537 cents per unit for the period from 1 October 2021 to 31 December 2021	**(12,442)**	-
Distribution of 1.383 cents per unit for the period from 1 January 2022 to 31 March 2022	**(11,200)**	-
Distribution of 1.387 cents per unit for the period from 1 April 2022 to 30 June 2022	**(11,232)**	-
Distribution of 1.364 cents per unit for the period from 1 July 2022 to 30 September 2022	**(11,047)**	-
Total Unitholders' distributions	**(45,921)**	(49,673)
Amount available for distribution to Unitholders at end of the year	**14,242**	18,711

Note A:

	Group 2022 S$'000	2021 S$'000
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments comprise:		
- Straight lining of step-up rental	**(229)**	(1,539)
- Security deposits accretion	**56**	(104)
- Manager's base fees paid/payable in units	**-**	2,077
- Manager's performance fees paid/payable in units	**-**	266
- Trustee's fees	**327**	343
- Net fair value loss on investment properties*	**37,588**	29,790
- Deferred tax credit, net*	**(3,073)**	(2,691)
- Net change in fair value of financial derivatives	**(5,820)**	(8,548)
- Pre-termination compensation*	**1,232**	-
- Amortisation of upfront debt issuance costs	**5,699**	5,827
- Foreign exchange (gain)/loss, net	**(4,966)**	2,120
- Provision of withholding tax	**628**	-
- Write-back provision for doubtful receivables	**(102)**	(113)
- Others	**2**	(4)
	31,342	27,424

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

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

	Note	Group 2022 S$'000	Group 2021 S$'000
Cash flows from operating activities			
Total return for the year		**10,110**	24,483
Adjustments for:			
- Income tax expenses	8	**22,577**	20,151
- Finance income		**(1,997)**	(2,235)
- Finance costs	6	**41,856**	39,791
- Effect of straight lining of step-up rental		**(229)**	(1,539)
- Effect of security deposits accretion		**(3,135)**	(3,185)
- Fair value gain on derivative financial instruments		**(5,820)**	(8,548)
- Net fair value loss on investment properties	15	**38,859**	29,790
- Write-back provision for doubtful receivables		**(102)**	(113)
- Manager's base fees payable in units		**-**	2,077
- Manager's performance fees payable in units		**-**	266
- Foreign exchange (gain)/loss, net (unrealised)		**(3,051)**	2,120
Operating cash flow before working capital change		**99,068**	103,058
Change in working capital:			
Trade and other receivables		**19,411**	(10,096)
Trade and other payables		**(808)**	1,862
Cash generated from operating activities		**117,671**	94,824
Interest received		**1,997**	2,235
Income tax paid (net)		**(26,110)**	(26,845)
Net cash generated from operating activities		**93,558**	70,214
Cash flows from investing activities			
Additions to investment properties		**(351)**	(375)
Proceeds from disposal of investment properties		**15,314**	-
Receipt of partial consideration for disposal of assets	14	**38,660**	-
Net cash generated from/(used in) investing activities		**53,623**	(375)
Cash flows from financing activities			
Repayment of borrowings		**(110,902)**	(53,078)
Distribution to Unitholders		**(45,921)**	(49,673)
Proceeds from borrowings		**49,500**	73,550
Payment of loan transaction fees		**(4,565)**	-
Interest paid		**(34,597)**	(29,455)
SBLC commission paid		**(280)**	(331)
Release/(placements) of deposits for SBLC facilities		**23,291**	(26,997)
Top up for interest reserve		**(1,002)**	-
Deposit to escrow account	14	**(38,660)**	-
Net cash used in financing activities		**(163,136)**	(85,984)
Net decrease in cash and cash equivalents		**(15,955)**	(16,145)
Cash and cash equivalents at beginning of the year		**22,713**	38,037
Effects of exchange rate changes on cash and cash equivalents		**(423)**	821
Cash and cash equivalents at the end of the year*	10	**6,335**	22,713

* Cash and cash equivalents at the end of the year has included the cash and cash equivalents of disposal group classified as held for sale.

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities:

	1 January 2022 S$'000	**Transaction fees, principal and interest payments S$'000**	**Non-cash changes S$'000: Interest expense**	**Non-cash changes S$'000: Foreign exchange movement**	**31 December 2022 S$'000**
Borrowings and interest payables	**726,703**	**(100,564)**	**37,355**	**(17,013)**	**646,481**

	1 January 2021 S$'000	Transaction fees, principal and interest payments S$'000	Non-cash changes S$'000: Interest expense	Non-cash changes S$'000: Foreign exchange movement	31 December 2021 S$'000
Borrowings and interest payables	688,920	(8,983)	35,456	11,310	726,703

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

Statements of Movements in Unitholders' Funds – Group and ECW

For the financial year ended 31 December 2022

	Group		ECW	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
OPERATIONS				
Beginning of the year	**818,988**	838,166	**(20,880)**	(20,321)
Total return for the year	**10,110**	24,483	**53,029**	36,754
Distribution to Unitholders	**(45,921)**	(37,313)	**(45,921)**	(37,313)
Transfer to general reserves	**(5,900)**	(6,348)	**-**	-
End of the year	**777,277**	818,988	**(13,772)**	(20,880)
GENERAL RESERVES*				
Beginning of the year	**27,255**	20,907	**-**	-
Transfer from operations	**5,900**	6,348	**-**	-
End of the year	**33,155**	27,255	**-**	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the year	**(77,893)**	(68,283)	**(77,893)**	(68,283)
Movements during the year				
- Manager's base fees paid in units	**-**	2,750	**-**	2,750
- Manager's performance fees paid in units	**266**	-	**266**	-
Distribution to Unitholders	**-**	(12,360)	**-**	(12,360)
End of the year	**(77,627)**	(77,893)	**(77,627)**	(77,893)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the year	**(16,597)**	(75,280)	**-**	-
Translation differences relating to financial statements of foreign subsidiaries	**(109,214)**	58,683	**-**	-
End of the year	**(125,811)**	(16,597)	**-**	-
Total Unitholders' funds at end of the year	**606,994**	751,753	**(91,399)**	(98,773)

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

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

Investment Properties Portfolio Statement

As at 31 December 2022

Property name	Date of acquisition	Remaining term of lease* (Years)	Location	**Occupancy rates at 31 December 2022 (%)**	Occupancy rates at 31 December 2021 (%)	Latest valuation date	**Valuation as at 31 December 2022 (S$'000)**	Valuation as at 31 December 2021 (S$'000)	**Percentage of total net assets attributable to Unitholders as at 31 December 2022 %**	Percentage of total net assets attributable to Unitholders as at 31 December 2021 %
INVESTMENT PROPERTIES (NOTE 15)										
Chongxian Port Investment	25 August 2015	34.0	No.5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**422,747**	470,013	**69.65**	62.52
Fu Zhuo Industrial#	25 August 2015	34.0	No.5-1, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	**-**	100	31 December 2022	**-**	24,816	**-**	3.30
Fu Heng Warehouse - Building 1 and 2	9 September 2015	37.4	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**113,660**	125,775	**18.73**	16.73
Hengde Logistics - Phase 1	6 November 2015	37.5	No.21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**265,788**	305,000	**43.79**	40.57
- Phase 2	6 November 2015	31.6	No.2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC							
Wuhan Meiluote	16 April 2018	43.5	Yinyan Village, Nanwan Village, Daji Street, Caidian District, Wuhan, PRC	**86.7**	84.7	31 December 2022	**32,861**	38,178	**5.41**	5.08
Fuzhou E-Commerce	8 August 2019	37.4	No. 9 Mingxing Road, Fuyang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**241,818**	266,398	**39.82**	35.44
							1,076,874	1,230,180	**177.4**	163.64
ASSETS CLASSIFIED AS HELD-FOR-SALE (NOTE 14)										
Chongxian Port Logistics	25 August 2015	34.0	No.5-2, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**158,535**	178,376	**26.12**	23.73
Stage 1 Properties of Bei Gang Logistics - Building 1 to 8	25 August 2015	30.2	No. 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	**100**	100	31 December 2022	**234,395**	265,337	**38.62**	35.3
							392,930	443,713	**64.74**	59.03
Total investment properties							**1,469,804**	1,673,893	**242.14**	222.67
Other assets and liabilities (net)							**(862,810)**	(922,140)	**(142.14)**	(122.67)
Net assets of the Group							**606,994**	751,753	**100.00**	100.00

* Refers to the remaining tenure of underlying land.

On 9 March 2022, ECW REIT entered into an expropriation and compensation agreement (the "Expropriation Agreement") with the PRC authorities in relation to the Compulsory Expropriation of Fu Zhuo Industrial (the "Compulsory Expropriation"). On 30 September 2022, the Group completed the de-registration of the real property right in Fu Zhuo Industrial and the property was derecognised.

The portfolio of ECW comprises seven properties (collectively the "Properties"). The carrying amounts of the five investment properties which the Group intends to hold for long term were based on independent valuations as at 31 December 2022 as 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. For the two investment properties classified as held for sale, the carrying amounts are determined based on the agreed property values per the divestment agreement entered into by the Group on 30 September 2022 and approved by the unitholders on 16 December 2022. Changes in valuations are recognised to the Statement of Total Return.

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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 2022

1. GENERAL INFORMATION (continued)

(b) Manager's management fees (continued)

The Manager had elected to receive 100% of the Manager's management fees in the form of cash for the financial year ended 31 December 2022 (2021: 50% of the Manager's management fees in the form of Units for the financial period from 1 January 2021 to 30 September 2021 and 100% of the Manager's management fees in the form of cash for the financial period from 1 October 2021 to 31 December 2021).

(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.

1. GENERAL INFORMATION (continued)

(e) Fees under the Property Management Agreement

(i) Property management services

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

For the Properties except for Wuhan Meiluote:

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

For Wuhan Meiluote property:

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

(ii) Marketing services

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

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

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

(iii) Project management fee

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

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

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

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 2022, the current liabilities of the Group and ECW exceeded their current assets by S$234.1 million and S$131.0 million respectively. The Group's current liabilities include bank loans (including amounts presented within liabilities directly associated with disposal group classified as held for sale) granted under the existing offshore bank loans and the existing onshore bank loans as set out in Note 19 (the "Existing Bank Loans") of S$139.2 million due for repayment by 31 December 2022 (the "Mandatory Repayment") and S$417.6 million due for repayment by 30 April 2023 (the "April 2023 Outstanding Loans" and collectively the "Existing Bank Loans"). ECW's current liabilities include loans from a subsidiary of S$372.4 million which are repayable on demand.

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

- the Group has, in May 2023, completed the refinancing of the Existing Bank Loans with a new offshore facility and a new onshore facility; and
- the Manager is confident of obtaining extension of the termination date of the new offshore facility from the existing 30 April 2024 to 30 April 2026.

The Existing Bank Loans have been refinanced with the following new facilities from the existing lenders (the "Lenders"):

- an offshore facility for an aggregate principal amount of up to S$348.9 million (the "2023 Offshore Facility"); and
- an onshore facility for an aggregate principal amount of up to RMB745.5 million (the "2023 Onshore Facility").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

Both the 2023 Offshore Facility and 2023 Onshore Facility (collectively the "2023 Facilities") contain cross default and cross acceleration provisions. Additional details of the 2023 Facilities are set out in Note 33(c).

Significant judgements made by the Manager as part of its assessment of the Group's and ECW's ability to continue as going concerns are set out below.

The 2023 Offshore Facility's existing tenure is for 11 months ending on 30 April 2024 and, subject to the Lenders' consent and certain conditions, be extended for a further period of 24 months, with such extended date not extending beyond 30 April 2026 (the "2023 Offshore Facility Termination Date Extension"). The Lenders have the sole discretion to decide whether or not to grant such extension and, the terms and conditions for the extension. In this regard, the Manager is confident of obtaining the Lenders' consent based on its assessment as set out below.

The favourable outcome of the 2023 Offshore Facility Termination Date Extension is heavily contingent on the Group's successful divestment of Beigang Logistics Stage 1 and Chongxian Port Logistics (the "Divestment Properties"), either to the Sponsor (the "Divestment to Sponsor") as set out in Note 14 or to third parties (the "Divestment to Third Parties" and collectively with the Divestment to Sponsor, the "Proposed Divestment") and making certain mandatory repayments associated with the divestment (the "2023 Mandatory Repayment").

- Proposed Divestment and 2023 Mandatory Repayment

  a) At the date of these financial statements, the Manager is working with the Sponsor to complete the Divestment to Sponsor (Note 14) by 31 October 2023, which is dependent on favourable outcome of the following:

     i) Approval by Unitholders for the Sponsor Long-Stop Date Extension

        As disclosed in Note 33(b)(iii), the long-stop date for the Divestment to Sponsor has lapsed on 16 June 2023 and the MAS has agreed to extend the long-stop date to 31 October 2023 (the "Sponsor Long-Stop Date Extension"), subject to certain conditions, including the Manager obtaining Unitholders' approval for such extension. The Manager intends to convene an extraordinary general meeting (the "Proposed EGM") to seek Unitholders' approval for the Sponsor Long-Stop Date Extension. Noting that the Sponsor Long-Stop Date Extension is in the best interest of the Unitholders and based on the results of the previous extraordinary general meeting in December 2022 for the approval of the Divestment to Sponsor, the Manager is confident of obtaining the Unitholders' approval.

     ii) Sponsor's ability to secure the requisite financing and complete the acquisition of the Divestment Properties by 31 October 2023

        The Manager has been communicating with the Sponsor and the Sponsor has advised that a group of banks in PRC is in the process of approving an acquisition loan package for the acquisition and therefore the Sponsor expects to secure the requisite financing to complete the transaction by 31 October 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

- Proposed Divestment and 2023 Mandatory Repayment (continued)

  b) In the event that the Divestment to Sponsor cannot complete by 31 October 2023, the Group has the option of Divestment to Third Parties to meet its obligations under the 2023 Facilities. The successful Divestment to Third Parties is dependent on favourable outcome of the following:

  i) Approval by Unitholders for the Divestment to Third Parties

  The Manager has determined that pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") Rule 1006 and Rule 1014(1) and based on the Group's unaudited net asset value as at 31 March 2023, unaudited net property income for the 3 months ended 31 March 2023 and market capitalisation as at 31 May 2023, the Divestment to Third Parties will be classified as a "major transaction" and require approval by Unitholders via an extraordinary general meeting pursuant to Listing Manual Rule 1014(2). Noting that the Divestment to Third Parties is in the best interest of the Unitholders and critical for the Group and ECW to satisfy their financing obligations under the 2023 Facilities and operate as going concerns, the Manager is confident of obtaining the Unitholders' approval.

  ii) Agreement by the Lenders for Proposed Divestment Long-Stop Date Extension

  The terms of the 2023 Offshore Facility require the Group to obtain the Lenders' agreement to extend the Proposed Divestment long-stop date, from the existing 31 October 2023 to a later date on or prior to 30 April 2024 (the "Proposed Divestment Long-stop Date Extension"). Noting that the Proposed Divestment Long-Stop Date Extension is in the best interest of the Lenders, the Unitholders and the Manager, as well as having considered the Manager's previous experiences with the Lenders, the Manager is confident of obtaining the Lenders' agreement.

  iii) Completing the Divestment to Third Parties by 30 April 2024

  Based on discussions with real estate brokers and valuers in the PRC, the Manager understands that a period of about 9 months is generally sufficient to complete the divestment of the Divestment Properties. Accordingly, the Manager is confident of completing such a Divestment to Third Parties by 30 April 2024.

  iv) Sufficient proceeds from the Divestment to Third Parties to fulfil the 2023 Mandatory Repayment

  Based on indicative independent valuations as at 30 June 2023 obtained by the Manager, the aggregate fair value of the Divestment Properties is approximately RMB2,016.5 million, being less than 1% lower than the agreed property value of RMB2,032.7 million for the Divestment to Sponsor (Note 14). The Manager has assessed that based on prevailing market conditions and future outlook, the expected property values for the Divestment to Third Parties by 30 April 2024 will provide sufficient proceeds to fulfil the 2023 Mandatory Repayment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

- Other considerations by the Manager

  In addition to the above, the Manager has also considered the following:

  a) ECW is expected to be able to continue to comply with Listing Manual and CIS Code;

  b) the Group is expected to be able to meet the various conditions and covenants in the 2023 Facilities (Note 33(c));

  c) the Sponsor continues to demonstrate its support for the Group and in this regard,

     i) made advance payment totalling S$64.4 million for the proposed divestment (Note 14) since 30 December 2022 to the date of these financial statements, of which S$63.5 million has been used after reporting date towards partial settlement of the Mandatory Repayment (Refer to details in Note 33(b) and Note 33(c));

     ii) agreed that certain dividends, payments and/or other distributions received by the Sponsor (whether directly or indirectly) and/or attributable to the Sponsor in respect of its unitholding in ECW shall be applied towards prepayment of the 2023 Offshore Facility; and

     iii) Mr. Zhang Guobiao, the chairman and controlling shareholder of the Sponsor, has provided personal guarantees for an amount of S$75.7 million in respect of the 2023 Facilities.

  d) while the COVID-19 situation has generally affected businesses in the PRC, the revenue and net property income from the Group's properties is expected to remain stable in RMB terms for 2023.

With the 2023 Offshore Facility Termination Date Extension, the subsidiary is not expected to demand repayment from ECW as the 2023 Facilities will be sufficient for the purpose of funding ECW and the Group.

The validity of the going concern assumption on which these financial statements have been prepared is dependent on the favourable outcome of the various matters set out above, including the 2023 Offshore Facility Termination Date Extension, which in turn is heavily contingent on the success of the Proposed Divestment and repayment of the 2023 Mandatory Repayment. If the Group and ECW are unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts currently stated in the Statements of Financial Position of the Group and ECW. In addition, the Group and ECW may have to provide for further liabilities which may arise, and to classify the non-current assets as current assets. The accompanying financial statements do not include the effect of any of these adjustments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

(a) Rental income from operating leases

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Income taxes (continued)

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

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

2.7 Group accounting

Subsidiaries

(i) Consolidation

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Group accounting (continued)

Subsidiaries (continued)

(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.

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

2.8 Investment properties

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

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

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

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

2.9 Investment in subsidiaries

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

Initial recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

Subsequent measurement

Debt instruments

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

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

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Cash and cash equivalents

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

2.14 Borrowings

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

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

2.15 Trade and other payables

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

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

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

2.16 Derivative financial instruments and hedging activities

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

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

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.

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:

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 reporting date are recognised in the Statement of Total Return. Monetary items include primarily financial assets (other than equity investment) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, is recognised in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

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

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

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

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to the Statement of Total Return on disposal or partial disposal with loss of control of the foreign operation.

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

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.

2.23 Non-current disposal groups

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Fair value estimation of investment properties

The Group carries investment properties at fair value as at reporting 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 15.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Income tax

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

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

4. GROSS REVENUE

	Group	
	2022	2021
	S$'000	S$'000
Rental income	**121,204**	125,217
Other operating income	**364**	271
	121,568	125,488

5. PROPERTY EXPENSES

	Group	
	2022	2021
	S$'000	S$'000
Property maintenance and repair expenses	**2,580**	3,979
Write-back provision for doubtful receivables	**(102)**	(113)
Property management fee	**1,990**	1,992
Business and property-related taxes	**6,144**	6,605
	10,612	12,463

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

6. FINANCE COSTS

	Group	
	2022	2021
	S$'000	S$'000
Interest expenses:		
- Borrowings	**29,757**	24,101
- Financial derivatives	**1,899**	5,528
Amortisation of upfront debt issuance costs	**5,699**	5,827
Security deposits accretion	**3,191**	3,081
Others	**1,310**	1,254
	41,856	39,791

Including the realised fair value loss on financial derivatives of $1,899,000 (2021: realised fair value on financial derivatives of $5,528,000), total net change in fair value of financial derivatives recognised in the Statement of Total Return amounted to a net gain of $3,921,000 for the financial year ended 31 December 2022 (2021: net gain of $3,020,000).

7. OTHER TRUST EXPENSES

	Group	
	2022	2021
	S$'000	S$'000
Audit fees	**429**	430
Valuation fees	**129**	53
Consultancy and professional fees	**253**	342
Others	**321**	316
	1,132	1,141

8. INCOME TAX EXPENSES

	Group 2022 S$'000	Group 2021 S$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore	-	-
- Foreign	26,981	20,783
	26,981	20,783
Withholding tax	2,967	2,276
Deferred income tax (Note 20)	(7,343)	(2,691)
	22,605	20,368
- Over provision in prior financial years:		
Current income tax		
- Foreign	(28)	(217)
	22,577	20,151

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 2022 S$'000	Group 2021 S$'000
Total return for the year before income tax	32,687	44,634
Tax calculated using Singapore tax rate of 17% (2021: 17%)	5,557	7,588
Effects of:		
- Different tax rate in foreign jurisdiction	4,089	5,858
- Non-tax-deductible items, net	6,797	5,266
- Income not subject to tax	(576)	(1,454)
- Tax losses not recognised	630	834
- Withholding tax	2,967	2,276
- Deferred tax on unremitted overseas earnings	2,914	-
- Under/(Over) provision of tax in prior financial years (net)	199	(217)
	22,577	20,151

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For the financial year ended 31 December 2022

9. EARNINGS PER UNIT

The calculation of basic earnings per Unit is based on:

	Group	
	2022	2021
Total return attributable to Unitholders of ECW (S$'000)	**10,110**	24,483
Weighted average number of Units outstanding during the year ('000)	**809,754**	807,265
Basic and diluted earnings per Unit (S$ per share)	**1.25**	3.03

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

10. CASH AND BANK BALANCES

	Group		ECW	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank	**6,185**	22,713	**1,494**	184
Interest reserves	**14,295**	16,025	**-**	-
Cash collaterals	**92,850**	130,517	**-**	-
	113,330	169,255	**1,494**	184

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

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

	Group	
	2022	2021
	S$'000	S$'000
Cash and bank balances (including held for sale)	**158,466**	169,255
Less:		
Interest reserves#	**(16,368)**	(16,025)
Escrow account*	**(38,660)**	-
Cash collaterals for SBLC facilities	**(97,103)**	(130,517)
Cash and cash equivalents per Consolidated Statement of Cash Flows	**6,335**	22,713

Bank deposits maintained as interest reserves, as required by the Offshore Facility and Onshore Facility agreements.

* The balance pertains to a margin deposit of RMB200 million (S$38.7 million) (the "Margin Deposit") received from Forchn Holdings Group Co., Ltd. on 30 December 2022, in relation the Equity Purchase Agreement (Note 14) and placed in an escrow account of the onshore facility agent under the Existing Onshore Bank Loans (Note 19). The Margin Deposit received constitutes prepayment in part of the equity consideration by the Purchasers to the Group pursuant to the Equity Purchase Agreement.

Refer Note 33 for post reporting date updates.

11. TRADE AND OTHER RECEIVABLES

	Group 2022 S$'000	Group 2021 S$'000	ECW 2022 S$'000	ECW 2021 S$'000
Current				
Trade receivables				
- Related parties*	**519**	12,804	**-**	-
- Ultimate holding corporation	**-**	5,235	**-**	-
- Non-related parties	**2,713**	3,320	**-**	-
Less: Allowance for impairment of trade receivables (non-related parties)	**-**	-	**-**	-
Trade receivables (net)	**3,232**	21,359	**-**	-
Amounts due from ultimate holding corporation (non-trade)	**1,960**	27,336	**-**	-
Amounts due from related parties (non-trade)*	**42**	47	**-**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**996**	965
Interest receivables	**782**	1,062	**-**	-
VAT receivables	**883**	1,315	**186**	117
Other receivables^	**8,428**	2,278	**-**	-
Less: Allowance for impairment of other receivables (non-related parties)	**(1,191)**	(1,419)	**-**	-
Prepayments	**157**	137	**21**	21
	14,293	52,115	**1,203**	1,103

* Related parties refer to fellow subsidiaries of the ultimate holding corporation.
^ Includes S$6.3 million (RMB32.6 million) receivable from PRC authorities in relation to the final 30% of the compensation package from the compulsory expropriation of Fu Zhuo Industrial (Refer to Investment Properties Portfolio Statement). The amounts due from ultimate holding corporation, subsidiaries and related parties are unsecured and repayable on demand.

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

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group: Contract notional amount S$'000	Group: Fair value Assets S$'000	Group: Fair value Liability S$'000
2022			
Derivatives not held under hedging accounting			
Interest rate swaps	**75,000**	**500**	**-**
Cross currency interest rate swaps	**108,832**	**-**	**(1,099)**
Currency option	**28,706**	**1,357**	**-**
		1,857	**(1,099)**

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Group		
	Contract notional amount S$'000	**Fair value Assets S$'000**	**Fair value Liability S$'000**
2021			
Derivatives not held under hedging accounting			
Interest rate swaps	307,531	-	(2,228)
Cross currency interest rate swaps	109,407	-	(2,201)
Currency option	24,000	-	(564)
		-	(4,993)

Although the Group has entered into derivatives to economically hedge its interest rate and foreign currency risks, it does not apply hedge accounting. The Group has entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings (Note 19). Under the swaps, the Group receives floating interest equal to SORA (2021: Singapore Dollar Swap Offer Rate ("SGD SOR")) at every 3 months and pays fixed rates of interest varying from 1.39% to 2.62% per annum (2021: 1.39% to 1.75% per annum).

The Group has also entered into cross currency interest rate swaps to manage its exposure to interest rate and exchange rate movements on its United States Dollars ("USD") floating-rate interest-bearing borrowings (Note 19). Under the swaps, the Group receives floating interest equal to SOFR (2021: USD LIBOR) at every 3 months and pays fixed rates of interest varying from 1.77% to 1.79% per annum (2021: 1.77% to 1.79% per annum). The Group has also entered into currency option contracts to manage its foreign currency risk.

13. LOANS TO SUBSIDIARIES

	ECW	
	2022 S$'000	2021 S$'000
Loans to subsidiaries	**241,556**	289,137

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

14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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

Pursuant to the Equity Purchase Agreement, the Group will divest two investment properties, being Beigang Logistics Stage 1 and Chongxian Port Logistics (collectively the "Divestment Properties") via divestment of the Vendor's equity interests in the Hangzhou Bei Gang Logistics Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. (the "Divestment to Sponsor") for RMB1,370 million (S$264.8 million). The Group intends to use the proceeds from the Divestment to Sponsor to repay 25% of the Group's onshore and offshore borrowings (Note 19).

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

The Divestment to Sponsor was approved by ECW's unitholders on 16 December 2022 and is expected to complete in 2023. As at 31 December 2022, the Group received RMB200 million (S$38.7 million) advance payment from the Purchasers.

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

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

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

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

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

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

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

	Group **as at 31 December 2022** **S$'000**
Currency translation differences	**38,411**

As at the date of this financial statements, the Divestment to Sponsor has not been completed. Refer to Note 33 for post reporting date updates.

In accordance with the Trust Deed, the Manager is entitled to receive a divestment fee at the rate of 0.5% of the aggregate agreed property value only upon successful completion of the divestment. The Manager also incurred an estimated S$2.2 million of transaction related expenses which can only be claimed from the Group upon successful completion of the divestment. Accordingly, these contingent liabilities will be recognised in the Group's profit or loss only upon the successful completion of the divestment.

15. INVESTMENT PROPERTIES

	Group	
	2022	2021
	S$'000	S$'000
Beginning of the year	**1,673,893**	1,623,653
Asset enhancements during the year	**351**	375
Effect of straight lining of step-up rental	**229**	1,581
Net fair value changes	**(38,859)**	(29,790)
Disposals during the year (Note 15(c))	**(21,878)**	-
Transfer to disposal group (Note 14)	**(392,930)**	-
Currency translation differences	**(143,932)**	78,074
End of the year	**1,076,874**	1,673,893

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

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

The overall portfolio valuation, inclusive of investment properties included within assets classified as held for sale (Note 14) in RMB terms decreased from RMB7,892,000,000 (equivalent to S$1,673,893,000) as at 31 December 2021 to RMB7,604,000,000 (equivalent to S$1,469,804,000) as at 31 December 2022.

(a) Valuation processes of the Group

Except for the two investment properties included within Disposal group classified as held for sale (Note 14), all investment properties are stated at fair value based on valuations performed by an independent professional valuer.

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 2022, the fair values of the properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL") (2021: Beijing Colliers International Real Estate Valuation Co., Ltd. ("BCI")). The independent valuer is of the view that the valuation techniques and key inputs adopted are reflective of the current market conditions based on information available as at 31 December 2022. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers.

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

For the two investment properties included within Disposal group classified as held for sale (Note 14), they are stated at fair value based on the agreed property values per the Equity Purchase Agreement. Having considered the date of Equity Purchase Agreement, date of the unitholders' approval of the divestment and expected completion date of the divestment, the Manager is of the view that the agreed property values is a reliable estimate of the fair value as at 31 December 2022.

15. INVESTMENT PROPERTIES (continued)

(b) Valuation techniques and key unobservable inputs

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

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

Description	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	Discounted cash flow	Terminal capitalisation rate	5.5% - 6.0% (2021: 6.0% - 6.5%)	The higher the terminal capitalisation rate, the lower the valuation.
		Discount rate	8.5% - 8.75% (2021: 8.5% - 9.5%)	The higher the discount rate, the lower the valuation.
	Income capitalisation	Term Yield	5.0% - 5.5% (2021: Nil)	The higher the term yield, the lower the valuation.
		Reversionary Yield	5.5% - 6.0% (2021: Nil)	The higher the reversionary yield, the lower the valuation.

(c) Disposals during the year

On 9 March 2022, the Group entered into an expropriation and compensation agreement (the "Expropriation Agreement") with the PRC authorities in relation to the compulsory expropriation of Fu Zhuo Industrial (the "Compulsory Expropriation"). Under the terms of the Expropriation Agreement, the PRC authorities shall provide a compensation package (the "Compensation Package") amounting to RMB108.5 million, which resulted in a fair value loss of RMB8.5 million (S$1.8 million). On 30 September 2022, the Group completed the de-registration of the real property right in Fu Zhuo Industrial and the property was derecognised. As of 31 December 2022, 70% of the Compensation Package (RMB76.0 million) has been received from the authorities.

On 27 May 2022, the Group also entered into a pre-termination compensation agreement with the third-party tenant resulting from the Compulsory Expropriation (the "Pre-Termination Compensation") and recognised a pre-termination compensation expense of RMB19.2 million (S$4.1 million). As at 31 December 2022, RMB13.4 million (S$2.6 million) of Pre-Termination Compensation has been paid to the tenant.

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENTS IN SUBSIDIARIES

	ECW	
	2022	2021
	S$'000	S$'000
Equity investments at cost	**39,588**	39,588
	39,588	39,588

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	
			2022 %	2021 %	**2022 %**	2021 %
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
ECW Treasure Pte. Ltd.*	Investment holding	Singapore	**100**	100	**100**	100
ECW Treasure 1 Pte. Ltd.*	Investment holding	Singapore	**100**	100	**100**	100
Flutric Investments Limited^	Investment holding	British Virgin Islands	**100**	100	**100**	100
Realtime Assets Global Pte. Ltd.*	Investment holding	Singapore	**-**	-	**100**	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

16. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2022	2021	**2022**	2021
			%	%	**%**	%
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
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**	100

* Audited by PricewaterhouseCoopers LLP, Singapore
\# Audited by PricewaterhouseCoopers Zhong Tian LLP, People's Republic of China
^ The entity is not subject to audit.

The Group classified its 100%-owned subsidiary, Hangzhou Chongxian Port Logistics Co., Ltd. and Hangzhou Bei Gang Logistics Co., Ltd. to disposal group held for sale during 2022 (Note 14).

17. TRADE AND OTHER PAYABLES

	Group		ECW	
	2022 S$'000	2021 S$'000	**2022 S$'000**	2021 S$'000
Current				
Trade payables to:				
- non-related parties	**918**	3,458	**14**	31
- related parties*	**2,419**	2,753	**-**	-
Interest payables	**1,516**	5,210	**-**	-
Accruals:				
- operating expenses	**2,781**	2,708	**2,806**	2,482
- construction costs	**334**	366	**-**	-
Other payables				
- non-related parties^	**4,315**	13,609	**-**	-
- related parties*	**86**	1,418	**-**	-
Deposits	**692**	415	**-**	-
Advance receipt for disposal of assets (Note 14)	**38,660**	-	**-**	-
Deferred income	**1,898**	3,243	**-**	-
Rental received in advance	**1,639**	341	**-**	-
	55,258	33,521	**2,820**	2,513
Non-current				
Tenancy related deposits	**38,864**	63,298	**-**	-
Deferred income	**2,065**	6,671	**-**	-
	40,929	69,969	**-**	-
	96,187	103,490	**2,820**	2,513

* Related parties refer to the Property Manager and fellow subsidiaries of the ultimate holding corporation.
^ Includes S$1.1 million (RMB5.8 million) unpaid pre-termination compensation to third party tenant is in relation to the compulsory expropriation of Fu Zhuo Industrial (Note 15(c)).

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

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

18. LOANS FROM A SUBSIDIARY

	ECW	
	2022 S$'000	2021 S$'000
Loans from a subsidiary	**372,420**	426,272

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

19. BORROWINGS

	Group	
	2022	2021
	S$'000	S$'000
Current		
Secured bank borrowings		
- Onshore facility*	**109,994**	180,682
- Offshore facility	**393,642**	415,776
- Revolving credit facilities	**89,500**	111,850
	593,136	708,308
Non-current		
Secured bank borrowings		
- Onshore facility	**-**	13,185
Total borrowings	**593,136**	721,493

The maturity of the borrowings are as follows:

	Group	
	2022	2021
	S$'000	S$'000
Within 1 year*	**593,136**	708,308
After 1 year but within 3 years	**-**	5,074
Over 3 years	**-**	8,111
	593,136	721,493

* Includes S$8,482,000 originally due after 1 year but classified as current due to the mandatory repayment amount remaining outstanding as at 31 December 2022.

Measurement of fair value

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

Onshore facility

ECW has put in place 3-year (originally expiring in end July 2022) RMB1,018.0 million (S$196.8 million) and 10-year RMB77.0 million (S$14.9 million) secured term loan 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..

On 28 June 2022, the Onshore Borrowers entered into an amendment and restatement agreement relating to the Original Onshore Facility Agreement to, *inter alia*, extend the maturity date of the Onshore Facilities (save for a RMB63,749,144 (S$12.3 million) portion of the Onshore Facility which will expire in July 2029) to 30 April 2023. Based on the Restated Onshore Facility Agreement, at least 25% of the loans outstanding or S$40.5 million shall be repaid by 31 December 2022 (the "Mandatory Onshore Repayment"). The full Mandatory Onshore Repayment amount remained outstanding as at 31 December 2022.

19. BORROWINGS (continued)

Onshore facility (continued)

In January 2023, the Mandatory Offshore Repayment due date has been extended from 31 December 2022 to 28 February 2023. Refer to Note 33 for post reporting date updates.

As at 31 December 2022, the onshore facility is secured by:

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

ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the "Onshore Guarantors" refer to the Group's subsidiaries Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;

iii) a first ranking mortgage over the Properties;

iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;

v) an assignment of all material agreements in relation to the Properties;

vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent (being DBS Bank (China) Limited, Hangzhou Branch) named as the first beneficiary;

vii) an assignment of all present and future rights and interests of the Onshore Borrowers, Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder's loans;

viii) a subordination deed in relation to the inter-company debts and shareholder's loans made to the Onshore Borrowers; and

ix) any other security as may be reasonably required by the lenders.

The blended all-in interest rate for the quarter and 12 months ended 31 December 2022 was 6.9% and 7.6% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.5% and 6.4% respectively.

Offshore facility

ECW has put in place 3-year (originally expiring in May 2022) S$305.6 million and US$86.8 million (S$116.7 million) secured term loan facility. The Offshore Borrowers are ECW Treasure Pte. Ltd. ("ECWT") and Zhejiang Fuzhou E-commerce Co., Ltd..

19. BORROWINGS (continued)

Offshore facility (continued)

On 31 May 2022 the Offshore Borrowers entered into an amendment and restatement agreement relating to the Original Facility Agreement to, *inter alia*, extend the maturity date of the Offshore Facilities to the earlier of (i) the earliest maturity date of the Onshore Facilities and (ii) 30 April 2023. Based on the Restated Offshore Facility Agreement, at least 25% of the loans outstanding or S$98.7 million shall be repaid by 31 December 2022 (the "Mandatory Offshore Repayment", and together with the "Mandatory Onshore Repayment", the "Mandatory Repayment"). The Mandatory Offshore Repayment remained outstanding as at 31 December 2022.

In January 2023, the Mandatory Offshore Repayment due date has been extended from 31 December 2022 to 28 February 2023. Refer to Note 33 for post reporting date updates.

The Offshore facility is secured by:

i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the "BVI Holding Company") and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;

ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. ("ECWT");

iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;

iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S$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 blended all-in interest rate for the quarter and 12 months ended 31 December 2022 was 6.3% and 5.7% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.5% and 4.7% respectively.

As at 31 December 2022, S$300.0 million and US$86.8 million (S$116.7 million) of the above facility were drawn down and 45% (2021: 100%) of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

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

19. BORROWINGS (continued)

Revolving Credit Facilities

As at 31 December 2022, ECW has uncommitted revolving credit facilities of S$130,000,000 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$89,500,000 short-term loan backed by SBLC issued by United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB502,340,000 (S$97,103,000). The interest rates ranged from 2.96% to 5.55% per annum for the quarter and 1.35% to 5.55% for 12 months ended 31 December 2022.

The blended all-in interest rate of the aggregate facilities for the quarter and 12 months ended 31 December 2022 was 6.2% and 5.8% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.4% and 4.9% per annum respectively. At the end of the period, the Aggregate Leverage for the Group was 38.8% (31 December 2021: 38.2%) and the interest coverage ratio was 2.68 times (31 December 2021: 2.92 times). Due to the changing global economic conditions, ECW expects the blended interest rates for the Offshore Facilities and Revolving Credit Facilities will increase further due to small portion of offshore loans unhedged.

Repayment of loans during the year

Principal repayments of RMB82.2 million (S$17.0 million) for onshore; SGD15.9 million and USD4.4 million (S$6.1 million) for offshore loans had been made while SGD71.9 million had been made for revolving credit facilities.

Undertaking of Sponsor

In connection with the extension of the Onshore and Offshore Facilities in 2022, the Sponsor of EC World REIT has provided undertakings that it will:

a) procure that the exercise of refinancing of the Onshore and Offshore Facilities is commenced immediately; and

b) by 31 December 2022, ensure that at least 25% of the aggregate principal amount of the outstanding Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise.

20. DEFERRED INCOME TAX

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

	Group	
	2022	2021
	S$'000	S$'000
Deferred income tax liabilities		
- To be settled after 1 year	**194,184**	296,597
Deferred income tax assets		
- To be recovered after 1 year	**(209)**	(423)
Deferred income tax liabilities (net)	**193,975**	296,174

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

Deferred tax liabilities

	Fair value movement on investment properties S$'000	**Accelerated tax depreciation S$'000**	**Unremitted overseas earnings S$'000**	**Total S$'000**
Group				
2022				
Beginning of the year	**295,559**	**1,038**	**-**	**296,597**
Tax charged/(credited) for the year	**(10,495)**	**230**	**2,914**	**(7,351)**
Transferred to asset classified as held for sale (Note 14)	**(69,228)**	**(120)**	**-**	**(69,348)**
Write-off	**-**	**(169)**	**-**	**(169)**
Currency translation differences	**(25,453)**	**(92)**	**-**	**(25,545)**
End of the year	**190,383**	**887**	**2,914**	**194,184**
2021				
Beginning of the year	285,170	541	-	285,711
Tax charged for the year	(3,391)	476	-	(2,915)
Currency translation differences	13,780	21	-	13,801
End of the year	295,559	1,038	-	296,597

20. DEFERRED INCOME TAX (continued)

Deferred tax assets

	Provisions and others S$'000
Group	
2022	
Beginning of the year	**(423)**
Tax charged for the year	**8**
Transferred to asset classified as held for sale (Note 14)	**169**
Currency translation differences	**37**
End of the year	**(209)**
2021	
Beginning of the year	(627)
Tax credited for the year	224
Currency translation differences	(20)
End of the year	(423)

21. DEFERRED GOVERNMENT GRANT

	Group	
	2022 S$'000	2021 S$'000
Deferred government grant	**837**	980

22. UNITS IN ISSUE

	Group and ECW	
	2022 No. of Units '000	2021 No. of Units '000
Units in issue		
Beginning of the year	**809,492**	805,844
Issue of Units:		
- Manager's base fees paid in Units	**-**	3,648
- Manager's performance fees paid in units	**346**	-
End of the year	**809,838**	809,492

During the financial year, ECW issued 346,736 new Units (2021: 3,647,530 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.

22. UNITS IN ISSUE (continued)

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

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

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

23. LEASES - THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Leasehold land

The Group has made an upfront payment to secure the right-of-use of the leasehold land with remaining terms of lease from 29.2 to 42.5 years, which is used in the Group's operations. This leasehold land is recognised within investment properties (Note 15).

There is no externally imposed covenant on these lease arrangements.

24. LEASES - THE GROUP AS A LESSOR

Nature of the Group's leasing activities - Group as a lessor

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

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

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

24. LEASES - THE GROUP AS A LESSOR (continued)

Nature of the Group's leasing activities - Group as a lessor (continued)

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 (excluding those relating to disposal group held for sale (Note 14) of S$32,645,000 for less than one year and S$20,457,000 for one to two years).

	Group	
	2022	2021
	S$'000	S$'000
Less than one year	**70,560**	113,425
One to two years	**53,612**	109,080
Two to three years	**218**	84,770
Three to four years	**51**	-
Total undiscounted lease payments	**124,441**	307,275

25. 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$151,000 (2021: S$325,000).

26. 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.

26. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Currency risk

The Group's portfolio of properties is located in PRC, held via special purpose vehicles incorporated in PRC and the cash flows from the operation of the Properties are denominated in RMB. The PRC's special purpose vehicles are held by holding companies in Singapore, which are in turn held by ECW. ECW will pay distributions in Singapore dollars. These various levels of shareholding expose ECW to fluctuations in the currency rates of RMB and SGD. In order to manage the currency risk involved in the investment of assets outside Singapore, the Manager has adopted strategies that may include:

- the use of borrowings denominated in the respective entities' functional currency to match the currency of the investment asset as a natural currency hedge;
- entering into cross currency interest rate swaps that are used to reduce the Group's exposure to currency risk on its borrowings and interest; and
- entering into currency forward contracts or currency options to manage the foreign currency income received from the onshore assets, back into Singapore Dollars.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	RMB S$'000	USD S$'000	Total S$'000
Group				
As at 31 December 2022				
Financial assets				
Cash and bank balances	**10,051**	**98,469**	**4,810**	**113,330**
Trade and other receivables*	**583**	**12,670**	**-**	**13,253**
Intra-group balances	**679,633**	**396,207**	**15,414**	**1,091,254**
Total financial assets	**690,267**	**507,346**	**20,224**	**1,217,837**
Financial liabilities				
Trade and other payables^	**(3,366)**	**(48,559)**	**-**	**(51,925)**
Intra-group balances	**(679,633)**	**(396,207)**	**(15,414)**	**(1,091,254)**
Borrowings	**(372,735)**	**(109,994)**	**(110,407)**	**(593,136)**
Total financial liabilities	**(1,055,734)**	**(554,760)**	**(125,821)**	**(1,736,315)**
Net financial liabilities	**(365,467)**	**(47,414)**	**(105,597)**	**(518,478)**
Add: Firm commitments and highly probable forecast transactions in foreign currencies	**-**	**(151)**	**-**	**(151)**
Less: Currency options	**-**	**28,706**	**-**	**28,706**
Less: Cross currency swaps	**-**	**-**	**108,832**	**108,832**
Less: Net financial liabilities denominated in the respective entities' functional currency	**328,449**	**(27,594)**	**(15,414)**	**285,441**
Net currency exposure	**(37,018)**	**(46,453)**	**(12,179)**	**(95,650)**

26. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	RMB S$'000	USD S$'000	Total S$'000
Group				
As at 31 December 2021				
Financial assets				
Cash and bank balances	6,631	157,747	4,877	169,255
Trade and other receivables*	583	50,080	-	50,663
Intra-group balances	706,162	293,778	47,580	1,047,520
Total financial assets	713,376	501,605	52,457	1,267,438
Financial liabilities				
Trade and other payables^	(5,111)	(88,124)	-	(93,235)
Intra-group balances	(706,162)	(293,778)	(47,580)	(1,047,520)
Borrowings	(410,718)	(193,867)	(116,908)	(721,493)
Total financial liabilities	(1,121,991)	(575,769)	(164,488)	(1,862,248)
Net financial liabilities	(408,615)	(74,164)	(112,031)	(594,810)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(325)	-	(325)
Less: Currency options	-	24,000	-	24,000
Less: Cross currency swaps	-	-	109,407	109,407
Less: Net financial liabilities denominated in the respective entities' functional currency	369,693	(5,016)	(44,956)	319,721
Net currency exposure	(38,922)	(55,505)	(47,580)	(142,007)

* Excludes prepayments and VAT receivables
^ Excludes deferred income, advance receipt and rental received in advance

ECW is not exposed to significant currency risk as its transactions are predominantly denominated in Singapore Dollars.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as RMB and USD. If the RMB and USD strengthened/weakened against the SGD by 5% (2021: 3%) and 5% (2021: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset would decrease/increase the total return by S$1,081,000 (2021: S$1,924,000) respectively.

(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.

26. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

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

The Group's interest rate risk arises from its borrowings which bear variable interest rates (Note 19). Borrowings at variable rates expose the Group to cash flow interest rate risk. The Manager endeavours to utilise interest rate hedging strategies where appropriate from time to time to ensure stable returns to Unitholders.

The Manager will adopt prudent and proactive interest rate management strategies, including interest rate swaps and cross currency interest rate swaps with reputable banks to manage the risk associated with changes in interest rates on the loan facilities while ensuring that ECW's on-going cost of debt capital remains reasonable and continues to create value to the returns to Unitholders.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loan by swapping the interest expense on a proportion of the term loan from floating rates to fixed rates (Note 12).

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

	Group	
	2022	2021
	S$'000	S$'000
Variable rate borrowings		
- Onshore borrowings	**109,994**	193,867
- Offshore borrowings	**394,817**	417,281
- Revolving credit facilities	**89,500**	111,850
	594,311	722,998
Hedging instruments		
- Interest rate swaps	**(75,000)**	(307,531)
- Cross currency interest rate swaps	**(108,832)**	(109,407)
Net exposure to interest rate risk	**410,479**	306,060

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 (2021: 25) basis points ("bp") at the reporting date, the total return would be lower/higher by S$1,026,000 (2021: S$765,000). 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.

26. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and ECW are cash and bank balances and trade and other receivables. Cash and bank balances are placed with reputable financial institutions which are regulated and are subject to immaterial credit loss. For certain trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

14% (2021: 63%) 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 statement of financial position, except for trade and other receivables that are secured with security deposits.

Trade receivables

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers the security deposits held, historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Where receivables are provided for, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During current financial year, there were write-back for doubtful receivables amounting to S$102,000 (2021: S$113,000) due to subsequent collections.

The movement in allowance for impairment of other receivables (non-related parties) is as follows:

	Group	
	2022	2021
	S$'000	S$'000
Beginning of the year	**1,419**	1,460
Write-back provision for doubtful receivables	**(102)**	(113)
Currency translation differences	**(126)**	72
End of the year	**1,191**	1,419

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.

Loans to subsidiaries

ECW has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of S$241,556,000 (2021: S$289,137,000) and are considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

26. FINANCIAL RISK MANAGEMENT (continued)

(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 of funds from subsidiaries are not subject to restriction.

The table below analyses financial liabilities (including derivative financial liabilities) of the Group and ECW into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximates their carrying amounts as the impact of discounting is not significant.

	Contractual cash flows S$'000	**Within 1 year S$'000**	**Within 1 to 2 years S$'000**	**More than 2 years S$'000**
Group				
2022				
Non-derivative financial liabilities				
Borrowings	**(516,689)**	**(516,689)**	**-**	**-**
Revolving credit facilities	**(90,089)**	**(90,089)**	**-**	**-**
Trade and other payables*	**(54,698)**	**(11,545)**	**(43,153)**	**-**
Derivative financial liabilities				
Cross currency interest rate swaps	**(1,099)**	**(1,099)**	**-**	**-**
2021				
Non-derivative financial liabilities				
Borrowings	(631,032)	(616,822)	(5,090)	(9,120)
Revolving credit facilities	(112,069)	(112,069)	-	-
Trade and other payables*	(97,914)	(24,727)	(73,187)	-
Derivative financial liabilities				
Interest rate swaps	(2,228)	(2,228)	-	-
Cross currency interest rate swaps	(2,201)	(2,201)	-	-

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For the financial year ended 31 December 2022

26. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Contractual cash flows S$'000	Within 1 year S$'000	Within 1 to 2 years S$'000
ECW			
2022			
Non-derivative financial liabilities			
Trade and other payables*	**(2,820)**	**(2,820)**	**-**
Loans from a subsidiary	**(372,420)**	**(372,420)**	**-**
2021			
Non-derivative financial liabilities			
Trade and other payables*	(2,513)	(2,513)	-
Loans from a subsidiary	(426,272)	(426,272)	-

* 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 (collectively, the "Aggregate Leverage") of a property fund should not exceed 50.0% of the fund's deposited property before 1 January 2022 and on or after 1 January 2022, should not exceed 45.0% of the fund's depository property.

The Group has complied with the Aggregate Leverage requirements for the financial years ended 31 December 2022 and 31 December 2021:

	2022 S$'000	2021 S$'000
Group		
Total borrowings (including held for sale)	**646,310**	724,315
Total assets	**1,666,778**	1,895,263
Aggregate leverage ratio	**38.8%**	38.2%

The Manager aims to optimise the capital structure and cost of capital, within the Aggregate Leverage limit in the Property Funds Appendix. Such strategy involves adopting and maintaining an appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

The Manager will periodically review ECW's capital management policy and modify the policy as the Manager deems prudent with regards to prevailing market conditions. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public capital markets through the issuance of bonds to further enhance the debt maturity profile of ECW.

26. FINANCIAL RISK MANAGEMENT (continued)

(e) 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 reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 which comprise derivative financial instruments. In frequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Notes to the Financial Statements

For the financial year ended 31 December 2022

26. FINANCIAL RISK MANAGEMENT (continued)

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

	Carrying amount				Fair value hierarchy			
	Financial asset at fair value through profit or loss S$'000	Financial asset at amortised cost S$'000	Financial liabilities at amortised cost S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group								
2022								
Financial assets								
Cash and bank balances	**-**	**113,330**	**-**	**113,330**	**-**	**-**	**-**	**-**
Trade and other receivables*	**-**	**13,253**	**-**	**13,253**	**-**	**-**	**-**	**-**
Derivative financial instruments	**1,857**	**-**	**-**	**1,857**	**-**	**1,857**	**-**	**1,857**
	1,857	**126,583**	**-**	**128,440**				
Financial liabilities								
Trade and other payables^	**-**	**-**	**51,925**	**51,925**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**593,136**	**593,136**	**-**	**-**	**-**	**-**
Derivative financial instruments	**1,099**	**-**	**-**	**1,099**	**-**	**1,099**	**-**	**1,099**
	1,099	**-**	**645,061**	**646,160**				
2021								
Financial assets								
Cash and bank balances	-	169,255	-	169,255	-	-	-	-
Trade and other receivables*	-	50,663	-	50,663	-	-	-	-
	-	219,918	-	219,918				
Financial liabilities								
Trade and other payables^	-	-	93,235	93,235	-	-	-	-
Borrowings	-	-	721,493	721,493	-	-	-	-
Derivative financial instruments	4,993	-	-	4,993	-	4,993	-	4,993
	4,993	-	814,728	819,721				

26. FINANCIAL RISK MANAGEMENT (continued)

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

	Carrying amount				Fair value hierarchy			
	Financial asset at fair value through profit or loss S$'000	Financial asset at amortised cost S$'000	Financial liabilities at amortised cost S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
ECW								
2022								
Financial assets								
Cash and bank balances	**-**	**1,494**	**-**	**1,494**	**-**	**-**	**-**	**-**
Trade and other receivables*	**-**	**996**	**-**	**996**	**-**	**-**	**-**	**-**
Loans to subsidiaries	**-**	**241,556**	**-**	**241,556**	**-**	**-**	**-**	**-**
	-	**244,046**	**-**	**244,046**				
Financial liabilities								
Trade and other payables^	**-**	**-**	**2,820**	**2,820**	**-**	**-**	**-**	**-**
Loans from a subsidiary	**-**	**-**	**372,420**	**372,420**	**-**	**-**	**-**	**-**
	-	**-**	**375,240**	**375,240**				
2021								
Financial assets								
Cash and bank balances	-	184	-	184	-	-	-	-
Trade and other receivables*	-	965	-	965	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Loans to subsidiaries	-	289,137	-	289,137	-	-	-	-
	-	290,286	-	290,286				
Financial liabilities								
Trade and other payables^	-	-	2,513	2,513	-	-	-	-
Loans from a subsidiary	-	-	426,272	426,272	-	-	-	-
	-	-	428,785	428,785				

* Excludes prepayments and VAT receivables
^ Excludes deferred income, advance receipt and rental received in advance

27. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The immediate and ultimate holding companies are Forchn Global Pte. Ltd. and Forchn Holdings Group Co., Ltd. incorporated in Singapore and the People's Republic of China respectively.

28. 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:

	Group	
	2022	2021
	S$'000	S$'000
Property management fees paid/payable	**1,990**	1,992
Trustee's fees paid/payable	**327**	343
Manager's performance fees paid/payable	**-**	532
Manager's base fees paid/payable	**4,606**	5,567
Rental and other related income received/receivable from the ultimate holding corporation and fellow	**(97,817)**	(105,874)
Late payment interest received/receivable from the ultimate holding corporation and fellow subsidiaries	**(1,118)**	(1,566)
Operating lease commitment from fellow subsidiaries where the Group is a lessor	**(165,278)**	(272,035)

Outstanding balances at 31 December 2022, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Notes 11 and 17 respectively.

29. FINANCIAL RATIOS

	Group	
	2022	2021
	%	%
Ratio of expenses to weighted average net assets[1]		
- including performance component of Manager's fees	**0.89**	1.03
- excluding performance component of Manager's fees	**0.89**	0.96
Portfolio turnover ratio[2]	**-**	-

[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.

30. SEGMENT INFORMATION

The Group had determined the operating segments based on reports reviewed by Management that are used to make strategic decisions, allocate resources and assess performance. Management comprises the Chief Executive Officer and Chief Financial Officer. Management considers and evaluates the business by the nature of investment properties - port logistics, specialised logistics and E-commerce logistics. These properties are concentrated in one geographical location: People's Republic of China. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property expenses. This is the measure reported to Management for the purpose of assessment of segment performance. In addition, Management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, trust expenses, finance income, finance costs and related assets and liabilities.

Property income and expenses

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Group								
Gross revenue	**50,676**	52,678	**12,476**	12,967	**58,416**	59,843	**121,568**	125,488
Property expenses	**(3,351)**	(3,616)	**(1,410)**	(1,679)	**(5,851)**	(7,168)	**(10,612)**	(12,463)
Net property income	**47,325**	49,062	**11,066**	11,288	**52,565**	52,675	**110,956**	113,025
Net change in fair value of investment properties	**(12,952)**	(16,322)	**(13,083)**	2,533	**(12,824)**	(16,001)	**(38,859)**	(29,790)
Finance income							**1,997**	2,235
Finance costs							**(41,856)**	(39,791)
Other trust expenses*							**(6,065)**	(7,583)
Exchange differences							**4,800**	(2,010)
Pre-termination compensation	**(4,106)**	-	**-**	-	**-**	-	**(4,106)**	-
Net change in fair value of financial derivatives							**5,820**	8,548
Total return for the financial year before income tax							**32,687**	44,634
Income tax expenses							**(22,577)**	(20,151)
Total return for the financial year after income tax before distribution							**10,110**	24,483

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

30. SEGMENT INFORMATION (continued)

Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	31 December 2022 S$'000	31 December 2021 S$'000	**31 December 2022 S$'000**	31 December 2021 S$'000	**31 December 2022 S$'000**	31 December 2021 S$'000	**31 December 2022 S$'000**	31 December 2021 S$'000
Group								
Segment assets								
- Investment properties	**422,746**	673,205	**265,788**	305,000	**388,340**	695,688	**1,076,874**	1,673,893
- Trade and other receivables	**9,296**	11,588	**3,256**	3,632	**801**	36,082	**13,353**	51,302
- Assets of disposal group class as held for sale	**158,893**	-	**-**	-	**301,531**	-	**460,424**	-
Unallocated assets							**116,127**	170,068
Total assets							**1,666,778**	1,895,263
Segment liabilities	**147,578**	198,002	**67,261**	70,983	**69,387**	144,963	**284,226**	413,948
Liabilities associated with disposal group	**41,545**	-	**-**	-	**119,508**	-	**161,053**	-
Unallocated liabilities								
- Borrowings							**593,136**	721,493
- Others							**21,369**	8,069
Total liabilities							**1,059,784**	1,143,510

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to FRS 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to FRS 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what FRS 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying this amendment.

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Amendments to FRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to FRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. FRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying this amendment.

32. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in People's Republic of China, which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2022:

(a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(b) The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability and fair valuation of assets as at 31 December 2022.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

33. EVENTS OCCURRING AFTER REPORTING DATE

(a) Distribution for period from 1 October 2022 to 31 December 2022

On 23 February 2023, the Manager announced a distribution of 0.628 Singapore cents per unit amounting to S$2,896,013 for the period from 1 October 2022 to 31 December 2022. These financial statements do not reflect this distribution, which will be accounted for in the financial year ending 31 December 2023.

(b) Proposed divestment of Beigang Logistics Stage 1 and Chongxian Port Logistics to the Sponsor (Note 14)

i) Prepayments by the Purchasers

Between January 2023 and March 2023, the Group received further prepayments from the Purchasers totaling S$25.8 million, comprising

- S$4.4 million on 6 January 2023 which was paid directly to the Group's lenders for settlement of the Group's bank borrowings (Note 33(c));
- RMB58.0 million (S$11.3 million) and US$6.1 million (S$8.2 million) on 28 February 2023 paid to the Group's escrow account;
- US$1.5 million (S$1.9 million) on 10 March 2023 paid to the Group's escrow account; and

The amounts received constitute prepayment in part of the equity consideration by the Purchasers to the Group pursuant to the Equity Purchase Agreement.

ii) Internal restructuring

On 15 March 2023, the Group fulfilled the condition precedent in the Equity Purchase Agreement and completed the internal restructuring of Hangzhou Chongxian Port Logistics Co., Ltd. ("Chongxian Logistics") and Hangzhou Bei Gang Logistics Co., Ltd. ("Hangzhou Beigang") where Hangzhou Beigang directly owns 100.0% of the equity interests in Chongxian Logistics, which in turn owns Chongxian Port Logistics.

iii) Extension of long-stop date

As at the date which these financial statements were authorised for issue, the proposed divestment has not been completed. Under paragraph 5.4(b)(ii) of the Property Funds Appendix, the Divestment to Sponsor, being an "interested party transaction", will need to be completed by 16 June 2023, within six months from the date it was approved by the Unitholders.

Pursuant to the Equity Purchase Agreement, the Manager has on 30 May 2023 issued a written notice to the Sponsor and the Purchasers to extend the long-stop date of the divestment to a later date as may be determined by the Vendor with the approval of the MAS and the Unitholders.

33. EVENTS OCCURRING AFTER REPORTING DATE (continued)

(b) Proposed divestment of Beigang Logistics Stage 1 and Chongxian Port Logistics to the Sponsor (Note 14) (continued)

iii) Extension of long-stop date (continued)

The Manager has also applied to the MAS to seek a waiver from paragraph 5.4(b)(ii) of the Property Funds Appendix and on 13 June 2023, obtained MAS's waiver from compliance with paragraph 5.4(b)(ii) of the Property Funds Appendix, subject to the following conditions (the "MAS Conditions"):

- that the Proposed Divestment must be completed by 31 October 2023 (the "Extended Timeline");
- that the Proposed EGM to obtain Unitholders' approval is obtained for the Extended Timeline as well as any proposed revision to the terms of the Proposed Divestment;
- the Manager obtaining two independent valuations for the current market valuations of the Divestment Properties, and complying with paragraph 5.1(d) of the Property Funds Appendix which requires the transaction price of an asset sold to an interested party to be not less than the lower of the two assessed values. The updated valuations should be disclosed in the circular to Unitholders in relation to the Proposed EGM; and
- the board of the Manager (the "Board") providing the MAS with a written confirmation that the Board has assessed that the Extended Timeline and any proposed revision to the terms of the Proposed Divestment are in the best interests of ECW and its Unitholders. The Board's assessment should be disclosed in an SGXNET announcement and in the circular to Unitholders.

Accordingly, if the MAS Conditions are satisfied, completion of the Proposed Divestment after 16 June 2023 but by 31 October 2023 will not trigger a breach of paragraph 5.4(b)(ii) the Property Funds Appendix.

The Manager intends to convene the Proposed EGM and the satisfy MAS Conditions.

(c) Repayment and refinancing of Existing Bank Loans (Note 19)

i) Repayment status

On 9 January 2023, the Group's lenders agreed to extend the Mandatory Repayment due date from 31 December 2022 to 28 February 2023.

On 28 April 2023, the termination date of the Existing Bank Loans was extended to 31 May 2023.

Between January 2023 and March 2023, using the prepayments received from the Purchasers of the Divestment to Sponsor (Note 33(b)), the Group made partial settlement of the Mandatory Repayment totalling S$63.5 million.

33. EVENTS OCCURRING AFTER REPORTING DATE (continued)

(c) Repayment and refinancing of Existing Bank Loans (Note 19) (continued)

ii) Refinancing status

In May 2023, the Group completed the refinancing of the Existing Bank Loans with the new facilities from the existing lenders ("2023 Facilities").

The 2023 Facilities comprise of

- an offshore facility for an aggregate principal amount of up to S$348.9 million (the "2023 Offshore Facility"); and

- an onshore facility for an aggregate principal amount of up to RMB745.5 million (S$144.1 million) (the "2023 Onshore Facility"), consisting of two term loan facilities of RMB702.0 million (S$135.7 million) (the "2023 Onshore Facility A") and RMB43.5 million (S$8.4 million) (the "2023 Onshore Facility B") respectively.

Both the 2023 Offshore Facility and 2023 Onshore Facility contain cross default and cross acceleration provisions.

2023 Offshore Facility

The key provisions of the 2023 Offshore Facility are set out as follows:

- Tenure of 11 months ending 30 April 2024 and, subject to the Lenders' consent and certain conditions (including the registration of the 2023 Offshore Facility with the National Development and Reform Commission of the PRC or its competent local branch or any authority succeeding to its functions), be extended for a further period of 24 months, with such extended date not extending beyond 30 April 2026. The Lenders have the sole discretion to decide whether or not to grant such extension and, the terms and conditions for such extension.

- The outstanding amount is repayable in full on termination date.

- It is an event of default if the Proposed Divestment does not occur by the earlier of the divestment long-stop date and 30 April 2024. The divestment longstop date is 31 October 2023 or a later date on or prior to 30 April 2024 as agreed between the Group and the Lenders.

- If the Proposed Divestment does not occur by 31 October 2023, there will be an increase in the interest margin payable by 0.25%.

- On completion of the Proposed Divestment, repay an amount of the net divestment proceeds, which would result in:
    - the aggregate amount of the 2023 Facilities remaining outstanding being no more than S$410,000,000 (or its equivalent);
    - the loan-to-value ratio being no more than 0.379 to 1; and
    - the ratio of the total liabilities to the Deposited Property of ECW being no higher than the lower of (i) 0.38 to 1 and (ii) such other gearing limit prescribed by the Property Funds Appendix

  (the "2023 Mandatory Repayment")

33. EVENTS OCCURRING AFTER REPORTING DATE (continued)

(c) Repayment and refinancing of Existing Bank Loans (Note 19) (continued)

ii) Refinancing status (continued)

2023 Offshore Facility (continued)

The key provisions of the 2023 Offshore Facility are set out as follows: (continued)

- On completion of the Proposed Divestment, repay an amount of the net divestment proceeds, which would result in: (continued)

  Net of the partial prepayment of S$63.5 million disclosed above, the remaining 2023 Mandatory Repayment as at the date which these financial statements are authorised for issue, is estimated to be S$84.3 million.

- Mr. Zhang Guobiao, the chairman of the Sponsor must hold at least 51% in the Sponsor and the Sponsor must hold (directly or indirectly) at least 25% interest in ECW.

2023 Onshore Facility

The key provisions of the 2023 Onshore Facility are generally consistent with the 2023 Offshore Facility, save for the following:

- The repayment of 2023 Onshore Facility A comprise of six semi-annual payments each of 1.25% of the principal amount from June 2023 onwards, with the remaining balance repayable in full in April 2026; and

- The repayment of 2023 Onshore Facility B comprise of a RMB1.5 million payment in June 2023, followed by 11 semi-annual payments each of RMB3.5 million, with the remaining balance repayable in full in July 2029.

2023 Facilities financial covenants

The Group shall, at all times meet the following financial covenants:

	Before Proposed Divestment	**After Proposed Divestment**
Unitholders' funds being no less than	S$500 million	S$450 million
Loan-to-value ratio being no more than	0.45 to 1	0.45 to 1
Interest coverage ratio being no less than	2 to 1	1.75 to 1
Ratio of the total liabilities to the Deposited Property being no less than	0.40 to 1	0.40 to 1

(d) Extension of the 2023 AGM

On 28 April 2023, the Group received waivers from SGX and MAS on the application of extension of time from 30 April 2023 to 27 July 2023 to hold the annual general meeting for the financial year ended 31 December 2022 (the "2023 AGM").

34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 1 July 2023.

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 2022, 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	4,606	-
- Manager's performance fees	-	-
Forchn Holdings Group Co. Ltd. and its subsidiaries		
- Rental income	(14,528)	-
- Late payment fee income	(1,118)	-
- Property management fees	453	-
DBS Trustee Limited		
- Trustee's fees	327	-

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.

The following table sets out a summary of Units issued for payment of the performance fees during or in respect of the financial year from 1 January 2022 to 31 December 2022.

For Period	Issue Date	Units issued	Issue Price (S$)*
1 January 2021 to 31 December 2021	31 March 2022	346,736	0.7683

Please also see Related party transactions in Note 28 to the financial statements.

B. UTILISATION OF THE SECURITY DEPOSITS
As at the reporting date, the Group has received rental deposits of RMB345.1 million (equivalent to S$66.7 million) from the Master Lease tenants (the "Security Deposits"), if excluding those relating to disposal group classified as held for sale (Note 14) of RMB123.4 million (equivalent to S$23.9 million), the rental deposits is RMB221.7 million (equivalent to S$42.8 million).

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 15 June 2023

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	3	0.08	52	0.00
100 - 1,000	430	11.40	332,178	0.04
1,001 - 10,000	1,761	46.67	10,307,100	1.27
10,001 - 1,000,000	1,555	41.21	80,710,767	9.97
1,000,001 AND ABOVE	24	0.64	718,488,150	88.72
TOTAL	**3,773**	**100.00**	**809,838,247**	**100.00**

There were 809,838,247 Units as at 15 June 2023 (voting rights : one vote per Unit).

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	ICBC (SINGAPORE) NOMINEES PRIVATE LIMITED	169,161,480	20.89
2	RAFFLES NOMINEES (PTE.) LIMITED	161,570,500	19.95
3	ABN AMRO CLEARING BANK N.V.	125,417,277	15.49
4	CITIBANK NOMINEES SINGAPORE PTE LTD	86,750,000	10.71
5	DB NOMINEES (SINGAPORE) PTE LTD	41,717,620	5.15
6	DBS NOMINEES (PRIVATE) LIMITED	34,126,465	4.21
7	FORCHN INTERNATIONAL PTE LTD	25,732,615	3.18
8	SNG KAY BOON TERENCE	13,803,000	1.70
9	PHILLIP SECURITIES PTE LTD	8,138,657	1.00
10	MAYBANK SECURITIES PTE. LTD.	6,430,390	0.79
11	IFAST FINANCIAL PTE. LTD.	6,328,700	0.78
12	OCBC SECURITIES PRIVATE LIMITED	6,005,300	0.74
13	EC WORLD ASSET MANAGEMENT PTE LTD	5,963,325	0.74
14	UOB KAY HIAN PRIVATE LIMITED	4,793,900	0.59
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,391,330	0.54
16	HSBC (SINGAPORE) NOMINEES PTE LTD	4,024,300	0.50
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,721,290	0.46
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,950,300	0.24
19	DBSN SERVICES PTE. LTD.	1,621,000	0.20
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,603,701	0.20
	TOTAL	**713,251,150**	**88.06**

Statistics of Unitholdings

As at 15 June 2023

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 15 JUNE 2023

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of EC World REIT as at 15 June 2023 are as follows:

	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)	25,732,615	328,920,525
3	Forchn Holdings Group Co., Ltd.(2)	-	354,653,140
4	Zhang Guobiao(3)	-	354,653,140
5	Zhang Zhangsheng(4)	-	354,653,140
6	Fosun International Holdings Ltd.	73,966,000	-
7	Guo Guangchang(5)	-	73,966,000
8	Sunkits Resources Limited	81,526,700	-
9	China Cinda (HK) Asset Management Co., Limited(6)	-	81,526,700
10	China Cinda (HK) Holdings Company Limited(7)	-	81,526,700
11	China Cinda Asset Management Co., Ltd.(8)	-	81,526,700
12	Ministry of Finance of The People's Republic of China(9)	-	81,526,700
13	Dazhong Capital (Hong Kong) Co Ltd	43,546,300	-
14	Yang Yiqing(10)	-	43,546,300
15	Franklin Medici Alternative Investment VCC (11)	-	58,000,000

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 International Pte. Ltd., Forchn Global Pte. Ltd. and 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 International Pte. Ltd., Forchn Global Pte. Ltd. and 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 International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..

(5) 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..

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

(7) 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.

(8) 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..

(9) 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..

(10) Dazhong Capital (Hong Kong) Co Ltd is a company wholly owned by Yang Yiqing. Therefore, Yang Yiqing is deemed to be interested in all the Units held by Dazhong Capital (Hong Kong) Co Ltd.

(11) Forchn Global Pte. Ltd. granted a charge over 58,000,000 units ("Charged Units") to Franklin Medici Alternative Investment VCC, to secure certain obligations of Forchn International Pte. Ltd. to Franklin Medici Alternative Investment VCC. Franklin Medici Alternative Investment VCC is deemed to be interested in the Charged Units.

Statistics of Unitholdings

As at 15 June 2023

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2023

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units issued by EC World REIT.

Name of Director	No. of Units Direct Interest	No. of Units Deemed Interest
1. Zhang Guobiao[1]	-	354,653,140
2. Goh Toh Sim	1,052,675	-
3. Chan Heng Wing	300,000	-
4. Chia Yew Boon	200,000	-

Note:

[1] Zhang Guobiao owns 80% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..

FREE FLOAT

Based on information available to the Manager as at 15 June 2023, approximately 31.44% of the Units in EC World REIT are held in public hands. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Corporate Information

EC World Real Estate Investment Trust

Registered Address
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Singapore 018982

Website & Email Address

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ir@ecwreit.com

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The Manager

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Tel : +65 6221 9018
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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

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Public Accountants and Chartered Accountants
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Partner-In-Charge:
Lee Zhen Jian (with effective from
financial year ended 31 December 2022)

Audit and Risk Committee

Wong See Hong
Chairman
Chia Yew Boon
Li Guosheng

Nominating and Remuneration Committee

Li Guosheng
Chairman
Zhang Guobiao
Chan Heng Wing
Chia Yew Boon

Company Secretary of The Manager

Josephine Toh

Legal Adviser

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BWCU

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