

ANNUAL  
REPORT  
2018



# RE SILIE NCE

SETTING THE STAGE  
STRATEGISING OUR SUCCESS

## VISION

EC World Real Estate Investment Trust (“EC World REIT” or “ECW”) aims to be the premier e-commerce and specialised logistics REIT in Asia and strives to create long term value for all of our stakeholders by capturing opportunities driven by the fast growing e-commerce and specialised logistics sectors.

## MISSION

Deliver stable, sustainable and growing distributions to our unitholders

Grow and diversify our portfolio through yield accretive acquisitions

Offer a differentiated and high quality asset portfolio

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

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**E** N H A N C I N G

OUR

**C** A P A B I L I T I E S

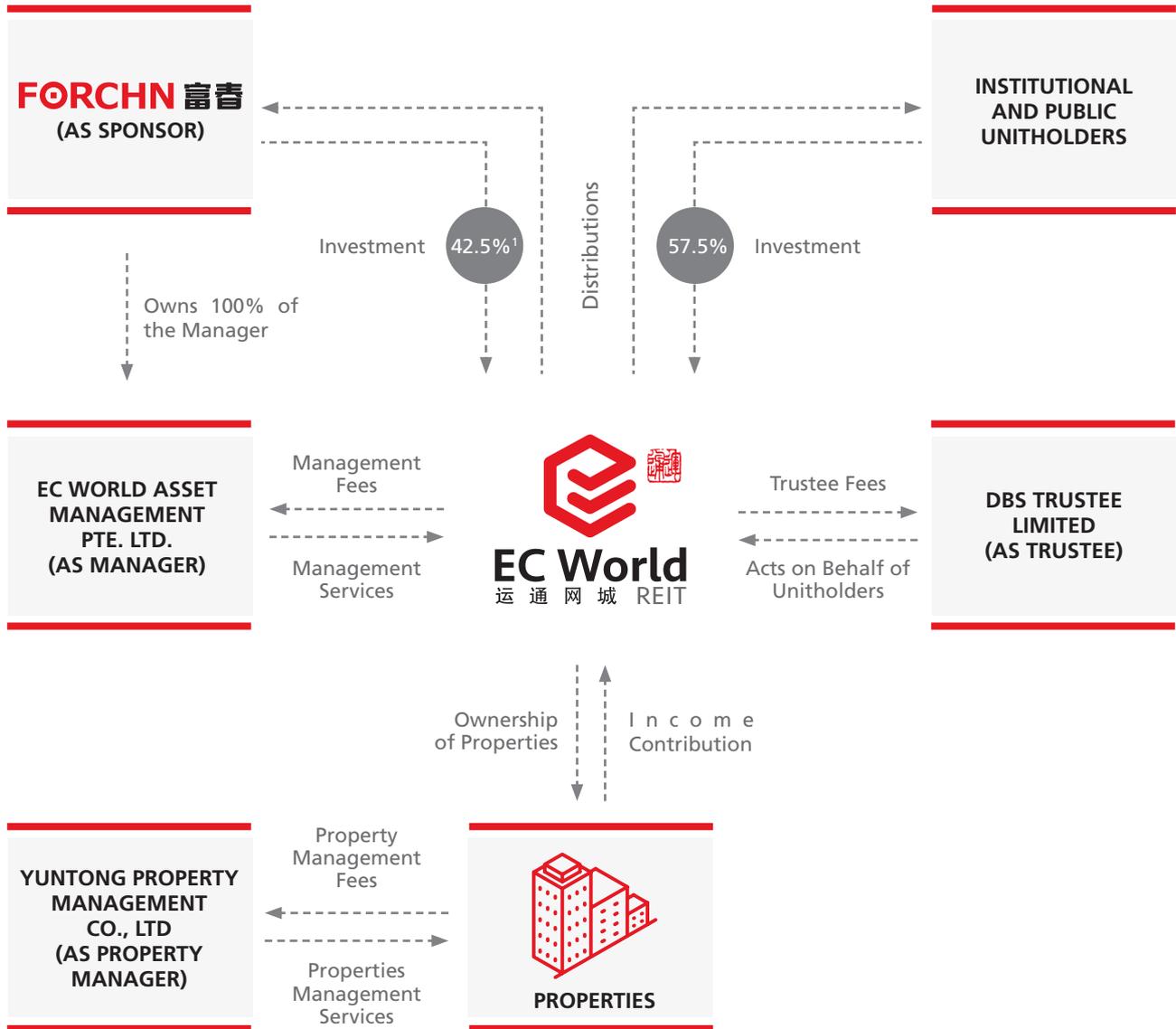
## CORPORATE PROFILE

Listed on 28 July 2016 (“**Listing Date**”), EC World REIT is the first specialised and e-commerce logistics REIT listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). With its portfolio of seven quality properties located in the People’s Republic of China (“**PRC**”) within one of the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan, ECW offers investors unique exposure to the specialised logistics and e-commerce sector in the PRC. As at 31 December 2018, ECW’s portfolio covers an aggregate net lettable area of 746,177 square metres and has a valuation of approximately S\$1.3 billion.

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 PRC.

ECW is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co., Ltd.. The Sponsor was established in 1992 and it is headquartered in Shanghai. It is a diversified enterprise focusing on supply chain, management, manufacturing, real estate, wellness and finance.

# TRUST STRUCTURE

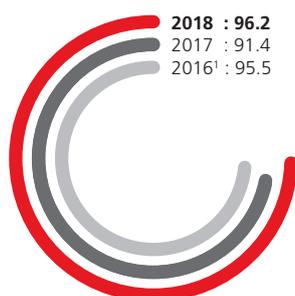


1 As at 31 December 2018. Includes Units held by the Manager.

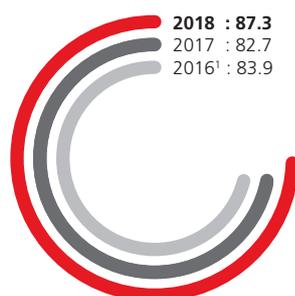
# FINANCIAL HIGHLIGHTS

## STATEMENT OF TOTAL RETURN

### Gross Revenue (S\$ Million)



### Net Property Income (S\$ Million)



### Distributions to Unitholders (S\$ Million)



STATEMENT OF FINANCIAL POSITION	As at 31.12.2018 S\$ Million	As at 31.12.2017 S\$ Million	As at 31.12.2016¹ S\$ Million
Total assets	1,515.8	1,511.2	1,482.3
Investment properties	1,335.0	1,337.0	1,333.3
Total liabilities	827.3	793.6	756.2
Net assets	688.6	717.6	726.1

KEY FINANCIAL RATIOS	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016¹
Gross borrowings / Total assets	31.5%	29.2%	27.6%
Interest cover ratio²	4.4 times	4.3 times	5.9 times
Weighted average debt maturity	0.5 years	1.5 years	2.6 years
Annualised all-in interest rate	5.2%	5.3%	5.4%
Annualised running interest rate³	4.3%	4.4%	4.4%
Total operating expenses as a percentage of net assets	1.3%	1.2%	1.6%

1 Includes financial period from 1 January 2016 to 27 July 2016 where ECW was a private trust

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

3 Excludes upfront financing fee

# LETTER TO UNITHOLDERS



**ZHANG GUOBIAO**

Chairman of the Board & Non-Executive Director



TOTAL ASSETS  
**\$S\$1,516**  
MILLION



DPU  
**+2.6%**  
Y-O-Y TO DPU 6.179  
SINGAPORE CENTS IN FY18



COMMITTED PORTFOLIO  
OCCUPANCY  
**99.3%**



GROSS REVENUE  
**+5.3%**  
Y-O-Y TO S\$96.2M



NET PROPERTY INCOME  
**+5.6%**  
Y-O-Y TO S\$87.3M



AGGREGATE LEVERAGE  
**31.5%**  
PROVIDING SIGNIFICANT DEBT  
HEADROOM FOR FUTURE ACQUISITIONS

Dear Unitholders,

2018 was a year marked by significant macroeconomic and political uncertainties on a global level. China GDP growth moderated in 2018 with the economy expanding 6.6%<sup>1</sup> year-on-year, while Hangzhou's economy grew by 6.7%<sup>2</sup>. E-commerce provided the bright spot with the industry registering an impressive growth 23.3%<sup>2</sup> in Hangzhou in 2018.

Despite the challenging macro environment, ECW underlying assets portfolio continues to perform well and the 2018 Distribution Per Unit ("DPU") increased 2.6% to 6.179 Singapore cents, translating a highly attractive yield of 9.0%<sup>3</sup>.

### RESILIENT PORTFOLIO DELIVERING CONSISTENT RETURNS

For the financial year ended 31 December 2018, gross revenue and net property income grew 5.3% and 5.6% to S\$96.2 million and S\$87.3 million respectively. The increase was mainly attributable to the contribution by Wuhan Meiluote which was acquired in April 2018, as well as organic growth from built-in rental escalation and positive rental reversion on new leases signed during the year.

Our IPO portfolio valuation (in RMB terms) remained stable with a 0.6% growth year-on-year from RMB6,522 million in December 2017 to RMB6,558 million in December 2018. Including the newly acquired Wuhan Meiluote, total portfolio was valued at RMB6,729 million as at 31 December 2018. In SGD terms, portfolio value was S\$1,335 million.

1 China's National Bureau of Statistics: <http://www.stats.gov.cn>

2 Hangzhou Bureau of Statistics

3 Computed based on closing price of S\$0.69 per Unit as at 31 December 2018

## LETTER TO UNITHOLDERS



### EXECUTING OUR PROACTIVE ASSET MANAGEMENT AND GROWTH STRATEGY

In addition to actively managing our current portfolio, the Manager is always on the lookout for opportunities to grow our asset base on a yield accretive basis. We completed our maiden acquisition since listing with the acquisition of Wuhan Meiluote for RMB145 million in April 2018. This is an e-commerce logistics warehouse anchored by reputable e-commerce tenants JD.com and Dangdang.

On 22 February 2019, the Manager announced the proposed entry into the new master lease agreements in relation to Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. The new master lease agreements will significantly extend weighted average lease to expiry from 1.9 years and 2.0 years (by Net Lettable Area and Gross Revenue respectively) as at 31 December 2018 to 3.6 years and 4.8 years (by Net Lettable Area and Gross Revenue respectively) post-entry into the New Master Lease Agreements, further providing predictability and stability in income. The proposed entry into these new master lease agreements are subject to Unitholder's approval.

The Manager will continue to source for quality logistics assets in high growth markets and grow our portfolio on a yield accretive basis.

### PRUDENTLY MANAGING BUSINESS AND CAPITAL RISKS

We remain committed to maintaining a robust capital structure while taking a prudent stance in managing the REIT's financial and operational risks. As at 31 December 2018, total assets stood at S\$1.5 billion with aggregate leverage of 31.5%.

The Manager continues to proactively manage FX and interest rate exposure. The FX exposure of the REIT's RMB income sources for distribution are hedged on a 6-month rolling basis. 100% of the interest rate of our SGD borrowings are hedged using floating for fixed interest rate swaps. Consequently, the all-in running interest rate as at 31 December 2018 was 4.3% per annum.

### ACTIVELY ENGAGING INVESTMENT COMMUNITY

The Manager commits itself to regular and proactive communications with ECW's Unitholders and the investing community. During the year, the Manager met with over 100 fund managers, analysts and retail investors through participation in local and overseas conferences, one-on-one meetings, teleconferences and retail seminars.

We are also pleased to note that ECW has been included in the FTSE ST China Index and is one of 48 constituents of the FTSE Singapore Shariah Index. The inclusion in these quality indices elevates the profile of ECW which may lead to heightened investors' interest and trading liquidity.

The Manager will continue to proactively conduct outreach programmes to better inform and update the investment community on the equity story and key merits of EC World REIT.

### LOOKING AHEAD

In 2019, global macro uncertainties are likely to persist, marked by the U.S.-China trade tensions, Brexit and potential changes in central banks' monetary policies. Within China, key technological innovators and service providers look to create the paradigm shift in domestic



LEFT CHONGXIAN PORT INVESTMENT  
BOTTOM WUHAN MEILUOTE

consumerism. The e-commerce sector in China and Hangzhou in particular is expected to continue to grow healthily.

ECW's port logistics assets are inland ports which cater to tenants who handle domestic businesses with almost no exposure to international trade. Its e-commerce assets continued to maintain healthy occupancy with predictable income stream. The Manager will continue to manage its assets proactively to ensure sustainability in distribution.

The Manager will endeavour to conduct disciplined investment to grow ECW's portfolio via yield accretive acquisitions.



#### IN APPRECIATION

On behalf of the Board, I would like to thank our tenants, unitholders, advisors and business partners for their continued and unstinting support in 2018.

I would like to give tribute to our Directors on the Board, Management and staff for their hard work and dedication to the REIT.

We look forward to achieving new milestones for EC World REIT and our unitholders in the years ahead.

#### ZHANG GUOBIAO

Chairman of the Board  
& Non-Executive Director

## 致单位持有人

尊敬的各单位持有人，

纵观2018年，全球宏观经济和政治环境充满了不确定因素。中国经济增长稍微放缓，GDP同比增长6.6%。杭州GDP在2018年增长6.7%，其中电子商务行业增速令人瞩目，增长率高达23.3%。

虽然宏观经济环境充满挑战，运通网城房地产投资信托（“房托”）的资产组合表现继续稳健，每股派息增长2.6%，达6.179新加坡分，年派息率高达9.0%。

在2018财年，房托实现总收入9,620万新元，物业净收入8,730万新元，同比分别增长5.3%和5.6%。总收入增长主要受益于2018年4月对武汉梅洛特项目的收购，以及租金的逐年增长和年内新租约租金的增长。

我们的投资组合（IPO可比投资组合，按人民币计）估值保持稳定，从2017年的12月的65.2亿人民币增至2018年12月的65.6亿人民币，增幅为0.6%。于2018年12月31日，包括新收购的武汉梅洛特在内，投资组合总价值为67.3亿人民币（约13.4亿新加坡元）。

### 执行积极的资产管理和增长战略

除了积极的管理现有资产以外，房托管理人一直秉承增加收益的原则，寻找扩大资产规模的机会。我们在2018年4月以1.45亿人民币完成了上市以来的首次收购（武汉梅洛特项目）。武汉梅洛

特是一家电子商务物流仓库，主要租户包括知名的电商平台当当网和京东。

2019年2月22日，房托管理人宣布拟议与北港物流一期、崇贤港投资和富恒仓储签署新的整租协议。自2018年12月31日起计，新的整租协议预计将房托加权平均租期从1.9年（按可租净面积计算）和2.0年（按总收入计算）分别延长至3.6年和4.8年。新的整租协议将增加房托收入的可预见性，并使房托收入更加稳健。提议的新的整租协议需经单位持有人批准。

房托管理人将继续在高速增长的市场中寻找高质量的物流资产，并在提升收益率的前提下，扩大我们的资产规模。

我们持续致力于维持稳健的资本结构，同时对房托的财务和运营风险审慎管理。截至2018年12月31日，房托资产总额为15亿新加坡元，总杠杆率为31.5%。

房托管理人对外汇和利率风险持续进行积极把控。我们对房托人民币收入的外汇风险敞口进行六个月滚动对冲，并使用浮动利率对固定利率的利率互换合同对冲100%的新元贷款利率风险。截至2018年12月31日，房托总运行利率为每年4.3%。



### 积极维护投资者关系

我们致力于与单位持有人和投资界进行定期主动沟通。在过去一年中，我们通过本地和海外路演、一对一会议、电话会议以及讲座的方式与超过100名基金经理、分析师以及中小投资人进行了沟通交流。

2018年，房托荣幸被纳入富时海峡中国指数，并成为富时新加坡回教条例指数48只指数成分股之一。被纳入这些高质量指数进一步提升了房托的公司形象，使公司获得了更多关注，同时股票交易流动性也得以提升。

我们将继续积极开展投资者关系活动，以更好地向投资界更新房托的发展和动态，介绍房托的投资亮点和价值。

### 前景展望

在中美贸易冲突、英国脱欧以及央行货币政策变化带来的影响冲击下，2019年全球范围内将会有更多不确定因素。在中国，技术创新者和服务供应商也在本土寻求消费观念转变带来的商机。在这样的背景下，电商行业在中国、特别是在杭州，将会继续得到健康发展。

运通网城的港口物流资产位为中国内陆港口，主要为租户的境内业务服务，几乎没有国际贸易相关业务。其电商资产入租率保持良好，为房托带来了稳健的租金收入。我们将继续对资产进行主动积极管理，以确保可分配收入的可持续性。

房托管理人将继续保持以严谨、增加派息率为原则的投资战略，以资产收购的形式扩大投资组合规模。

### 致谢

我谨代表董事会，对我们租户、单位持有人、专业顾问和其他商业合作伙伴在2018年不遗余力的支持，表示衷心的感谢。

另外，特别鸣谢董事会的其他董事、集团管理层和所有员工的努力及对房托的贡献。

新年开启了新的篇章，我们将致力带领房托创造新的成就，并为我们的单位持有人继续创造收益。

### 张国标

董事长兼非执行董事



CHONGXIAN PORT INVESTMENT



# ENABLING PERFORMANCE

EC World REIT has delivered consistent DPU growth for our unitholders, even in an uncertain macro environment. We seek to hone our expertise and experience to enhance the REIT's performance, strengthen our network to create long-term value for our Unitholders.

STRONG OCCUPANCY OF

**99.3%**

**+2.6%**

Y-O-Y INCREASE IN DPU  
IN FY2018

## MANAGEMENT REVIEW

In 2018, 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 2018, a 99.3% portfolio occupancy rate was achieved, with the underlying occupancy rate at 96.9%<sup>1</sup>.



### STABLE AND HIGH OCCUPANCY RATE

Assets	As at 31 December 2018		
	Type of Lease (No. of Tenants)	Underlying Occupancy Rate	Committed Occupancy Rate
<b>E-commerce Logistics</b>			
Fu Heng Warehouse	Master leased	100%	100%
Stage 1 Properties of Bei Gang Logistics	Master leased	85.6%	100%
Wuhan Meiluote	Multi-tenanted (4 tenants)	88.7%	88.7%
<b>Specialised Logistics</b>			
Hengde Logistics	Multi-tenanted (2 tenants)	100%	100%
<b>Port Logistics</b>			
Chongxian Port Investment	Master leased	100%	100%
Chongxian Port Logistics	Multi-tenanted (12 tenants)	100%	100%
Fu Zhuo Industrial	Multi-tenanted (2 tenants)	100%	100%

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

Of the three e-commerce assets, Fu Heng Warehouse and Bei Gang Logistics are master leased to Hangzhou Fuyang Yuntan 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 third e-commerce asset, Wuhan Meiluote is a multi-tenanted property that counts e-commerce giants "Dang Dang" 当当网信 & JD.com 京东 amongst its tenants.

E-commerce in China is expected to continue its strong growth, with online retail sales in 2018 growing 25.4%<sup>2</sup>, outstripping the growth in Chinese retail sales of consumer goods (9.0%)<sup>2</sup> according to China National Bureau of Statistics. Two of the REIT's e-commerce assets (Fu Heng Warehouse and Stage 1 Properties of Bei Gang Logistics) are located in Hangzhou, which saw online retail sales growth of 23.3% in 2018<sup>3</sup> according to the Hangzhou Bureau of Statistics. Private players such as Alibaba and JD.com are further pushing the e-commerce envelope by rapidly establishing online-offline retail outlets (eg. Hema and 7Fresh<sup>4</sup>), while China's central government has announced the establishment of 22 more cross-border e-commerce pilot zones (including one in Wuhan) in addition to the existing 15 pilot zones<sup>5</sup>. Such initiatives provide further signs of a booming e-commerce industry.

1 Underlying occupancy rate weighted by NLA.

2 [http://www.stats.gov.cn/english/PressRelease/201901/t20190124\\_1646614.html](http://www.stats.gov.cn/english/PressRelease/201901/t20190124_1646614.html)

3 <http://tjj.hangzhou.gov.cn/content-outerViewreport.action?reportid=f8ca6a28-fdba-4256-b5cb-0e7fa86d2a3d>

4 <https://www.weforum.org/agenda/2018/09/five-trends-shaping-the-future-of-e-commerce-in-china/>

5 [http://www.china.org.cn/business/2018-07/14/content\\_56840820.htm](http://www.china.org.cn/business/2018-07/14/content_56840820.htm)

The third master lease is at Chongxian Port Investment, a port logistics asset which is master leased to Hangzhou Fu Gang Supply Chain Co., Ltd. (a port operator controlling approximately 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 6.7% in 2018<sup>6</sup>. With a growing economy and limited supply of inland ports in Hangzhou, the port operator will continue to see more intensive use of this river port along the Beijing-Hangzhou Grand Canal. The proposed entry into a new master lease agreement with the operator for the Chongxian Port Investment further entrenches the operator’s position in Hangzhou and strengthens EC World REIT’s partnership with a quality tenant.

Chongxian Port Logistics and Fu Zhuo Industrial are the other two port logistics assets. Chongxian Port Logistics is leased to 12 tenants who have close business relationships with Chongxian Port Investment.

Our seventh asset, Hengde Logistics, is a specialized logistic asset, mainly leased to the state-owned enterprise - China Tobacco Zhejiang Industrial Co., Ltd. The value of the tobacco products stored in this warehouse by the said tenant, is estimated to be worth RMB 10 billion. With its temperature and humidity control systems, as well as pest management system for the 2-year curing process of tobacco, 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 reflects its competitive advantage compared to ordinary warehouses.

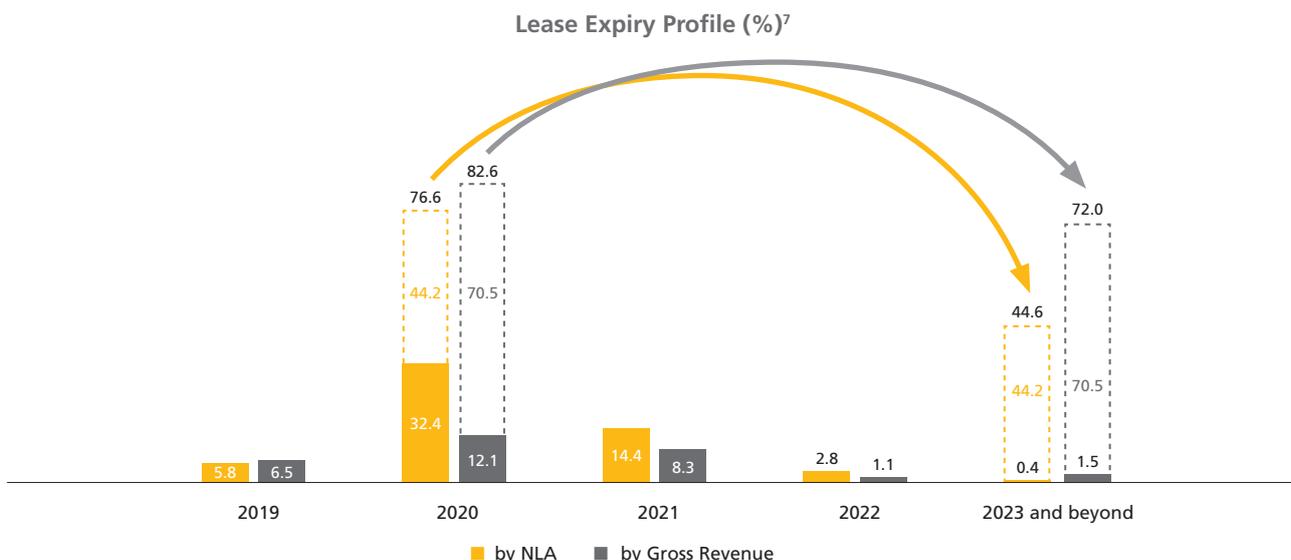
**ACTIVE LEASE MANAGEMENT**

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.

As at 31 December 2018, the portfolio WALE was 1.9 and 2.0 by committed net lettable area and gross revenue respectively.

During 2018, 0.2% of the net lettable are at Chongxian Port Logistics, expired and was replaced by new leases. At Wuhan Meiluote, JD.com expanded its lease upon renewal. These new leases signed in 2018 contributed to 0.6% of the portfolio’s FY2018 gross revenue. The new leases had a WALE of 1.02 and 1.05 by committed net lettable area and gross revenue respectively as at 31 December 2018.

The expiry profile of leases that were committed as at 31 December 2018 are shown in the chart below.



6 <http://tjj.hangzhou.gov.cn/content-outer.action>

7 WALE is expected to extend from 2.0 years as at 31 December 2018 to 4.8 years (by Gross Revenue contribution) and from 1.9 years to 3.6 years (by net lettable area) post-entry into New Master Lease Agreements

# MANAGEMENT REVIEW

The Manager is pleased to announce that it will be seeking unitholders' approval for the proposed entry into the New Master Lease Agreements in relation to Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse (the "New Master Lease Agreements"). Post entry into the New Master Lease Agreements, the portfolio WALE is expected to extend from 1.9 years as at 31 Dec 2018 to 3.6 years (by net lettable area) and likewise from 2.0 years to 4.8 years (by gross rental income). This will provide predictable cash flow and income to EC World REIT, ensuring stable

and sustainable returns to Unitholders. The annual fixed rent in the New Master Lease Agreements will limit downside risks and provide predictability in returns while built-in escalation will provide organic growth.

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

Property	Lease terms	Rental escalation
<b>E-Commerce Logistics</b>		
Fu Heng Warehouse	Master lease: From 1 Jan 2016 to 31 Dec 2020	6.0%, 5.0%, 4.0% and 3.0% on 1st Jan of 2017, 2018, 2019 and 2020 respectively
Stage 1 Properties of Bei Gang Logistics	Master lease: From 1 Nov 2015 to 31 Oct 2020	1% on 1st Jan of 2017, 2018, 2019 and 2020
Wuhan Meiluote	Multiple tenancy	Increase of 4.5% to 5% annually
<b>Specialised Logistics</b>		
Hengde Logistics	(1) 15 Oct 2015 to 14 Oct 2020 (2) 9 May 2016 to 8 May 2021	2 main leases. Up to 10% upon renewal
<b>Port Logistics</b>		
Chongxian Port Investment	Master lease: From 1 Jan 2016 to 31 Dec 2020	6.0%, 5.0%, 4.0% and 3.0% on 1st Jan of 2017, 2018, 2019 and 2020 respectively
Chongxian Port Logistics	Multiple tenancy	For 72% of leases: 10% annually in the first 3 years, 12% annually from the 4th year
Fu Zhuo Industrial	(1) 25 Apr 2015 to 24 Apr 2020 (2) 8 Oct 2014 to 7 Oct 2029	(1) 10% annually in first 3 years, 15% annually from the 4th year (2) 7.5% every 3 years

During 2018, the gross revenue of the portfolio was S\$96.2 million and the DPU for the full year was 6.179 Singapore cents. Without the master leases, the underlying gross revenue would have been S\$81.5 million and the corresponding DPU would have been 5.104 Singapore cents per unit.

Property	Gross rent in 2018 <sup>1</sup> (RMB '000)
Fu Heng Warehouse	45,799
Stage 1 Properties of Bei Gang Logistics	126,084
Chongxian Port Investment	152,388

The gross revenue for Stage 1 Properties of Bei Gang Logistics is approximately RMB20.6 million higher than projected gross revenue based on market rent.

<sup>1</sup> Computed based on Existing Master Lease Agreements (inclusive of applicable tax).

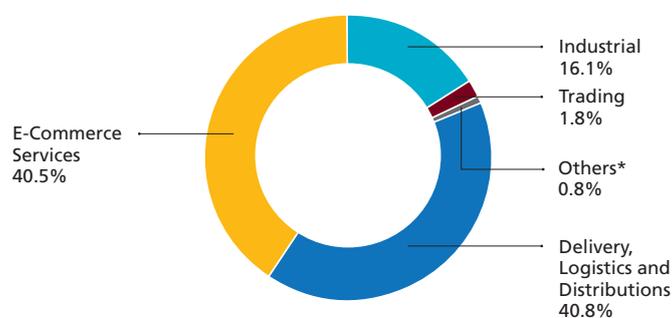
### DIVERSIFIED TENANCY

As at 31 December 2018, there were a total of 20 unique 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.	40.4
2. 富春集团控股有限公司 Forchn Holdings Group Co., Ltd	27.0
3. 浙江中烟工业有限责任公司 China Tobacco Zhejiang Industrial Co., Ltd	14.9
4. 杭州富阳运同电子商务有限公司 Hangzhou Fuyang Yuntong E-commerce Co., Ltd	10.2
5. 当当网信息技术(眉山)有限公司 Dangdang Information Technology	1.3
6. 杭州西联物流有限公司 Hangzhou Xi Lian Logistics Co., Ltd	1.3
7. 网赢供应链有限公司 Wangying supply chain Co., Ltd	1.1
8. 浙江运通电子商务有限公司 Zhejiang Yuntong E-commerce Co., Ltd	1.1
9. 浙江高阳物资有限公司 Zhejiang Gao Yang Supplies Co., Ltd	0.7
10. 武汉京东金德贸易有限公司 Wuhan Jingdong Jinde Trading Co., Ltd	0.5

The tenants of the properties operate across diverse industries. The below chart shows the breakdown of tenancy according to trade sector, weighted on gross revenue contribution in 2018.

Tenants Operate Across Diverse Industries



\* Others include Telecommunication sectors and conglomerates

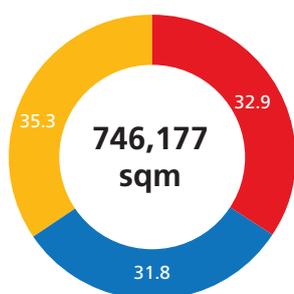
## PROPERTY PORTFOLIO OVERVIEW

The seven properties in the portfolio are located in Hangzhou and Wuhan, the People's Republic of China and have an aggregate net lettable area (NLA) of 746,177 sqm with land tenures ranging from 33 to 47 years. The aggregate valuation of portfolio is RMB 6,729 million as at 31 December 2018, as appraised by Jones Lang LaSalle.

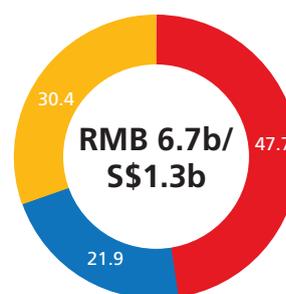
Asset	NLA (sqm)	Independent Valuation (RMB million)*
<b>E-Commerce Logistics</b>		
Fu Heng Warehouse	94,287 <sup>1</sup>	580
Stage 1 Properties of Bei Gang Logistics	120,449 <sup>2</sup>	1,297
Wuhan Meiluote	48,695	171
<b>Specialised Logistics</b>		
Hengde Logistics	237,066	1,470
<b>Port Logistics</b>		
Chongxian Port Investment	112,726	2,235
Chongxian Port Logistics	125,826	862
Fu Zhuo Industrial	7,128	114
<b>Total</b>	<b>746,177</b>	<b>6,729</b>

### PORTFOLIO DIVERSIFICATION AS AT 31 DECEMBER 2018

By Net Lettable Area (%)



By Valuation (%)



■ E-Commerce Logistics ■ Specialised Logistics ■ Port Logistics

\* As at 31 December 2018 as appraised by Jones Lang LaSalle

<sup>1</sup> Includes underground space of 22,852 sqm

<sup>2</sup> Includes underground carpark space of 29,848 sqm

## ASSET AND RENTAL GROWTH

The Manager employs a two-pronged approach to grow its rental income and enhance value of the REIT portfolio. It is actively scouring the market for yield accretive acquisitions as well as constantly evaluating the existing portfolio for opportunities to improve it.

## ACQUISITION

### Right of First Refusal (ROFR)

At listing, ECW was granted a ROFR pipeline comprising a total of 316,420 sqm of gross floor area for the following properties:

- (i) 100,777 square metre comes from Stage 2 Properties of Bei Gang Logistics (block 9 to 17) and
- (ii) 215,643 square metre from Fuzhou E-commerce Properties.

On 16 October 2018, the Manager announced that EC World REIT had received the ROFR from its Sponsor to acquire the entire right of use and economic benefits in relation to Stage 2 Properties of Bei Gang Logistics. However, the Manager considered that the acquisition would not be in the best interests of ECW at that juncture as the transaction would not be accretive to the distribution per unit of ECW at the stated purchase consideration.

The Manager will continue to proactively pursue attractive yield-accretive investments from the Sponsor as well as third party logistics assets.

## PORTFOLIO MANAGEMENT

The Manager takes a proactive approach to maximize the return from the portfolio asset for unitholders. We constantly review the portfolio assets for potential Asset Enhancement Initiatives ("AEI") to enhance portfolio returns.

As part of the Manager's continuous effort to improve the efficiency and the productivity of our warehouses, we have commenced an AEI in October 2018 at Fu Heng Warehouse where solar panels are being installed over the open atriums of the 2 squarish blocks of warehouses as roof covers. This is in line with our drive towards energy sustainability as the solar panels will help to produce clean electricity to be used within the warehouse. The roof covers will also shelter the atriums from rain and the newly sheltered atrium area can be used to generate additional income. They also help to resolve water seepage issues to ceiling slab of the basement during rainy seasons.

The AEI also consists of adding new goods lifts and relocating the positions of some of the existing goods lifts to improve circulation efficiency of the goods within the warehouses.

Assets	Land tenure (expiry)	Remaining tenure (years)
Fu Heng Warehouse	3-May-2059	40
Stage 1 Properties of Bei Gang Logistics	14-Mar-2052	33
Wuhan Meiluote	29-Jun-2065	47
Hengde Logistics - complex 1	28-Jul-2053	35
Hengde Logistics - complex 2	29-Jul-2059	41
Chongxian Port Investment	30-Dec-2055	37
Chongxian Port Logistics - complex 1	30-Dec-2055	37
Chongxian Port Logistics - complex 2	9-Sep-2060	42
Fu Zhuo Industrial	30-Dec-2055	37
Average		39

# PROPERTY PORTFOLIO OVERVIEW

## E-COMMERCE LOGISTICS



1 FU HENG WAREHOUSE



2 STAGE 1 PROPERTIES OF  
BEI GANG LOGISTICS



3 WUHAN MEILUOTE

## SPECIALISED LOGISTICS



4 HENGDE LOGISTICS

## PORT LOGISTICS



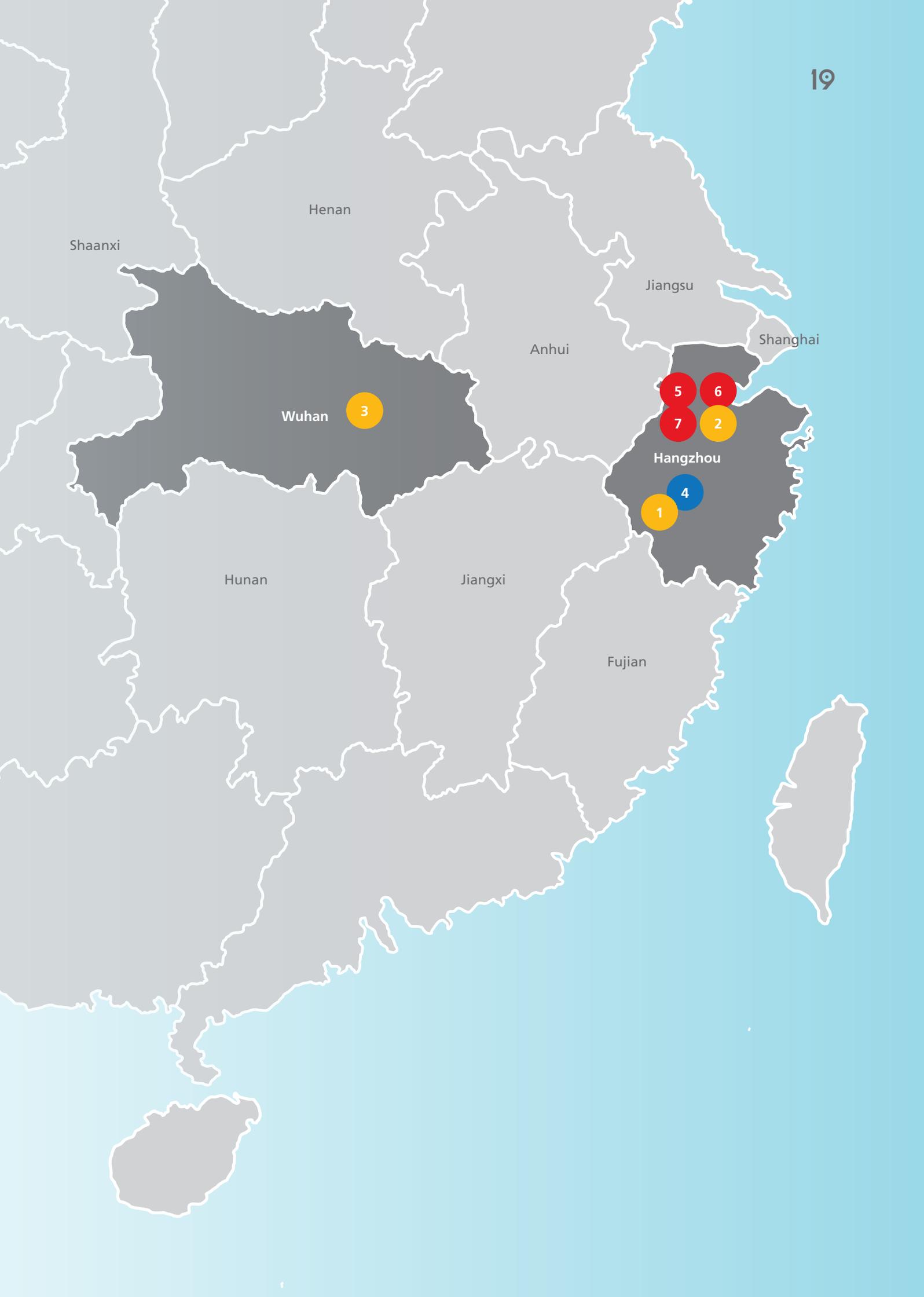
5 CHONGXIAN PORT  
INVESTMENT



6 CHONGXIAN PORT  
LOGISTICS



7 FU ZHUO INDUSTRIAL



## PROPERTY PORTFOLIO OVERVIEW

### E-COMMERCE LOGISTICS : FU HENG WAREHOUSE



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

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

#### PROPERTY INFORMATION (As at 31 December 2018)

Net Lettable Area (sqm)	94,287*
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	444.2
Valuation (RMB Million)	580.0
Committed Occupancy	100%
Underlying Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntong E-commerce Co., Ltd
WALE (by NLA)	2.0 years
WALE (by Gross Revenue)	2.0 years

\* includes underground space of 22,852 sqm

## E-COMMERCE LOGISTICS : STAGE 1 PROPERTIES OF BEI GANG LOGISTICS



As one of the largest e-commerce developments in Hangzhou within the Yangtze River Delta, Stage 1 Properties of Bei Gang Logistics offers an e-commerce ecosystem to its tenants who enjoy access to related services, logistics, trade and exhibition, O2O office, talent training and financial services within the premises.

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

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

**PROPERTY INFORMATION (As at 31 December 2018)**

Net Lettable Area (sqm)	120,449*
Land Use Expiry	14 March 2052
Purchase Consideration (RMB million)	1,039.7
Valuation (RMB Million)	1,297.0
Committed Occupancy	100%
Underlying Occupancy	85.6%
Key Tenant	Master leased to Forchn Holdings Group Co., Ltd
WALE (by NLA)	1.8 years
WALE (by Gross Revenue)	1.8 years

\* includes underground carpark space of 29,848 sqm

# PROPERTY PORTFOLIO OVERVIEW

## E-COMMERCE LOGISTICS : WUHAN MEILUOTE



Wuhan Meiluote is located in Caidian District in Wuhan, China. It comprises three two-storey warehouses, one five-storey multi-purpose building and one six-storey building. The property is mainly used for warehousing purposes with ancillary purpose of dormitory use. The Wuhan Property is leased to reputable logistics and e-commerce tenants in the PRC including Dangdang and JD.

### PROPERTY INFORMATION (As at 31 December 2018)

Net Lettable Area (sqm)	48,695
Land Use Expiry	29 June 2065
Purchase Consideration (RMB million)	145.0
Valuation (RMB Million)	171.0
Committed Occupancy	88.7%
Underlying Occupancy	88.7%
Key Tenants	Dangdang Information Technology, JD.com
WALE (by NLA)	0.8 years
WALE (by Gross Revenue)	1.2 years

## SPECIALISED LOGISTICS : HENGDE LOGISTICS



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

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

**PROPERTY INFORMATION (As at 31 December 2018)**

Net Lettable Area (sqm)	237,066
Land Use Expiry	First Complex: 28 July 2053 Second Complex: 29 July 2059
Purchase Consideration (RMB million)	1,173.9
Valuation (RMB Million)	1,470.0
Committed Occupancy	100%
Key Tenant	China Tobacco Zhejiang Industrial Co., Ltd
WALE (by NLA)	2.0 years
WALE (by Gross Revenue)	2.0 years

## PROPERTY PORTFOLIO OVERVIEW

### PORT LOGISTICS

Three assets in the following are part of the port logistic assets strategically located in the 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.

### PORT LOGISTICS : CHONGXIAN PORT INVESTMENT



Chongxian Port Investment is one of the key inland ports in 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, it provides very stable income to the portfolio.

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

### PROPERTY INFORMATION (As at 31 December 2018)

Net Lettable Area (sqm)	112,726
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	1,682.1
Valuation (RMB Million)	2,235.0
Committed Occupancy	100%
Underlying Occupancy	100%
Key Tenant	Master leased to Hangzhou Fu Gang Supply Chain Co., Ltd
WALE (by NLA)	2.0 years
WALE (by Gross Revenue)	2.0 years

## PORT LOGISTICS : CHONGXIAN PORT LOGISTICS



Chongxian Port Logistics is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment, and is one of the largest metal warehouse and logistics developments in the Yangtze River Delta.

### PROPERTY INFORMATION (As at 31 December 2018)

Net Lettable Area (sqm)	125,826
Land Use Expiry	Complex 1: 30 December 2055 Complex 2: 09 September 2060
Purchase Consideration (RMB million)	685.5
Valuation (RMB Million)	862.0
Committed Occupancy	100%
Tenancy	12 tenants
WALE (by NLA)	1.8 years
WALE (by Gross Revenue)	1.8 years

## PROPERTY PORTFOLIO OVERVIEW

### PORT LOGISTICS : FU ZHUO INDUSTRIAL



Fu Zhuo Industrial is sited next to Chongxian Port Investment and is well-positioned to benefit from increases in the port's throughput. It serves import of various building materials in the Hangzhou region.

#### PROPERTY INFORMATION (As at 31 December 2018)

Net Lettable Area (sqm)	7,128
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	85.6
Valuation (RMB Million)	114.0
Committed Occupancy	100%
Tenancy	2 tenants
WALE (by NLA)	4.4 years
WALE (by Gross Revenue)	8.4 years

## THE PROPERTY MANAGER

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

- **Property and Lease Management Services:** To manage rental leases and ensure the desired level of customer service is provided to the tenants of the properties.
- **Marketing Services:** To market and lease vacant space in ECW's portfolio of properties. Where appropriate, the Property Manager may help to enhance the market positioning and attractiveness of the properties, thereby maximising returns to Unitholders.
- **Property Maintenance and Repair Services:** To maintain the properties in good condition.

The Property Manager has a team of experienced professionals dedicated to providing services to ECW's properties. Among the professionals employed by the Property Managers are skilled executives and technicians who have experience in managing well-known real estate developments in China.

The National Development and Reform Commission (NDRC) has granted accreditation to the Property Manager under the Internet Plus Key Project (互联网+重大项目). This accreditation allows the Property Manager to provide value-added services to the tenants of the properties. Examples of such services include the outsourcing of registration and application activities, dealing of logistics and supply chain management solutions and online community services.

STAGE 1 PROPERTIES OF BEI GANG LOGISTICS





# EXTENDING COMPETENCIES

Supported by a strong and committed Sponsor and experienced management team, EC World REIT aspires to grow its asset portfolio, expand geographical footprint and deliver value for our unitholders through accretive acquisitions, asset enhancement initiatives and organic growth.

## INCLUSION OF EC WORLD REIT IN FTSE INDICES

### FTSE CHINA INDEX

ONE OF 20  
CONSTITUENTS

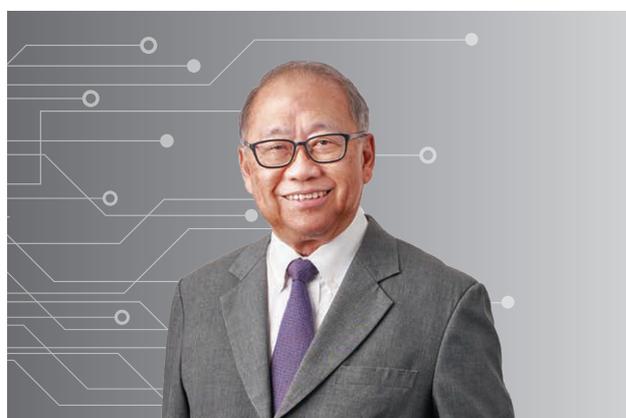
### FTSE SINGAPORE SHARIAH INDEX

ONE OF 48  
CONSTITUENTS

## BOARD OF DIRECTORS



1. | **MR ZHANG GUO BIAO**  
Chairman and Non-Executive Director



2. | **MR CHAN HENG WING**  
Independent Non-Executive Director  
and Lead Independent Director



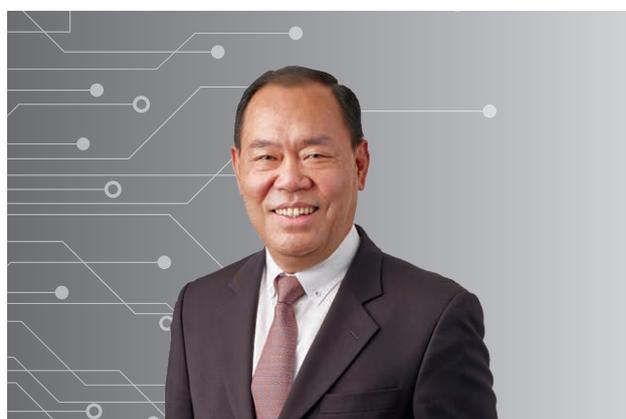
3. | **DR DAVID WONG SEE HONG**  
Independent Non-Executive Director



4. | **MR CHIA YEW BOON**  
Independent Non-Executive Director



5. | **MR LI GUOSHENG**  
Independent Non-Executive Director



6. | **MR GOH TOH SIM**  
Executive Director and Chief Executive Officer

**MR ZHANG GUOBIAO**

Chairman and Non-Executive Director

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

Mr Zhang is the Chairman of the Sponsor, Forchn Holdings Group Co., Ltd. since June 1998. He is also the founder of Forchn Trading Co., the predecessor of Forchn Holdings Group Co., Ltd., which was incorporated in 1992 as a construction materials company in Shanghai. Under his leadership, the small construction materials firm grew into a conglomerate with diversified businesses in supply chain management, manufacturing, real estate, wellness and finance.

Following the Zhejiang Provincial Government's campaign in 2006 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. This was followed by the development of an integrated warehouse under Chongxian Port Logistics, which complemented the service of the 23 berths operated by Chongxian Port.

In 2007, Mr Zhang spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Hangzhou Zhang Xiao Quan Group Co., Ltd. Zhang Xiao Quan is a widely-known household name, specialising in the design, production and merchandising of cutlery and metal household wares in the PRC since 1628.

Under the leadership of Mr Zhang, Forchn Group became one of the founders for Cainiao Network in 2013. At the same time, Ruyicang, an e-commerce omni channel warehousing and distribution platform is a key business in the Forchn Group to support the online and offline integration and development of e-commerce businesses.

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

providing high-end wellness facilities. The resort has received numerous international awards since 2006, including China's Leading Resort Awards for 9 years, Asia's Leading Villas Awards from 2013 to 2017 and Asia's Leading Luxury Golf Resort from 2010 to 2013. In 2017, Mr Zhang further established a high-end integrated health management service platform, Gongwang Renya leveraging on Fuchun Resort's infrastructure.

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

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

Mr Zhang has completed the "China CEO Program" jointly organised by Cheung Kong Graduate School of Business, Centre for Management Development at London Business School, Columbia Business School and IMB International. He also completed the "Global CEO Program for China" jointly organised by Harvard Business School, China Europe International Business School and IESE Business School.

**MR CHAN HENG WING**

Independent Non-Executive Director and Lead Independent Director

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

Mr Chan currently serves as the Non-Resident Ambassador of Singapore to the Republic of Austria. Mr Chan is an independent non-executive director of Banyan Tree Holdings Limited, Frasers Property Limited and Fraser and Neave Limited. He is also a director of Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which owns and operates Fullerton Hotel and Fullerton Bay Hotel respectively. Mr Chan is the Senior Advisor of the Milken Institute Asia Center, a non-profit think tank which is based in the United States and Singapore.

## BOARD OF DIRECTORS

Mr Chan was previously the Ambassador to Thailand and Consul-General to Hong Kong and Shanghai. He later joined Temasek Holdings (Private) Limited as Chief Representative in China and Managing Director for International Relations in Temasek International (Singapore) Pte. Ltd.

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

### DR DAVID WONG SEE HONG

Independent Non-Executive Director

Dr Wong was appointed as Independent Non-Executive Director on 21 June 2016. He is also the Chairman of the Audit and Risk Committee.

Dr Wong is currently the Chairman of Halftime Limited, Hong Kong. He is a Finance Management Committee Member of the Hong Kong Management Association, Hong Kong. He also serves as the independent non-executive director of China Merchant Bank Co., Limited, Frasers Hospitality Asset Management Pte. Ltd. (the manager of Frasers Hospitality Real Estate Investment Trust), Frasers Hospitality Trust Management Pte. Ltd. (the trustee-manager of Frasers Hospitality Business Trust), independent non-executive director of Tahoe Life Insurance Company Limited.

Dr Wong was the Deputy Chief Executive of the Bank of China (Hong Kong) Group from 2008 to 2013, with overall responsibility for the financial market businesses which include Global Markets, Global Transaction Banking, Investment Management, Insurance, Asset Management and other capital market-related businesses. He was also a Director of BOC Group Life Assurance Company Limited from 2008 to 2013 and concurrently the Chairman of BOC International-Prudential Trustee Limited. From 2010 to 2012, he was the Chairman of BOCHK Asset Management Limited. Prior to joining the Bank of China (Hong Kong) Group, Dr Wong was the Corporate Executive Vice President and Country Executive of ABN AMRO Bank ("ABN") and was responsible for ABN's operations in South East Asia. He joined ABN in 1995 and had held various senior positions within ABN, including Regional Head of Financial Markets, Country Executive in Singapore, and Managing Director of the Hong Kong Branch. Dr Wong has spent over 30 years in the banking sector and has extensive knowledge and experience in treasury and financial products.

Dr Wong served as a board member of Energy Market Authority until March 2009 and was a Board Member of the Civil Service College in Singapore from March 2007 to October 2013.

Dr Wong graduated from the University of Singapore with a Bachelor's Degree in Business Administration and was awarded a Master's Degree in Science in Investment Management by the Hong Kong University of Science and Technology, and a Doctorate degree in Transformation Leadership from the Bethel Bible Seminary. He is also a Financial Industry Certified Professional with the Institute of Banking and Finance, Singapore.

### MR CHIA YEW BOON

Independent Non-Executive Director

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

Mr Chia has more than 30 years of experience working in various fields such as investments, business consultancy and corporate finance.

He is the founding Managing Director of Catalyst Advisors Private Ltd. and Catalyst Advisors International Private Limited, which are both private equity investment and venture capital business consultancy firms. Concurrently, he is also a Senior Advisor of Atlas Financial Solutions, a Paris-based corporate finance advisory firm specialising in mid-cap company mergers and acquisitions. In September 2011, Mr Chia was appointed as an Independent Non-Executive Director of Technovator International Limited, a leading company in energy management systems, solutions and services; it is part of the Tsinghua Tongfang group of companies, whose ultimate controlling shareholder is Tsinghua University.

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

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

**MR LI GUOSHENG**

Independent Non-Executive Director

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

Mr Li is the managing director of Horizonline Pte Ltd, a company involved in the import and wholesale of security products and systems, since December 2006. He is also the managing director of Ningbo Horizonline Technologies Co. Ltd., a PRC manufacturing company, since December 2009. From June 2004 to December 2006, he was a technical manager with China Enersave Limited (now known as Charisma Energy Services Ltd), a company that operates in the renewable energy industry, where he was responsible for the evaluation of the waste energy power plants. Mr Li began his career in 1988 as an electrical engineer with Beilungang Thermal Power Plant Engineering Co. Ltd., a PRC company which constructed thermal power plants. Mr Li has been the President of the Zhejiang (S) Entrepreneurs Association, a non-profit association for people with links to the Zhejiang Province, since 2013. In addition, Mr Li is also a Director for Sanhua International Singapore Pte. Ltd. and Sanhua Trading Pte. Ltd., subsidiaries of Sanhua Holding Group, a leading manufacturer of HVAC&R controls components and parts with a global footprint and 30 years of experience. Sanhua Holding Group is listed on Shenzhen Stock Exchange since 2005.

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

**MR GOH TOH SIM**

Executive Director and Chief Executive Officer

Mr Goh was appointed as Executive Director and Chief Executive Officer on 23 March 2018. Prior to this, he was the Executive Director and President of Investment & Asset Management of the Manager from May 2016 till November 2017 and the Chief Executive Officer of Forchn International Pte Ltd, before being appointed as the Executive Director and Acting Chief Executive Officer of the Manager.

Mr Goh has over 20 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 joining Keppel Corporation and from July 2006 to November 2009, Mr Goh was the Chief Executive Officer of SGX-listed Evergro Properties Limited, a real estate developer in Tianjin, Jiangyin and Changzhou, where he was responsible for the general management of the company, including setting of strategies, land and project acquisitions and property development.

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 initiated the development of Ascendas' businesses in several cities in China including Shanghai, Hangzhou, Dalian, Xian, and Nanjing. From January 2000 to December 2003, he was the Deputy Chief Executive Officer of China-Singapore Suzhou Industrial Park Development Group Co., Ltd. (formerly known as China-Singapore Suzhou Industrial Park Development Co., Ltd.) where he was responsible for infrastructure development, finance and government relations. For his contributions, he was awarded the honorary citizenship for Suzhou and Changzhou as well as friends of Jiangsu and labour award from Jiangsu Province.

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.

# MANAGEMENT TEAM



FROM LEFT MR JINBO LI, MR JOHNNIE TNG CHIN HWEE, MR GOH TOH SIM AND MR WANG FENG

**MR GOH TOH SIM**

Executive Director and Chief Executive Officer

Mr Goh is an Executive Director and Chief Executive Officer of the Manager. Please refer to his profile under the Board of Directors section of this Annual Report (see page 33).

**MR JOHNNIE TNG CHIN HWEE**

Chief Financial Officer

Mr Tng is the Chief Financial Officer of the Manager. Prior to joining the Manager, Mr Tng had been the Chief Financial Officer of Ying Li International Real Estate Limited, Keppel REIT and Ascendas India Trust.

Before joining Ascendas in 2006, Mr Tng had held senior corporate finance and private equity investment positions. He was Vice President - Corporate Finance at RGM International, an Indonesian conglomerate involved in resource-based industries, where he had led several multimillion dollar mergers and acquisitions. Before joining RGM International, Mr Tng advised a private investor on the takeover and subsequent debt restructuring of a freight forwarding company listed on the Singapore Exchange Securities Trading Ltd ("SGX-ST"), Freight Links Express Holding Ltd. Post-acquisition, he also structured the disposal of non-core assets which brought the group back to profitability. Mr Tng spent the initial ten years of his career with the Monetary Authority of Singapore ("MAS"), SBC Warburg and Nomura, where he was largely involved in investment banking and private equity investments.

Mr Tng holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University of Singapore.

**MR JINBO LI**

Head of Investment, Asset Management and Investor Relations

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

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

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

**MR WANG FENG**

Senior Manager, Risk Management and Compliance

Mr Wang is currently heading the risk management and compliance function of the Manager. He is responsible for internal audit, risk management and compliance with requirements under the Securities and Futures Act and the Code on Collective Investment Schemes for ECW and the Manager, and advising the Manager on its risk management and compliance processes.

Prior to joining the Manager, Mr Wang was an Audit Manager with KPMG Singapore. He spent over 5 years at KPMG providing audit and review services to many multi-national corporations listed in Singapore and overseas exchanges. Mr Wang has in-depth knowledge on key corporate reporting issues such as valuation, lease and revenue recognition in construction, shipping and freight forwarders, offshore oil and gas segment, health and aviation industry. In addition, Mr Wang had more than 12 years' experience as a project manager in real estate development industry before joining KPMG.

Mr Wang is currently a member of Association of Chartered Certified Accountants in United Kingdom, a member of Chartered Accountants in Singapore and a Certified Internal Auditor accredited by the Institute of Internal Auditors.



# ENTRENCING VALUES

EC World REIT is founded on the pillars of trust, excellence and sincerity. Even as we move forward to seize new opportunities and face new challenges, we always remain focused on our core values to shape the way we think and work. Staying true to our values enables us to develop a strong brand and forge greater ties with our stakeholders

## STAKEHOLDERS ENGAGEMENT AND INVESTOR RELATIONS

“Timely, Transparent, Unbiased” – these are the principles that guide the Manager in its investor relations efforts and practices. The Manager takes a proactive approach to engage the investing community through a variety of channels and activities including meetings with buy and sell-side analysts, participation in non-deal roadshows and conferences in Singapore and overseas, site visits, retail seminars, webinar as well as teleconferences.

The Manager highly values corporate transparency and strives to uphold high standards of corporate governance, in accordance to the principle and guidelines of the Code of Corporate Governance 2012 as well as SGX Listing Rules. All announcements, such as corporate developments, financial statements, press releases and presentations are also published on ECW's website at [www.ecwreit.com](http://www.ecwreit.com). The Board and senior management were present at the Annual General Meeting to report on ECW's performance for the year and address questions and comments from Unitholders. All AGM resolutions were polled electronically with the results published on SGXNet on the same day.

In 2018, the Manager launched ECW's social media platform on Facebook and LinkedIn to heighten the REIT's profile and to reach out to tech-savvy investors. The Manager actively participates in retail seminars, local

and overseas conferences, one-on-one meetings and teleconferences including the brokers' presentations, REITs Symposium, SGX Educational Series, InvestFair as well as Corporate Access Symposium.

During the year, property tours were conducted for analysts and members of the investing community to Hangzhou where majority of ECW's assets are located. Participants were able to tour the assets and gain insights into the operational dynamics and quality of the assets.



### INVESTOR OUTREACH PROGRAMMES IN FY2018

- NextInsight Investors Meeting in Singapore
- UOB Kay Hian Remisier Talk
- One Belt One Road Investment Forum
- Site visit for sell-side analysts in Hangzhou
- SGX - Value Investing Forum
- SGX - Qi He Wang 七禾网 Hangzhou Corporate Day
- Lim & Tan Remisier Presentation
- Phillip Securities Remisier Presentation
- Maybank Kim Eng Remisier Presentation
- REITs Symposium 2018
- Non-deal Roadshow in Singapore and Hongkong
- Fortune Times S-REITs China Roadshow in Beijing
- Citi C-Suite Singapore REITs & Sponsors Corporate Day
- SGX Education Series in Singapore
- Singapore Corporate Day by SGX, DBS and REITAS in Bangkok, Thailand
- INVEST Fair 2018
- SGX-SAC Corporate Access Symposium
- Property Tour in Hangzhou for retail investors and sell-side analysts
- Non-deal Roadshow in Penang and Kuala Lumpur, Malaysia
- TEDU Manulife SGX Conference in Beijing
- Webinar by Wind Financial and SGX

**CALENDAR OF FINANCIAL EVENTS FOR 2019**

Subject to changes by the Manager without prior notice

April 2019	Annual General Meeting for FY2018
May 2019	Release of First Quarter 2019 Financial Results
August 2019	Release of 2019 Second Quarter and Half-Yearly Financial Results
November 2019	Release of 2019 Third Quarter Financial Results
February 2020	Release of Financial Year 2019 Results

**ECW'S FY2018 DISTRIBUTIONS**

Period	Distribution Per Unit (Singapore cents)	Payment Date
1 January 2018 to 31 March 2018	1.469	29 June 2018
1 April 2018 to 30 June 2018	1.570	28 September 2018
1 July 2018 to 30 September 2018	1.570	28 December 2018
1 October 2018 to 31 December 2018	1.570	29 March 2019
Total Distribution for the year	6.179	
Distribution Yield <sup>1</sup>	9.0%	

**ECW'S UNIT PRICE PERFORMANCE IN FY2018**

Opening Price (as at 2 January 2018) (S\$)	0.76
Highest (S\$)	0.79
Lowest (S\$)	0.675
Closing Price (31 December 2018) (S\$)	0.69
Average daily trading volume (units)	333,486
Trading Volume (million units) for the year	83.4

1 Computed based on FY18 DPU of 6.179 Singapore cents and the closing price of S\$0.69 per unit on 31 December 2018

## SUSTAINABILITY

The Board of the Manager believes in long-term sustainability and success of the ECW. Through adaptation of the best corporate practices in the Environmental, Social and Governance (“ESG”) framework, ECW published its inaugural sustainability report in December 2018. The report was prepared in accordance with SGX-ST Listing Manual Rules 711(A) and 711(B), the Global Reporting Initiatives (“GRI”) Standards – “Core” and GRI’s Construction and Real Estate Sector Supplement (“CRESS”).

ECW’s approach towards ESG is fully endorsed and actively supported by Board, the Sponsor and the Manager. Led by the Chief Executive Officer and senior representatives from key departments, the Manager employs a top-down approach in the decision-making process, assessment and execution of the ESG initiatives and best practices to ensure that the ECW follows the guidelines set by SGX, GRI and CRESS.

### GOVERNANCE

The Manager conducts its business in a way that aligns with its core principles of credibility and integrity. Robust corporate governance processes and procedures are set up to ensure ethical, sustainable and socio-economic best practices are implemented. ECW is one of the participating companies for the Corporate Governance – Statement of Support 2018 by Securities Investors Association (Singapore) or SIAS, a Charity and an Institution of Public Character (IPC), and the largest organized investor group in Asia.

### Enterprise Risk Management

The Manager practices a proactive approach towards risk management with the Board being responsible for the governance of risks across ECW Group. Under the Enterprise Risk Management (“ERM”) Framework, the Board regularly reviewing ECW Group’s risk profile, material risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. For these purposes, the Board is assisted by the ARC which provides oversight of risk management. The ERM program consolidates the ECW Group’s risk management practices in a structured framework, and is substantively in line with best practices in Singapore. Staff of ECW Group also proactively, collectively participate in and contribute to the ERM program.

### Code of Business Conduct

The Manager is committed to preserving its integrity and reputation by complying with laws and regulations in each of the markets in which it operates. 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. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

### Whistle-Blowing Policy

The Manager has a whistle-blowing policy and related procedures 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 whistle blowers are protected from reprisals in accordance with relevant laws and company policies throughout the process. The Senior Manager – Risk Management and Compliance works closely with the ARC to investigate reported matters, if any, and remedial measures are taken where warranted.



### Talent Management

The Manager recognizes that the key to sustainable growth and development of ECW is the employees. The ability to attract and retain talent is critical to overall business performance and employees who are engaged and empowered will have a greater sense of belonging and will be more motivated and inspired to innovate and deliver. The Manager adopts a multi-facet approach to attract and retain talent, including the provision of a conducive work environment, a competitive remuneration package, rewards and recognition programs, training and development as well as work-life balance.

### SOCIAL

Community involvement is the bedrock of all our policies at our assets. The Manager believes in being a responsible corporate citizen and recognizes the impact of its actions might have in the community it operates in. The Manager strives to give back to the community in which it does business in by incorporating sustainable best practices into its daily work.

### Giving Back to the Community

In 2018, the Manager was one of the sponsors for the Chief Challenge at the SGX Bull Charge Charity Run 2018. The annual charity run was held on 30 November 2018 and aims to support the needs of underprivileged

children and families, persons with disabilities and the elderly. All proceeds raised were channeled to SGX six adopted beneficiaries, namely Autism Association (Singapore), AWWA Ltd, Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

As a show of support for our business partner, Ernst and Young, staff of the Manager were rallied to support the Walk for Rice program, where the staff walk or run together to raise bowls of rice, which benefit low-income families. This program is in support of the FairPrice Walk for Rice @ South East program organized by the CDC and NTUC FairPrice Co-operative Limited.

In addition, staff of the Manager lent support to the Singapore Association of the Visually Handicapped (SAVH) in their bid to raise public awareness of the challenges that persons with vision impairment face in their daily activities. Over 10 staff took part in the "Dining in the Dark" experience where they had the opportunity to exploit their other senses such as taste, touch, smell and hearing over a lunch session conducted in pitch-black darkness. The proceeds were channeled to SAVH.

The Manager will publish ECW's second sustainability report by May 2019.



# CORPORATE GOVERNANCE

## OUR CORPORATE GOVERNANCE CULTURE

The manager of EC World Real Estate Investment Trust (“**ECW**” and as manager of ECW, the “**Manager**”) aspires to the highest standards of corporate governance. The Manager is committed to ongoing improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of ECW and to provide a firm foundation for a trusted and respected business enterprise. The Manager shall comply with the substance and spirit of the principles of the Code of Corporate Governance 2012 (the “**Code**”) while achieving operational excellence and delivering ECW’s long-term strategic objectives. The Board of Directors (the “**Board**”) is responsible for the Manager’s corporate governance standards and policies, underscoring their importance to the Manager.

This report sets out the corporate governance practices for the financial year ended 31 December 2018 (“**FY2018**”) with reference to the Code. Where there are deviations from the principles and guidelines of the Code, explanations are provided within this Annual Report.

With the issuance of the revised Code of Corporate Governance (“**2018 Code**”) by the Monetary Authority of Singapore (“**MAS**”) on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019, the Board will review and implement measures to comply with the 2018 Code, where appropriate, to adhere to its spirit and intent.

The Manager’s primary role is to establish the strategic direction of ECW in accordance with its mandate and make recommendations to DBS Trustee Limited, in its capacity as trustee of ECW (the “**Trustee**”), on any investment opportunities for ECW and the enhancement of the assets of ECW in accordance with the stated investment strategy for ECW. The research, evaluation and analysis required for these purposes are coordinated and carried out by the Manager.

The Manager has general powers of management over the assets of ECW. The Manager’s primary responsibility 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 and enhancing asset value over time so as to maximise the returns from the investments, and ultimately the distributions and total returns to Unitholders.

## (A) BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

#### Principle 1: An effective Board to lead and control of ECW

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

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

The Board establishes goals for Management and monitors the achievement of these goals. It ensures that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the listing rules of the SGX-ST (“**Listing Rules**”), the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. It also sets the values, disclosure and transparency standards for ECW and ensures that obligations to Unitholders and other stakeholders are understood and met.

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

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

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

- (a) Acquisitions, investments, disposals and divestments;
- (b) Issue of new units in ECW ("Units");
- (c) Income distributions and other returns to Unitholders;
- (d) Matters which involve a conflict of interest with a controlling unitholder or a Director;
- (e) Corporate strategies and policies of ECW;
- (f) Annual budget;
- (g) Financial performance of ECW and to approve the release of quarterly and full year results;
- (h) Audited financial statements; and
- (i) Sustainability Report.

To keep pace with regulatory changes and 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 will be kept abreast of any updates to the Listing Rules, the Securities and Futures Act, the Code on Collective Investment Schemes and the Companies Act, as well as any applicable laws, regulations and rules. The Directors who are members of the Audit and Risk Committee (the "ARC") will also be updated on any changes to the financial reporting standards by the external auditors.

The Directors 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 will be borne by the Manager. In 2018, certain Directors had attended trainings and seminars conducted by Singapore Institute of Directors or professional firms. An in-house briefing by the Company's legal advisor was also conducted for the Board in relation to corporate governance changes and updates concerning Code on Collective Investment Schemes.

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.

The Board has established two board committees (the "Board Committees") to assist it in the discharge of its functions. These Board Committees are the ARC and the Nominating and Remuneration Committee (the "NRC"). The current composition of the Board Committees is set out in the table below.

# CORPORATE GOVERNANCE

## Current Composition of the Board and Board Committees

Board Members	ARC	NRC
Mr Zhang Guobiao	Dr Wong See Hong	Mr Li Guosheng
Mr Chan Heng Wing	Mr Chia Yew Boon	Mr Zhang Guobiao
Dr Wong See Hong	Mr Li Guosheng	Mr Chan Heng Wing
Mr Chia Yew Boon		Mr Chia Yew Boon
Mr Li Guosheng		
Mr Goh Toh Sim <sup>1</sup>		

<sup>1</sup> Mr Goh Toh Sim was appointed as an Executive Director and Acting CEO of the Manager following the resignation of the former Executive Director and CEO, Mr Alvin Cheng Yu-Dong on 9 February 2018. Mr Goh was subsequently appointed as Executive Director and CEO of the Manager with effect from 23 March 2018.

Each of these Board Committees operates under delegated authority from the Board, with the Board retaining overall oversight. The Board may form other board committees as and when required. Membership of the Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

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

Directors may request for explanations, briefings by or discussions with Management on any aspect of ECW's operations or business. When circumstances require, Board members will also exchange views outside the formal environment of Board meetings.

A total of six (6) Board meetings was held in FY2018. A table showing the attendance record of the Directors at meetings of the Board and Board Committees during FY2018 is set out on page 47 of this Annual Report. The Manager believes in the overall contribution of its Directors beyond their attendance at formal Board and Board Committee meetings. The Manager believes that judging a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

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

## BOARD COMPOSITION AND GUIDANCE

### Principle 2:

#### Strong and independent element on the Board

The NRC reviews from time to time the size and composition of the Board with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making, taking into account the scope and nature of the operations of ECW and its subsidiaries (the "ECW Group"); and that the Board has a strong independent element.

The Board comprises six (6) Directors: one (1) Executive Director (the “ED”), one (1) Non-Executive Director (the “NED”) and four (4) Independent Non-Executive Directors (the “IDs”). The Chairman of the Board is a NED. The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate and investment backgrounds. The varied backgrounds of the Directors enable Management to benefit from their diverse expertise and experience. The Board with the concurrence of the NRC is of the view that the current Board size is appropriate taking into consideration the nature and scope of ECW’s operations.

Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of ECW. Profiles of the Directors are provided on pages 30 to 33 of this Annual Report.

Currently, there is no alternate Director appointed.

The NRC assesses the independence of each Director in accordance with the guidance in the Code and the Securities and Futures (Licensing and Conduct of Business) Regulations, and the existence of relationships or circumstances. 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. Taking into account the views of the NRC, the Board has determined that each of Mr Chan Heng Wing, Dr Wong See Hong, Mr Li Guosheng and Mr Chia Yew Boon are 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. Mr. Zhang Guobiao being the Chairman of the Sponsor and substantial unitholder of the EC World REIT, and Mr. Goh Toh Sim as the Executive Director and CEO of the Manager, were not considered to be independent during FY2018. Having considered their conduct in their discharge of their responsibilities as Directors of the Manager, the Board is satisfied that, as at the last day of FY2018, each of Mr. Zhang Guobiao and Mr. Goh Toh Sim was able to act in the best interests of all the unitholders of EC World REIT as a whole. Each of the above Directors had recused himself from deliberations on his own independence.

The IDs contribute to the Board process by monitoring and reviewing Management’s performance against goals and objectives. Their view and opinions provide alternative perspectives to ECW’s business and enable the Board to make informed and balanced decisions. The 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. The IDs meet without the presence of Management on a need-basis.

In the spirit of good corporate governance, the Board has appointed Mr Chan Heng Wing as Lead Independent Director. The Lead Independent Director is available 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.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

### **Principle 3:**

#### **Clear division of responsibilities between the Chairman of the Board and Chief Executive Officer of the Manager**

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

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

## CORPORATE GOVERNANCE

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.

### BOARD MEMBERSHIP

#### Principle 4:

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

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

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

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

The NRC has adopted a process for selecting, appointing and re-appointing Directors.

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

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

- (a) The Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, banking and legal fields; and
- (b) At least one-third of the Board should comprise IDs. Where, among other things, the Chairman of the Board is not an ID, at least half of the Board should comprise IDs.

Since at least half 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 at least half 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 has the skills, expertise and experience which are relevant to the evolving needs of 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 pursuant to the Manager's internal policy which was revised in February 2019.

Apart from the above, the NRC has written terms of reference setting out the scope and authority in performing the functions of a nominating committee which include:

- (a) Review of the Board composition at least annually as well as on each occasion when an existing Director gives notice of his intention to retire or resign. This is to assess the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for ECW.
- (b) Review of Board succession plans for Directors, in particular, the Chairman of the Board and for the CEO.
- (c) Review of the performance of the Board, Board Committees and Directors annually.
- (d) Review of training and professional development programmes for the Board.
- (e) The appointment and re-appointment of Directors. No member of the Board will be involved in any decision of the Board relating to his own appointment, re-appointment or assessment of independence. External consultants may be engaged from time to time to identify potential directors.
- (f) The development of a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. All Directors had confirmed that they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. Taking into account also the attendance records of the Directors at meetings of the Board and Board Committees during FY2018 below, the NRC is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his duties. In consultation with the NRC, the Board has prescribed that its IDs may not hold more than six directorships in other public listed companies and its Executive Directors not more than two directorships in other public listed companies other than the one he is serving.

#### Attendance Record of Meetings in FY2018

Name of Director	ARC		NRC		Board of Directors	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr Zhang Guobiao	-	-	2	2	6	5 <sup>#</sup>
Mr Chan Heng Wing	-	2 <sup>*</sup>	2	2	6	6
Dr Wong See Hong	4	4	-	2 <sup>*</sup>	6	6
Mr Chia Yew Boon	4	4	2	2	6	6
Mr Li Guosheng	4	4	2	2	6	6
Mr Goh Toh Sim	-	4 <sup>*</sup>	-	2 <sup>*</sup>	6	6
Mr Alvin Cheng Yu-Dong	-	-	-	-	6	1

\* By Invitation

# Mr Zhang Guobiao recused himself from a Board Meeting in which he has an interest in the subject matter.

# CORPORATE GOVERNANCE

## BOARD PERFORMANCE

### Principle 5:

**Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board**

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

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

The performance evaluation will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed, for example to align with changes to the 2018 Code and onus should be the Board to justify the decision.

Each Director is required to complete the evaluation forms, and then return them to the company secretaries of the Manager ("**Company Secretaries**") for compilation of the summary of the results of the evaluation. The summary together with comparatives from the previous year's results will be tabled at the NRC's meeting for the NRC's review.

The performance evaluation of the Board and the Board Committees in respect of FY2018 was carried out in February 2019. The NRC was satisfied with the Board, Board Committees and Individual Directors' performance evaluation results which indicate each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. Individual Directors have recommended means to further enhance the Board. The NRC had discussed the results and recommendations with the Board who would work on further enhancement areas.

## ACCESS TO INFORMATION

### Principle 6:

**Access to management and complete, adequate and timely information**

Management provides the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on ECW's performance are also provided to the Board on a regular basis.

Management provides update on ECW's business and operations as well as financial performance. Presentations in relation to specific business areas are also made by key executives and external consultants and/or experts.

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

Board 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 and Board Committees papers are provided electronically and can be accessed via tablet devices.

The Board has separate and independent access to Management including the Company Secretaries at all times. The Company Secretaries attend to corporate secretarial administration matters and advise the Board on governance matters. The Company Secretaries or their representatives attend all Board meetings. The Board, whether as individual Director or as a group, is also entitled to have access to independent professional advice where required, at the Manager's expense.

The appointment and the removal of the Company Secretaries is a matter for the Board.

## **(B) REMUNERATION MATTERS**

### **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

#### **Principle 7: Procedures for Developing Remuneration Policies**

#### **Principle 8: Level and Mix of Remuneration**

#### **Principle 9: Disclosure on Remuneration**

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

The Manager adopts the principle that remuneration matters should be appropriately structured and benchmarked with good market practices to attract qualified talent to grow and manage its business.

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 Directors and key management personnel of the Manager;
- The specific remuneration packages for the Directors and for key management personnel 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;
- The development of a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

The NRC had reviewed and determined the remuneration packages of Directors and key management personnel of the Manager, to ensure that they are adequately but not excessively remunerated.

Directors' fees are established and reviewed annually based on each Director's level of responsibilities on the Board and its Board Committees, and are benchmarked against market practices.

## CORPORATE GOVERNANCE

Directors' fees are based on a structured fees framework reflecting the responsibilities and time commitment of each Director. The fees framework comprises a base fee and additional fee for holding appointment as Board Chairman, Chairman or member of Board Committees. The Manager has set out in the table below information on the fees paid to the Directors for FY2018:

### Directors' Fees

Board Members	FY2018	FY2017
Zhang Guobiao	100,000	100,000
Chan Heng Wing	99,000	119,000
Wong See Hong	90,000	82,500
Li Guosheng	75,000	75,000
Chia Yew Boon	70,000	90,000
Goh Toh Sim*	5,417	8,333

\* Mr Goh Toh Sim was re-designated from Executive Director to Non-Executive Director of the Manager on 9 November 2017. Mr Goh was subsequently appointed as an Executive Director and Acting CEO of the Manager on 9 February 2018. With effect from 23 March 2018, Mr Goh was appointed as an Executive Director and CEO of the Manager. The FY2018 Director's Fees were pro-rated from 1 January 2018 to 9 February 2018 and paid to the Manager's shareholder, Forchn International Pte. Ltd. ("FIPL") as Mr. Goh was remunerated as Executive Director and CEO of FIPL for the period.

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. Non-Executive Directors' fees are paid entirely in cash.

The Executive Directors do not receive Director's fees. Their compensation comprises a basic salary, allowances and bonuses. The Board will, with the recommendation of the NRC, review the Executive Directors' specific remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines.

The NRC exercises broad discretion and independent judgement in ensuring that the amount and mix of remuneration are in line with market practices, aligned with the interests of Unitholders and promote the long-term success of ECW.

In establishing the remuneration structure of the key management personnel, the NRC ensures that the level and mix of remuneration is competitively benchmarked against the relevant industry market rates and tied to the performance of ECW and the individual employee. The total remuneration mix comprises fixed and variable components. The fixed component comprises the base salary, annual wage supplement, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund. The variable component is performance related, which will be paid in cash or in the units of ECW (which were received by the Manager as payment for its own fees). Annual performance targets are in the form of both quantitative and qualitative measures and, are aligned to the business strategy for ECW Group and linked to the performance of ECW.

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

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require:

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

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

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

The breakdown of the level and mix of remuneration paid to the CEO as well as Executive Director (in percentage) for FY2018 is as follows:

Remuneration Band and Name of CEO and Executive Director	Basic Salary	Bonus	Other Benefits	Total
S\$500,000 to S\$750,000				
Goh Toh Sim <sup>#</sup>	72%	26%	2%	100%
S\$250,000 to S\$500,000				
Alvin Cheng Yu-Dong <sup>*</sup>	63%	37%	-	100%

<sup>#</sup> Mr Goh Toh Sim was appointed as Executive Director and Acting CEO of the Manager on 9 February 2018. Mr Goh was subsequently appointed as Executive Director and CEO of the Manager on 23 March 2018. The bonus was paid in ECW units.

<sup>\*</sup> Mr Alvin Cheng Yu-Dong resigned as Executive Director and CEO of the Manager on 9 February 2018.

Remuneration of the key management personnel (who are not Directors or the CEO) in bands of S\$250,000 for FY2018 is as follows:

Remuneration Band and Name of Key Management Personnel (other than Directors and CEO)	Basic Salary	Bonus	Other Benefits	Total
S\$250,000 to S\$500,000				
Johnnie Tng Chin Hwee	73%	23%	4%	100%

Due to the existing size of the Management team, the Manager has only one key management personnel other than Directors and CEO for FY2018. For the same reasons mentioned above, the exact quantum of the aggregated remuneration for the key management personnel is not disclosed. The bonus was paid in ECW units.

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

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

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

There were no employees of the Manager who were immediate family members of a Director or the CEO during FY2018.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY AND AUDIT

### ACCOUNTABILITY

#### Principle 10:

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects**

The Manager provides Unitholders with quarterly and annual financial statements. In presenting those financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of ECW's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a monthly basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of ECW's financial performance, position and prospects.

The Manager believes in conducting itself in ways that seek to deliver maximum sustainable value to Unitholders. Best practices are promoted as a means to build an excellent business for Unitholders and the Manager is accountable to Unitholders for ECW's performance. Prompt fulfilment of statutory and regulatory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

### RISK MANAGEMENT AND INTERNAL CONTROLS

#### Principle 11:

**A sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets**

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

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

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

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

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

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

More information on the Manager’s ERM Framework can be found in the ERM section on pages 62 to 64 of this Annual Report.

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

The Board has received assurance from the CEO and CFO of the Manager that:

- (a) The financial records of ECW Group have been properly maintained and the financial statements for FY2018 give a true and fair view of ECW Group’s operations and finances; and
- (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.

Based on the ERM Framework established and the reviews conducted by Management, as well as the assurance from the CEO and CFO of the Manager, 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 FY2018.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

### Principle 12:

#### Establishment of Audit and Risk Committee with written terms of reference

The ARC comprises three IDs namely:

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

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

The ARC does not have any member who is a former partner or director of ECW's existing audit firm.

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

The ARC is guided by its terms of reference, which defines its duties and scope of authority. In particular, the duties of the ARC include the following:

- (a) Reviews the annual audit plan, including the nature and scope of the internal and external audits before the commencement of the audits;
- (b) Reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of ECW Group and any announcements relating to ECW Group's financial performance;
- (c) Reviews and reports to the Board at least annually the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (d) Reviews the adequacy and effectiveness of the Manager's internal audit and compliance functions;
- (e) Reviews the scope and results of the external audit and independence and objectivity of the external auditors;
- (f) Makes recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration of the external auditors;
- (g) Reviews and approves processes to regulate transactions involving an interested person (as defined in Chapter 9 of the Listing Rules) and/or Interested party (as defined in the Property Funds Appendix) (each, an Interested Person) and ECW and/or its subsidiaries (Interested Person Transactions) to ensure compliance with the applicable regulations, in particular, the requirements that the transactions are on normal commercial terms and are not prejudicial to the interests of ECW and its minority Unitholders and, in respect of any property management agreement which is an Interested Person or Interested Person 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;
- (l) Reviews ECW's investment in PRC corporate bonds (which are made for the purpose of efficient capital management, if any) and monitoring Manager's compliance with the agreed investment criteria of establishing a diversified portfolio of corporate bonds issued by PRC corporations with investment ratings of AA- or higher (throughout the tenure of such bond investment, if any); and
- (m) Conducts an annual review of its terms of reference.

Other than the above (l), the ARC has carried out the above duties provided in its terms of reference.

As previously announced via SGXNet on 30 September 2016, given the prevailing volatile PRC corporate bonds then, the ARC had concurred with Management's recommendations to set aside the cash security deposits which it received under the Master Leases in the form of cash, which may be utilised to part-finance potential acquisition(s). Accordingly, there was no investment made in PRC corporate bonds.

In FY2018, 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 was arrived after taking into account all the relevant facts and circumstances. The ARC concurs with the conclusion of the Management and the external auditors on the Key Audit Matter.

The ARC has reviewed the nature and extent of non-audit services provided by the external auditors during FY2018 and the fees paid for such services. The aggregate amount of fees paid and payable to the external auditors for FY2018 was approximately S\$687,000 (2017: S\$415,000) of which audit fees amounted to approximately S\$350,000 (2017: S\$260,000) and non-audit fees amounted to approximately S\$337,000 (2017: S\$155,000). The ARC is satisfied that the independence of the external auditors has not been impaired by the provision of non-audit services. The non-audit fees were one-off in nature and were mainly for financial and tax due diligence on target companies that ECW is considering to acquire. The external auditors have also provided confirmation of their independence to the ARC.

In FY2018, the ARC also met with the internal and external auditors thrice, 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.

The ARC is satisfied that the resources and experiences of the external auditors, PricewaterhouseCoopers LLP, the audit engagement partner and the team assigned to the audit of ECW Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of ECW Group.

# CORPORATE GOVERNANCE

## INTERNAL AUDIT

### Principle 13:

**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits**

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, who 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' 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. The ARC is satisfied with the suitability of the internal auditors and its independence and is also of the view that the internal auditors is adequately resourced and effective in performing its functions, and has appropriate standing within the Manager.

## (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### SHAREHOLDER RIGHTS

#### Principle 14: Unitholders' rights

#### Principle 15: Communication with Unitholders

#### Principle 16: 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.

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

The Manager has an Investor Relations and Corporate Communications team which facilitates effective communication with Unitholders, analysts, fund managers and the media. Enquiries are to be directed to the IR Department at [ir@ecwreit.com](mailto:ir@ecwreit.com).

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

More information on the Manager's investor and media relations with Unitholders can be found in the Stakeholders Engagement and Investor Relations section on page 38 to 39 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.

### Distribution policy

In accordance with the prospectus for IPO of ECW, ECW's distribution policy is to distribute 100% of ECW's Distributable Income for the period from the Listing Date to 31 December 2017 and at least 90% of its Distributable Income on a semi-annual basis thereafter at the discretion of the Manager.

During 2018, the Manager had made a distribution of 6.179 Singapore cents per unit (2017: 5.984 Singapore cent per unit). Distribution of 1.570 Singapore cents per unit for the period from 1 October 2018 to 31 December 2018 will be made on 29 March 2019.

### Conduct of Unitholders' meetings

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

Unitholders are informed of meetings through notices which are accompanied by the annual reports or circulars sent to them. If any unitholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms. At the meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the notice. Notices of the general meetings are also advertised in the press and issued on SGXNet. The Manager conducts poll voting for Unitholders/proxies present at the general meetings for all the resolutions proposed at the general meetings. An independent external party is also appointed as scrutineers for the poll voting procedures.

At general meetings, Unitholders are encouraged to communicate their views on matters affecting ECW. Representatives of the Trustee, Directors (including the chairpersons of the Board, the NRC and the ARC), the Manager's senior management and the external auditors, shall be present at general meetings to address any queries that Unitholders may have.

The total number of votes cast for or against the resolutions and the respective percentages are announced on SGXNet after the general meetings. Voting in absentia and by email which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

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

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

## (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<sup>1</sup> Approving Authority, Procedures and Disclosure

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

### Role of the ARC for Interested Person Transactions

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

All Interested Person Transactions are subject to regular periodic reviews by the ARC, which in turn obtains advice from internal auditors, 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 FY2018 are disclosed on page 125 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.

During 2018, the Manager had considered the right of first refusal ("The Offer") from the Sponsor to Hangzhou Bei Gang Logistics Co., Ltd (a wholly-owned subsidiary of ECW). As announced via SGXNet on 16 October 2018, the Manager opined that acquiring the entire right of use and economic benefits in relation to Stage 2 Properties of Bei Gang Logistics would not be in the best interests of ECW, given that the transaction will not be accretive to the DPU of ECW at the stated purchase consideration. Notwithstanding, the Manager will continue to explore opportunities from the Sponsor for the acquisition of yield-accretive assets which as in line with ECW's investment criteria and strategy.

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 are 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.

# CORPORATE GOVERNANCE

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

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

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

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

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

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

## (F) CODE OF BUSINESS CONDUCT

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

First, 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 to alleviate the common financial pressures its employees face.

Second, clearly documented 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.

Finally, 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 policy is communicated to all new employees as part of on-boarding process. There was no whistle-blowing report for FY2018.

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

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

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

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

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

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

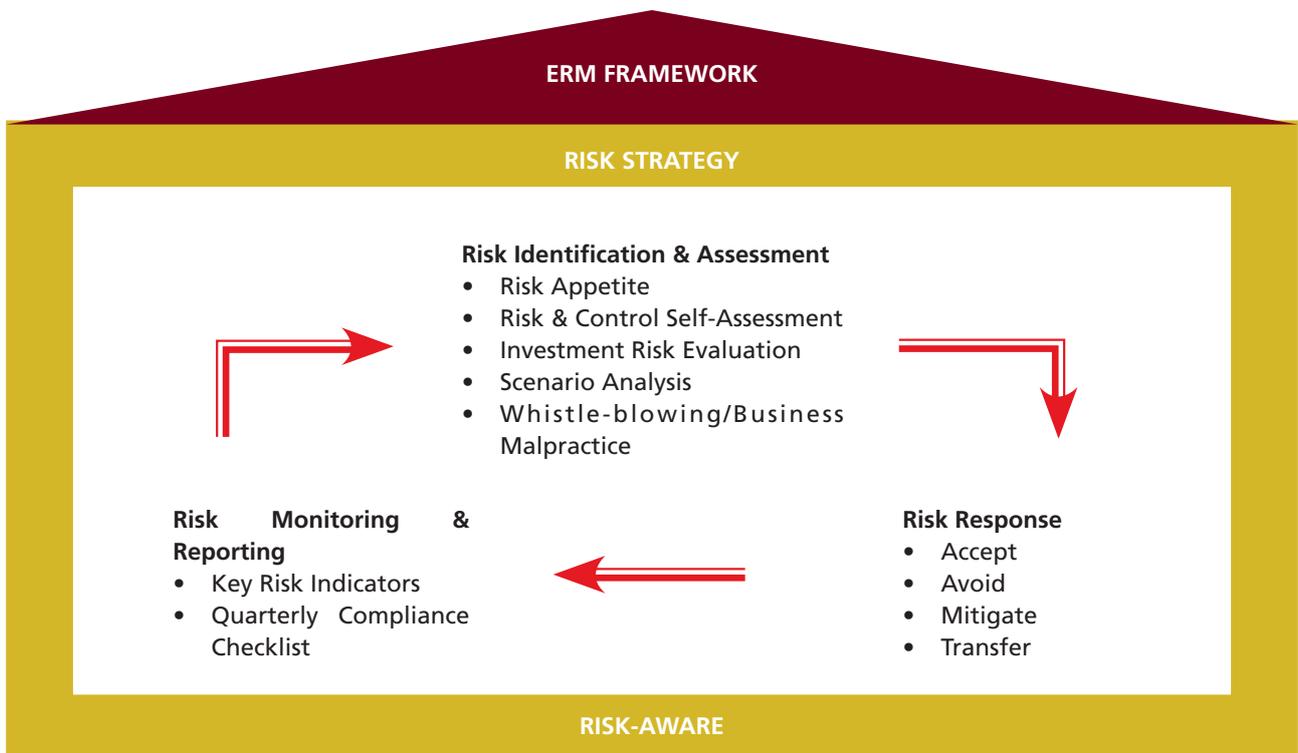
# ENTERPRISE RISK MANAGEMENT

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

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

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

ECW Group’s RAS is expressed via formal, high-level and overarching statements. Having considered key stakeholders’ interests, ECW Group’s RAS sets out explicit, forward-looking views of ECW Group’s desired risk profile and is aligned to ECW Group’s strategy and business plans. The Manager incorporates accompanying risk limits which determine specific risk boundaries established at an operational level.



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

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

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

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

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

### MANAGING MATERIAL RISKS

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

#### Business Interruption Risk

ECW Group is exposed to business interruption risk arising from sudden and major disaster event such as fire, prolonged power outages 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, routine inspection and scheduled maintenance) and having crisis management procedures at each property.

#### Competition Risk

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

#### Credit Risk

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

#### Economic Risk

ECW Group is exposed to changes in developments in economy, financial and property markets. These developments may reduce revenue, increase costs and result in downward revaluation of ECW Group's assets. Market illiquidity during a financial crisis makes asset divestment challenging and this can affect ECW Group's investment and strategic objectives. The Manager manages this by adopting a prudent approach towards financial management and having a well-balanced portfolio in China.

#### Information Technology Risk

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

## ENTERPRISE RISK MANAGEMENT

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

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

### Foreign Currency Risk

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

### Interest Rate Risk

ECW Group's exposure to changes in interest rates relates primarily to the interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of minimising the impact on interest expenses caused by adverse movements in interest rates. The Manager puts in place interest rate swaps to hedge 100% of ECW Group's outstanding SGD borrowings from floating-rate loans to fixed-rate loans.

### Investment Risk

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

### Leasing Risk

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

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

### Liquidity Risk

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

### Regulatory and Compliance Risk

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

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# REPORT OF THE TRUSTEE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of EC World Real Estate Investment Trust ("ECW") held by it or through its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in ECW. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of EC World Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016 and First Supplemental Deed dated 27 October 2016 (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 72 to 124, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
DBS Trustee Limited

Jane Lim Puay Yuen  
Director

Singapore, 25 March 2019

# STATEMENT BY THE MANAGER

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 72 to 124, comprising the Statements of Financial Position of ECW and the Group and the Investment Properties Portfolio Statement of the Group as at 31 December 2018, 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 2018 are drawn up so as to present fairly, in all material respects, the financial position of ECW and the Group as at 31 December 2018, the Investment Properties Portfolio Statement of the Group as at 31 December 2018, the movements in Unitholders' funds of ECW and the Group, the consolidated total return, the consolidated amount distributable and the consolidated cash flows of the Group for the year ended 31 December 2018, 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 and First Supplemental Deed dated 27 October 2016 (the "Trust Deed"). At the date of this statement, there are reasonable grounds to believe that ECW and the Group will be able to meet their financial obligations as and when they materialise.

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

Goh Toh Sim  
Director

Singapore, 25 March 2019

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REIT

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

In our opinion, the accompanying consolidated financial statements of EC World REIT ("ECW") and its subsidiaries (the "Group") and the Statements of Financial Position and Statements 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 2018 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements of unitholders' funds of the Group and the movement in unitholders' funds of ECW, and the consolidated cash flows of the Group for the financial year ended on that date.

### *What we have audited*

The financial statements of ECW and the Group comprise:

- Consolidated Statement of Total Return of the Group for the year ended 31 December 2018;
- Statements of Financial Position of the Group and ECW as at 31 December 2018;
- Consolidated Distribution Statement of the Group for the year then ended;
- Consolidated Statement of Cash Flows of the Group for the year then ended;
- Statement of Movements in Unitholders' Funds of the Group and ECW for the year then ended;
- Investment Properties Portfolio Statement of the Group as at 31 December 2018; 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

We draw attention to Note 2.1 to these financial statements, which indicates that the current liabilities of the Group and of ECW exceeded the current assets by S\$326,517,000 and S\$31,883,000 respectively. 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.

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REIT

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

## Our Audit Approach

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b></p> <p>Refer to Note 14 (<i>Investment properties</i>)</p> <p>As at 31 December 2018, the carrying value of the Group's investment properties of S\$1,335 million accounted for 88% of the Group's total assets.</p> <p>The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include discount rates and terminal capitalisation rates and are dependent on the nature of each investment property and the prevailing market conditions.</p> <p>The key inputs are disclosed in Note 14 to the accompanying financial statements.</p>	<p>Our procedures performed to ascertain the appropriateness of the key inputs and assumptions used in the valuation included the following:</p> <ul style="list-style-type: none"> <li>assessed the competency, capabilities and objectivity of the professional valuer engaged by the Group;</li> <li>obtained an understanding of the techniques used by the external valuer in determining the valuations of individual investment properties;</li> <li>discussed the critical assumptions made by the external valuer for the key inputs used in the valuation techniques;</li> <li>tested the integrity of information, including underlying lease and financial information provided to the professional valuer; and</li> <li>assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs.</li> </ul> <p>We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> <p>We found the external valuer to be a member of recognised bodies for professional valuers. We found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.</p>

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REIT

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

## Other Information

The Manager is responsible for the other information. The other information comprises the "Report of the Trustee" and the "Statement by the Manager" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of ECW's Annual Report 2018 ("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 responsibilities of the Manager include overseeing the Group's financial reporting process.

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

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

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.

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EC WORLD REIT

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

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

- 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 management.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

**PricewaterhouseCoopers LLP**  
Public Accountants and Chartered Accountants

Singapore, 25 March 2019

# CONSOLIDATED STATEMENT OF TOTAL RETURN

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018	2017
		S\$'000	S\$'000
Gross revenue	4	96,229	91,368
Property expenses	5	(8,893)	(8,664)
<b>Net property income</b>		<b>87,336</b>	<b>82,704</b>
Finance income		1,519	1,481
Finance costs	6	(27,413)	(25,849)
Manager's base fees		(4,901)	(4,711)
Manager's performance fees		(223)	(594)
Trustee's fees		(289)	(277)
Exchange differences		1,835	234
Other trust expenses	7	(946)	(1,463)
<b>Net income</b>		<b>56,918</b>	<b>51,525</b>
Net change in fair value of investment properties	14	12,015	21,723
Net change in fair value of financial derivatives		1,263	(1,867)
<b>Total return for the year before income tax</b>		<b>70,196</b>	<b>71,381</b>
Income tax expenses	8	(23,261)	(23,766)
<b>Total return for the year after income tax before distribution</b>		<b>46,935</b>	<b>47,615</b>
<b>Earnings per unit (cents)</b>			
– Basic and diluted	9	5.96	6.10

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		ECW	
	Note	31 December 2018 S\$'000	31 December 2017 S\$'000	31 December 2018 S\$'000	31 December 2017 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	10	142,127	138,644	10,011	6,823
Trade and other receivables	11	38,334	35,585	866	357
Derivative financial instruments	12	329	–	329	–
Loans to subsidiaries	13	–	–	241,557	241,557
		<b>180,790</b>	<b>174,229</b>	<b>252,763</b>	<b>248,737</b>
<b>Non-current assets</b>					
Investment properties	14	1,335,034	1,337,010	–	–
Investments in subsidiaries	15	–	–	–*	–*
		<b>1,335,034</b>	<b>1,337,010</b>	<b>–*</b>	<b>–*</b>
<b>Total assets</b>		<b>1,515,824</b>	<b>1,511,239</b>	<b>252,763</b>	<b>248,737</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	23,354	24,597	3,803	4,055
Borrowings	17	474,705	40,142	280,746	38,000
Derivative financial instruments	12	95	1,296	95	1,296
Current income tax liabilities		9,153	9,867	2	2
		<b>507,307</b>	<b>75,902</b>	<b>284,646</b>	<b>43,353</b>
<b>Non-current liabilities</b>					
Trade and other payables	16	56,917	58,640	–	–
Borrowings	17	–	395,359	–	196,838
Deferred income tax liabilities	18	262,442	263,061	–	–
Government grant	19	606	659	–	–
		<b>319,965</b>	<b>717,719</b>	<b>–</b>	<b>196,838</b>
<b>Total liabilities</b>		<b>827,272</b>	<b>793,621</b>	<b>284,646</b>	<b>240,191</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>688,552</b>	<b>717,618</b>	<b>(31,883)</b>	<b>8,546</b>
Represented by:					
<b>UNITHOLDERS' FUNDS</b>		<b>688,552</b>	<b>717,618</b>	<b>(31,883)</b>	<b>8,546</b>
<b>UNITS IN ISSUE ('000)</b>	20	<b>792,014</b>	<b>784,658</b>	<b>792,014</b>	<b>784,658</b>
<b>NET ASSET VALUE PER UNIT (S\$)</b>		<b>0.87</b>	<b>0.91</b>	<b>(0.04)</b>	<b>0.01</b>

\* : Less than S\$1,000

# CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	S\$'000	S\$'000
<b>Amount available for distribution to Unitholders at beginning of the year</b>	<b>11,784</b>	11,395
Total return for the year	46,935	47,615
Adjustment for net effect of non-tax deductible/(chargeable) items and other adjustments (Note A)	<b>2,072</b>	(498)
<b>Amount available for distribution</b>	<b>60,791</b>	<b>58,512</b>
<b>Distributions made during the year:</b>		
Distribution of 1.504 cents per unit for the period from 1 October 2017 to 31 December 2017	(11,801)	–
Distribution of 1.469 cents per unit for the period from 1 January 2018 to 31 March 2018	(11,559)	–
Distribution of 1.570 cents per unit for the period from 1 April 2018 to 30 June 2018	(12,379)	–
Distribution of 1.570 cents per unit for the period from 1 July 2018 to 30 September 2018	(12,406)	–
Distribution of 1.463 cents per unit for the period from 1 October 2016 to 31 December 2016	–	(11,390)
Distribution of 1.541 cents per unit for the period from 1 January 2017 to 31 March 2017	–	(12,021)
Distribution of 1.540 cents per unit for the period from 1 April 2017 to 30 June 2017	–	(12,039)
Distribution of 1.440 cents per unit for the period from 1 July 2017 to 30 September 2017	–	(11,278)
<b>Total Unitholders' distributions</b>	<b>(48,145)</b>	<b>(46,728)</b>
<b>Amount available for distribution to Unitholders at end of the year</b>	<b>12,646</b>	<b>11,784</b>

## Note A:

### Adjustment for net effect of non-tax deductible/(chargeable) items

#### and other adjustments comprise:

– Straight lining of step-up rental	(166)	360
– Security deposit accretion	(7)	(144)
– Manager's base fees paid/payable in units	4,901	4,711
– Manager's performance fee payable in units	223	594
– Trustee's fees	289	277
– Net fair value gain on investment properties	(12,015)	(21,723)
– Deferred tax charged, net	7,969	8,470
– Net change in fair value of financial derivatives	(1,263)	1,867
– Amortisation of upfront debt issuance costs	4,122	3,977
– Foreign exchange gain, net (unrealised)	(1,974)	(391)
– Initial Public Offering ("IPO") expenses	–	426
– Provision of doubtful debts	–	1,074
– Others	(7)	4
	<b>2,072</b>	<b>(498)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>			
Total return for the year		46,935	47,615
Adjustments for:			
– Income tax expenses	8	23,261	23,766
– Finance income		(1,519)	(1,481)
– Finance costs	6	27,413	25,849
– Effect of straight lining of step-up rental		(166)	360
– Effect of security deposits accretion		(2,768)	(2,771)
– Fair value (gain)/loss on derivative financial instruments		(1,263)	1,867
– Fair value gain on investment properties	14	(12,015)	(21,723)
– (Write-back)/allowance for doubtful receivables		(116)	1,074
– Manager's base fees payable in units		4,901	4,711
– Manager's performance fees payable in units		223	594
– Foreign exchange gain, net (unrealised)		(1,974)	(391)
<b>Operating cash flow before working capital change</b>		<b>82,912</b>	<b>79,470</b>
<b>Change in working capital:</b>			
Trade and other receivables		(407)	843
Trade and other payables		(4,443)	(4,609)
<b>Cash generated from operating activities</b>		<b>78,062</b>	<b>75,704</b>
Interest received		1,192	1,240
Income tax paid (net)		(15,901)	(15,974)
<b>Net cash provided by operating activities</b>		<b>63,353</b>	<b>60,970</b>
<b>Cash flows from investing activities</b>			
Additions to investment properties		(1,462)	(2,163)
Acquisition of a subsidiary	15	(28,915)	–
Proceeds from disposal of investment properties	14	–	37
Redemption of structured deposits		–	7,700
<b>Net cash (used in)/provided by investing activities</b>		<b>(30,377)</b>	<b>5,574</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(2,166)	(2,171)
Distribution to Unitholders		(48,145)	(46,728)
Proceeds from borrowings		43,900	38,000
Interest paid		(19,822)	(18,964)
SBLC commission paid		(382)	(191)
Settlement of derivative financial instruments (net)		(266)	(541)
Placements of deposits for SBLC facilities		(48,801)	(41,974)
Issuance costs		–	123
Increase in interest reserves		(19)	(19)
<b>Net cash used in financing activities</b>		<b>(75,701)</b>	<b>(72,465)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(42,725)</b>	<b>(5,921)</b>
Cash and cash equivalents at beginning of the year		87,150	94,338
Effects of exchange rate changes on cash and cash equivalents		(727)	(1,267)
Cash and cash equivalents at the end of the year	10	<b>43,698</b>	<b>87,150</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Reconciliation of liabilities arising from financing activities:

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

	1 January 2017 S\$'000	Principal and interest payments S\$'000	Non-cash changes S\$'000		31 December 2017 S\$'000
			Interest expense	Foreign exchange movement	
Borrowings and interest payables	402,068	16,865	22,922	(3,061)	438,794

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		ECW	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>OPERATIONS</b>				
Beginning of the year	758,771	715,011	(14,101)	(9,255)
Total return for the year	46,935	47,615	2,355	(4,846)
Transfer to general reserves	(3,879)	(3,855)	–	–
<b>End of the year</b>	<b>801,827</b>	<b>758,771</b>	<b>(11,746)</b>	<b>(14,101)</b>
<b>GENERAL RESERVES*</b>				
Beginning of the year	6,962	3,107	–	–
Transfer from operations	3,879	3,855	–	–
<b>End of the year</b>	<b>10,841</b>	<b>6,962</b>	<b>–</b>	<b>–</b>
<b>UNITHOLDERS' CONTRIBUTION</b>				
Beginning of the year	22,647	64,582	22,647	64,582
Movements during the year				
– Issue expenses	–	123	–	123
– Manager's base fees paid in units	4,838	4,670	4,838	4,670
– Manager's performance fees paid in units	523		523	
Distribution to Unitholders	(48,145)	(46,728)	(48,145)	(46,728)
<b>End of the year</b>	<b>(20,137)</b>	<b>22,647</b>	<b>(20,137)</b>	<b>22,647</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>				
Beginning of the year	(70,762)	(56,581)	–	–
Translation differences relating to financial statements of foreign subsidiaries	(33,217)	(14,181)	–	–
<b>End of the year</b>	<b>(103,979)</b>	<b>(70,762)</b>	<b>–</b>	<b>–</b>
<b>Total Unitholders' funds at end of the year</b>	<b>688,552</b>	<b>717,618</b>	<b>(31,883)</b>	<b>8,546</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2018

Property name	Date of acquisition	Remaining term of lease* (Years)	Location	Occupancy rates at 31 December 2018 (%)	Occupancy rates at 31 December 2017 (%)	Latest valuation date	Valuation as at 31 December 2018 (\$'000)	Valuation as at 31 December 2017 (\$'000)	Percentage of total net assets attributable to Unitholders as at 31 December 2018 (%)	Percentage of total net assets attributable to Unitholders as at 31 December 2017 (%)
Chongxian Port Investment	25 August 2015	37.0	No.5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	443,424	454,690	64.40	63.36
Chongxian Port Logistics - Complex 1	25 August 2015	37.0	No.5-2, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	171,021	175,070	24.84	24.40
- Complex 2	25 August 2015	41.7								
Fu Zhuo Industrial	25 August 2015	37.0	No.5-1, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	22,618	23,370	3.28	3.26
Fu Heng Warehouse - Building 1 and 2	9 September 2015	40.4	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	115,072	118,285	16.71	16.48
Stage 1 Properties of Bei Gang Logistics - Building 1 to 8	25 August 2015	33.2	No. 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	257,325	265,680	37.37	37.02
Hengde Logistics - Phase 1	6 November 2015	34.6	No.21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2018	291,648	299,915	42.36	41.79
- Phase 2	6 November 2015	40.5	No.2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC							
Wuhan Meiluote	16 April 2018	46.5	Yinyan Village, Nanwan Village, Daji Street, Caidian District, Wuhan, PRC	88.7	-	31 December 2018	33,926	-	4.93	-
<b>Other assets and liabilities (net)</b>							<b>1,335,034</b>	<b>1,337,010</b>	<b>193.89</b>	<b>186.31</b>
<b>Net assets of the group</b>							<b>(646,482)</b>	<b>(619,392)</b>	<b>(93.89)</b>	<b>(86.31)</b>
							<b>688,552</b>	<b>717,618</b>	<b>100.00</b>	<b>100.00</b>

\* Refers to the remaining tenure of underlying land. Remaining term of lease includes option to renew the land leases.

The portfolio of ECW, constituted at IPO, comprises the six properties and collectively known as "IPO Properties". On 16 April 2018, ECW successfully completed the acquisition of Wugiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. which is the sole legal and beneficial owner of the industrial property known as the Wuhan Meiluote.

The carrying amounts of the investment properties were based on independent valuations as at 31 December 2018. The valuations were undertaken by Jones Lang LaSalle Property Consultants Private 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. The net movement in valuation has been taken to the Statement of Total Return. It is the intention of the Group to hold the investment properties for the long term.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 1. GENERAL INFORMATION (CONTINUED)

### (b) Manager's management fees (continued)

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

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

The Manager had elected to receive 100% (2017: 100%) of the manager's management fees in the form of Units for the financial year end 31 December 2018.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

For IPO properties:

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

For Wuhan Meiluote property:

- a property and lease management fee equivalent to an amount of RMB 1,105,400 per annum.

#### (ii) Marketing services

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

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

The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties in the IPO Portfolio or the IPO Properties (Note 14) shall only be payable for new leases entered into or existing leases renewed in the year commencing from 1 January 2018 and thereafter.

#### (iii) Project management fee

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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 2018, the current liabilities of the Group and of ECW exceeded the current assets by S\$326,517,000 and S\$31,883,000 respectively. Furthermore, the Group and ECW have borrowings of \$474,705,000 and \$280,746,000 respectively, which are due for repayment within the next 12 months from the report date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and ECW to operate as going concerns.

Notwithstanding the above, the financial statements have been prepared on a going concern basis, as the Manager is confident that the outcome of negotiations with the financial institutions to refinance the borrowings will be favourable and will be completed before these borrowings become due for repayment.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### *Interpretations and amendments to published standards effective in 2018*

On 1 January 2018, 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 except for the following:

#### **FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)**

FRS 115 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations. The new standard is based on the principle that revenue is recognised when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopted this new standard from 1 January 2018 and is of the view that the adoption of this new FRS does not have a material impact on the Group's financial statements.

#### **FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)**

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations. FRS109 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

The Group adopted this new FRS retrospectively from 1 January 2018, in line with the transition provisions permitted under the standard. Comparatives for 2017 is not restated and the Group recognised any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the Statements of Movements in Unitholders' Funds.

The following financial assets are subject to the expected credit losses impairment model under FRS 109:

- Trade and other receivables; and
- Loans to subsidiaries and amounts due from ultimate holding corporation and related parties

The Group is of the view that adoption of this new FRS does not have a material impact on the provision for impairment of the above financial assets.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

#### (c) Dividend income

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

### 2.3 Government grants

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

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

Government grants relating to assets are recognised as deferred income.

### 2.4 Expenses

#### (a) Property expenses

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

#### (b) Trustee's fees

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

#### (c) Manager's management fees

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Income taxes

Current income tax for current and prior year is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

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

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

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

Deferred income tax is measured:

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

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

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

Dividend receivable by ECW from the Singapore Investment Holding Companies are one-tier tax exempt dividends. The Trustee is not taxed on dividend income distributed by the Singapore Investment Holding Companies resident in Singapore.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 net identifiable assets.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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.

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

### 2.8 Investment properties

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

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

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

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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.

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

### 2.11 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

#### (a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. The Manager determines the classification of its financial assets at initial recognition.

##### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 11) and "cash and bank balances" (Note 10) on the Statements of Financial Position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

#### (b) 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 financial asset, the difference between the carrying amount and the sale proceeds is recognised in the Statement of Total Return. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to Statement of Total Return.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the Statement of Total Return when the changes arise.

#### (e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the Statement of Total Return.

The impairment allowance is reduced through the Statement of Total Return in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

The accounting for financial assets from 1 January 2018 are as follows:

#### (f) Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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 asset.

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

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

#### *Initial recognition*

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

#### *Subsequent measurement*

##### (i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and derivative financial instrument.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

#### (f) Classification and measurement (continued)

##### *Subsequent measurement (continued)*

#### (i) Debt instruments (continued)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "finance income".
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "net change in fair value of financial derivatives" and "finance income" respectively.

#### (g) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 22 details how the Group determines whether there has been a significant increase in credit risk.

For trade and other 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.

#### (h) Recognition and derecognition

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Offsetting of financial instruments

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

### 2.13 Cash and cash equivalents

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

### 2.14 Borrowings

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

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

### 2.15 Trade and other payables

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

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

### 2.16 Derivative financial instruments and hedging activities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

### 2.18 Operating 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.

### 2.19 Currency translation

#### (a) Functional and presentation currency

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Currency translation (continued)

#### (b) Transactions and balances

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

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

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

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

#### (c) Translation of Group entities' financial statements

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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

ECW's distribution policy is to distribute, on a semi-annual basis, 100% of its distributable income for the period from the Listing Date to 31 December 2017. With effect from 1 January 2018, ECW will 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, having regard to ECW's funding requirements, other capital management considerations and the overall stability of distributions.

## 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.

### *Uncertain tax positions*

The Group is subject to numerous of taxes in Singapore and China. The Group estimated the amount of tax liabilities ("uncertain tax positions") at each tax jurisdiction based on the best judgment. The Group is of the view that the provisions made at balance sheet date is adequate to address the tax exposures arising from the uncertain tax positions.

### *Fair value estimation of investment properties*

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

## 4. GROSS REVENUE

	Group	
	2018	2017
	S\$'000	S\$'000
Rental income	96,182	91,221
Government grant	38	126
Other operating income	9	21
	96,229	91,368

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 5. PROPERTY EXPENSES

	Group	
	2018	2017
	S\$'000	S\$'000
Property maintenance and repair expenses	1,090	1,454
Property management fee	1,560	1,238
Business and property-related taxes	6,243	5,972
	<u>8,893</u>	<u>8,664</u>

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

## 6. FINANCE COSTS

	Group	
	2018	2017
	S\$'000	S\$'000
Interest expenses:		
– Borrowings	19,400	17,720
– Interest rate swaps	482	1,326
Financing fees	7,128	6,604
Other bank charges	403	199
	<u>27,413</u>	<u>25,849</u>

## 7. OTHER TRUST EXPENSES

	Group	
	2018	2017
	S\$'000	S\$'000
Audit fees	368	207
Valuation fees	97	85
Consultancy and professional fees	218	482
Listing expenses	–	426
Other trust expenses	263	263
	<u>946</u>	<u>1,463</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 8. INCOME TAX EXPENSES

	Group	
	2018	2017
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	–	1
– Foreign	15,449	14,005
	<u>15,449</u>	<u>14,006</u>
Withholding tax	1,006	738
Deferred income tax (Note 18)	8,006	8,868
	<u>24,461</u>	<u>23,612</u>
– (Over)/under provision in prior financial year:		
Current income tax		
– Foreign	(1,163)	552
Deferred income tax (Note 18)	(37)	(398)
	<u>23,261</u>	<u>23,766</u>

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	
	2018	2017
	S\$'000	S\$'000
Total return for the year before income tax	<u>70,196</u>	<u>71,381</u>
Tax calculated using Singapore tax rate of 17% (2017: 17%)	11,933	12,135
Effects of:		
– Different tax rate in foreign jurisdiction	4,841	2,248
– Revaluation of investment properties (Note 18)	7,884	8,899
– Non-tax deductible items, net	4,775	3,223
– Income not subject to tax	(5,978)	(3,631)
– Withholding tax	1,006	738
– (Over)/under provision of tax in prior financial years (net)	(1,200)	154
	<u>23,261</u>	<u>23,766</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 9. EARNINGS PER UNIT

The calculation of basic earnings per Unit is based on:

	Group	
	2018	2017
	S\$'000	S\$'000
Total return attributable to Unitholders of ECW	46,935	47,615
Weighted average number of Units outstanding during the year	787,741	781,196
Basic and diluted earnings per Unit (cents per share)	<u>5.96</u>	<u>6.10</u>

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

## 10. CASH AND BANK BALANCES

	Group		ECW	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank	41,976	33,743	6,212	3,024
Interest reserves	9,107	9,264	3,799	3,799
Cash collaterals	89,322	42,230	-	-
Fixed deposits	1,722	53,407	-	-
	<u>142,127</u>	<u>138,644</u>	<u>10,011</u>	<u>6,823</u>

The interest reserves are bank deposits maintained as required by the offshore term loan and onshore syndicated loan facilities agreements. The cash collaterals are cash deposits maintained for the issuance of Standby Letter of Credit ("SBLC") (Note 17).

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

	Group	
	2018	2017
	S\$'000	S\$'000
Cash and bank balances (as above)	142,127	138,644
Less:		
Interest reserves	(9,107)	(9,264)
Cash collaterals for SBLC facilities	(89,322)	(42,230)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<u>43,698</u>	<u>87,150</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 11. TRADE AND OTHER RECEIVABLES

	Group		ECW	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<i>Current</i>				
Trade receivables				
– Non-related parties	1,129	2,728	–	–
– Related parties	6,856	4,241	–	–
Less: Allowance for impairment of trade receivables (non-related parties)	(199)	(205)	–	–
Trade receivables (net)	7,786	6,764	–	–
Amounts due from ultimate holding corporation (non-trade)	26,909	26,498	–	–
Amounts due from related parties (non-trade)	131	184	–	–
Amounts due from subsidiaries (non-trade)	–	–	247	191
Interest receivables	338	241	–	–
VAT receivables	2,415	1,370	250	90
Other receivables	2,190	2,218	290	17
Less: Allowance for impairment of other receivables (non-related parties)	(1,640)	(1,814)	–	–
Prepayments	205	124	79	59
	<b>38,334</b>	<b>35,585</b>	<b>866</b>	<b>357</b>

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

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount S\$'000	Group and ECW Fair value	
		Asset S\$'000	Liability S\$'000
<b>2018</b>			
<i>Derivatives not held for hedging</i>			
Interest rate swaps	200,000	220	–
Currency option	18,000	109	(95)
		<b>329</b>	<b>(95)</b>
<b>2017</b>			
<i>Derivatives not held for hedging</i>			
Interest rate swaps	200,000	–	1,210
Currency forward	9,000	–	86
		–	<b>1,296</b>

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings (Note 17). Under the interest rate swaps, the Group receives floating interest equal to Singapore Dollar Swap Offer Rate (“SGD SOR”) at every 3 months and pays fixed rates of interest vary from 1.485% to 1.745% per annum (2017: 1.485% to 1.745% per annum). During the financial year, the Group had also entered into currency option contracts to manage its foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. LOANS TO SUBSIDIARIES

	ECW	
	2018	2017
	S\$'000	S\$'000
Loans to subsidiaries	<u>241,557</u>	<u>241,557</u>

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

## 14. INVESTMENT PROPERTIES

	Group	
	2018	2017
	S\$'000	S\$'000
Beginning of the year	1,337,010	1,333,297
Acquisition of a subsidiary (Note 15)	29,207	–
Asset enhancements during the year	1,628	1,803
Disposals during the year	–	(37)
Fair value changes	12,015	21,723
Currency translation differences	(44,826)	(19,776)
End of the year	<u>1,335,034</u>	<u>1,337,010</u>

All investment properties are mortgaged to secure bank loans (Note 17).

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

The overall portfolio valuation in RMB terms increased from RMB 6,522,000,000 (equivalent to S\$1,337,010,000) as at 31 December 2017 to RMB 6,729,000,000 (equivalent to S\$1,335,034,000) as at 31 December 2018.

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

### Fair value hierarchy

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant other observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000
<b>31 December 2018</b>			
– Investment properties	–	–	1,335,034
<b>31 December 2017</b>			
– Investment properties	–	–	1,337,010

There were no changes in valuation techniques during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14. INVESTMENT PROPERTIES (CONTINUED)

### Valuation techniques and key unobservable inputs

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

Description	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	Discounted cash flow	Terminal Capitalisation rate	6.5% – 6.75% (2017: 6.5%)	The higher the terminal capitalisation rate, the lower the valuation.
		Discount rate	8.5% – 9.0% (2017: 8.5% – 9.0%)	The higher the discount rate, the lower the valuation.

### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of the financial year based on the properties' highest and best use. As at 31 December 2018, the fair values of the properties have been determined by Jones Lang LaSalle Property Consultants Private Limited.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES

	2018 S\$	ECW	2017 S\$
<i>Equity investments at cost</i>			
Beginning of the year	51		51
Additions	–		–
End of the year	<u>51</u>		<u>51</u>

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2018 %	2017 %	2018 %	2017 %
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
Hangzhou Chongxian Port Investment Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Chongxian Port Logistics Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Fu Zhuo Industrial Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Bei Gang Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	100	100
Hangzhou Fu Heng Warehouse Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	–	–	100	100
Zhejiang Hengde Sangpu Logistics Co., Ltd.#	Specialised logistics	People's Republic of China, Hangzhou	–	–	100	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2018 %	2017 %	2018 %	2017 %
Wuhan Fute Logistics Co., Ltd <sup>#</sup>	Investment holding	People's Republic of China, Wuhan	–	–	100	–
Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd <sup>#</sup>	E-commerce logistics	People's Republic of China, Wuhan	–	–	100	–
Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd <sup>^</sup>	Supply Chain Management	People's Republic of China, Shanghai	–	–	100	–

\* Audited by PricewaterhouseCoopers LLP, Singapore

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

^ The entity is not subject to audit.

### Acquisition of a subsidiary

On 16 April 2018, ECW's newly incorporated wholly-owned subsidiary Wuhan Fute Logistics Co., Ltd. acquired 100% of equity interest of Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. (the "Acquisition"), a limited liability company incorporated in the PRC at Changfu Industrial Park, Caidian District, Wuhan, Hubei for considerations of RMB145,000,000 (equivalent to S\$30,232,500), adjusted for net liabilities of the Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. as at the completion date of the Acquisition. The net consideration for the Acquisition was RMB138,787,000 (equivalent to S\$28,937,000).

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

	Cost recognised on acquisition 2018 S\$'000
Investment properties (Note 14)	29,207
Trade and other receivables	1,832
Cash and cash equivalents	22
	<u>31,061</u>
Trade and other payables	(2,061)
Deferred income tax liabilities (Note 18)	(63)
Total liabilities	<u>(2,124)</u>
Total identifiable net assets	<u>28,937</u>
Consideration transferred for acquisition:	
Purchase consideration, net of settlement adjustment	28,937
Less: Cash and cash equivalents	(22)
Net cash paid for acquisition	<u>28,915</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 16. TRADE AND OTHER PAYABLES

	Group		ECW	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<i>Current</i>				
Trade payables to:				
– non-related parties	4,333	3,638	–	–
– related parties	668	99	–	–
Interest payables	3,296	3,293	1,484	1,430
Accruals for operating expenses	2,132	2,746	1,882	2,600
Other payables				
– non-related parties	6,907	9,253	14	25
– related parties	477	–	423	–
Deposits	1,404	1,419	–	–
Deferred income	2,691	2,781	–	–
Rental received in advance	1,446	1,368	–	–
	<b>23,354</b>	<b>24,597</b>	<b>3,803</b>	<b>4,055</b>
<i>Non-current</i>				
Tenancy related deposits	54,225	53,079	–	–
Deferred income	2,692	5,561	–	–
	<b>56,917</b>	<b>58,640</b>	<b>–</b>	<b>–</b>
	<b>80,271</b>	<b>83,237</b>	<b>3,803</b>	<b>4,055</b>

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

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

## 17. BORROWINGS

	Group		ECW	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<i>Current</i>				
Secured bank borrowings				
– Onshore facilities	193,959	2,142	–	–
– Offshore facility	198,846	–	198,846	–
– Revolving credit facilities	81,900	38,000	81,900	38,000
	<b>474,705</b>	<b>40,142</b>	<b>280,746</b>	<b>38,000</b>
<i>Non-current</i>				
Secured bank borrowings				
– Onshore facilities	–	198,521	–	–
– Offshore facility	–	196,838	–	196,838
	–	<b>395,359</b>	–	<b>196,838</b>
Total borrowings	<b>474,705</b>	<b>435,501</b>	<b>280,746</b>	<b>234,838</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 17. BORROWINGS (CONTINUED)

The maturity of the borrowings are as follows:

	Group		ECW	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Within 1 year	474,705	40,142	280,746	38,000
After 1 year but within 3 years	–	395,359	–	196,838
	<b>474,705</b>	<b>435,501</b>	<b>280,746</b>	<b>234,838</b>

### *Measurement of fair value*

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

### *Onshore facilities*

The Onshore Borrowers are the Group's subsidiaries namely, Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd. (Note 15).

As at 31 December 2018, the Group has an aggregate amount of RMB 982,950,000 (equivalent to S\$195,017,000) (2017: RMB 993,550,000 (equivalent to S\$203,678,000)) term loan secured by:

- (i) a first ranking pledge over the entire issued equity interest of the Group's subsidiary, Hangzhou Chongxian Port Logistics Co., Ltd. (Note 15);
- (ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the "Onshore Guarantors" refer to the Group's subsidiaries Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., and Hangzhou Chongxian Port Logistics Co., Ltd. (Note 15) and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;
- (iii) a first ranking mortgage over the IPO Properties and Wuhan Meiluote;
- (iv) a pledge of all sales proceeds, rental income, bond pledge and all other revenue derived from the IPO Properties and Wuhan Meiluote;
- (v) an assignment of all material agreements in relation to the IPO Properties and Wuhan Meiluote;
- (vi) an assignment of all insurance policies in relation to the IPO Properties and Wuhan Meiluote with the onshore security agent (being DBS Bank (China) Limited) named as the first beneficiary;
- (vii) an assignment of all present and future rights and interests of the Onshore Borrowers in relation to inter-company debts and shareholder loans made by the Offshore Guarantor (ECW) and/or the Singapore Holding Companies (which consists of Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd.);
- (viii) a subordination deed in relation to the inter-company debts and shareholder loans made to the Onshore Borrowers and/or the Onshore Guarantors; and
- (ix) any other security as may be reasonably required by the lenders.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 17. BORROWINGS (CONTINUED)

### *Offshore Facility*

The Offshore borrower is ECW and as at 31 December 2018, the S\$200,000,000 three-year syndicated term loan secured by:

- (i) an unconditional and irrevocable guarantee from the Singapore Holding Companies (which consists of Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd.) on a joint and several basis;
- (ii) a first ranking pledge over the entire issued share capital of each of the Singapore Holding Companies;
- (iii) a first ranking pledge over the entire issued equity interest of each of the PRC Property Companies (which consists of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd.);
- (iv) a first priority account charge over all bank accounts of ECW (as the "Offshore Borrower") relating to and/or in connection with the IPO Properties and its existing revenue account, operating account and fixed deposit account, and all bank accounts of the Singapore Holding Companies;
- (v) a first fixed and floating charge and debenture over all the assets of the Offshore Borrower relating to and/or in connection with the IPO Properties, and over all of the assets of the Singapore Holding Companies (other than the dividends attributable solely to revenue from Stage 2 Properties), including the assignment of all the rights and benefits under all material contracts, inter-company loans, property management agreement and hedging agreements; and
- (vi) a subordination in relation to inter-company debts and shareholder loans made by ECW or any of its subsidiaries other than shareholder's loan obtained solely in relation to future property acquisition.

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

### *Revolving Credit Facilities*

As at 31 December 2018, ECW has an uncommitted revolving credit facilities of S\$100,000,000 with DBS Bank Ltd ("DBS") and United Overseas Bank Ltd ("UOB"). ECW had drawn down a total of S\$81,900,000 short-term loan backed by SBLC issued by DBS Bank (China) Limited and United Overseas Bank (China) Ltd. The SBLC is collateralised against a cash deposit of RMB450,217,000 (S\$89,322,000) (Note 10).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18. DEFERRED INCOME TAX

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

	Group	
	2018	2017
	S\$'000	S\$'000
Deferred income tax assets		
– To be recovered after 1 year	(366)	(462)
Deferred income tax liabilities		
– To be settled after 1 year	262,808	263,523
Deferred income tax liabilities (net)	<u>262,442</u>	<u>263,061</u>

Deferred income tax liabilities of S\$1,654,000 (2017: S\$1,173,000) have not been recognised for the withholding taxes and other taxes that will be payable on the earnings of its overseas subsidiaries when remitted to the holding company as the Group is in a position to control the dividend policies of these subsidiaries and provision of such taxes is made only when there is a plan for dividend distribution.

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

### *Deferred tax liabilities*

	Fair value gains on investment properties S\$'000	Accelerated tax depreciation S\$'000	Total S\$'000
<b>Group</b>			
<b>2018</b>			
Beginning of the year	261,979	1,544	263,523
Acquisition of a subsidiary (Note 15)	–	63	63
Tax charged for the year	7,884	4	7,888
Currency translation differences	(8,613)	(53)	(8,666)
End of the year	<u>261,250</u>	<u>1,558</u>	<u>262,808</u>
<b>2017</b>			
Beginning of the year	256,871	2,029	258,900
Tax charged for the year	8,899	(451)	8,448
Currency translation differences	(3,791)	(34)	(3,825)
End of the year	<u>261,979</u>	<u>1,544</u>	<u>263,523</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18. DEFERRED INCOME TAX (CONTINUED)

### *Deferred tax assets*

	Accelerated tax depreciation S\$'000	Total S\$'000
<b>Group</b>		
<b>2018</b>		
Beginning of the year	(462)	(462)
Tax charged for the year	81	81
Currency translation differences	15	15
End of the year	<u>(366)</u>	<u>(366)</u>
<b>2017</b>		
Beginning of the year	(492)	(492)
Tax charged for the year	22	22
Currency translation differences	8	8
End of the year	<u>(462)</u>	<u>(462)</u>

## 19. GOVERNMENT GRANT

	Group	
	2018 S\$'000	2017 S\$'000
Government grant	<u>606</u>	<u>659</u>

## 20. UNITS IN ISSUE

	Group and ECW	
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the year	784,658	778,516
Issue of Units:		
– Manager's base fees paid in Units	6,667	6,142
– Manager's performance fees paid in Units	689	–
End of the year	<u>792,014</u>	<u>784,658</u>

During the year, ECW issued 7,356,790 new Units (2017: 6,141,682 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 20. 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) 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.

## 21. COMMITMENT

### (a) Capital commitments

Capital expenditures relating to additions to investment properties contracted for at the reporting date but not recognised in the financial statements amounted to S\$727,000 (2017: S\$814,000).

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

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

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

	Group	
	2018	2017
	S\$'000	S\$'000
Not later than one year	97,925	95,971
Between one and five years	96,321	194,629
	<b>194,246</b>	<b>290,600</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. 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.

### (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 is denominated in RMB. The PRC's special vehicles are held by holding companies in Singapore, which are in turn held by ECW. ECW will pay distributions in Singapore dollars. These various levels of shareholding expose ECW to fluctuations in the currency rates of RMB and SGD. In order to manage the currency risk involved in the investment of assets outside Singapore, the Manager will adopt strategies that may include:

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

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

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<b>Group</b>				
<u>As at 31 December 2018</u>				
<b>Financial assets</b>				
Cash and bank balances	9,517	127,129	5,481	142,127
Trade and other receivables	622	37,712	–	38,334
Receivables from holding corporation/subsidiaries	276,895	136,017	–	412,912
Derivative financial instruments	329	–	–	329
<b>Total financial assets</b>	<b>287,363</b>	<b>300,858</b>	<b>5,481</b>	<b>593,702</b>
<b>Financial liabilities</b>				
Trade and other payables	(3,452)	(69,990)	–	(73,442)
Payables to holding corporation/subsidiaries	(276,895)	(136,017)	–	(412,912)
Borrowings	(280,746)	(193,959)	–	(474,705)
Derivative financial instruments	(95)	–	–	(95)
<b>Total financial liabilities</b>	<b>(561,188)</b>	<b>(399,966)</b>	<b>–</b>	<b>(961,154)</b>
<b>Net financial(liabilities)/assets</b>	<b>(273,825)</b>	<b>(99,108)</b>	<b>5,481</b>	<b>(367,452)</b>
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(727)	–	(727)
Less: Currency options	–	18,000	–	18,000
Less: Net financial liabilities denominated in the respective entities' functional currency	273,825	81,835	–	355,660
<b>Net currency exposure</b>	<b>–</b>	<b>–</b>	<b>5,481</b>	<b>5,481</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<b>Group</b>				
As at 31 December 2017				
<b>Financial assets</b>				
Cash and bank balances	6,887	124,907	6,850	138,644
Trade and other receivables	167	35,418	–	35,585
Receivables from holding corporation/subsidiaries	278,007	91,007	–	369,014
<b>Total financial assets</b>	<b>285,061</b>	<b>251,332</b>	<b>6,850</b>	<b>543,243</b>
<b>Financial liabilities</b>				
Trade and other payables	(4,096)	(69,431)	–	(73,527)
Payables to holding corporation/subsidiaries	(278,007)	(91,007)	–	(369,014)
Borrowings	(234,838)	(200,663)	–	(435,501)
Derivative financial instruments	(1,296)	–	–	(1,296)
<b>Total financial liabilities</b>	<b>(518,237)</b>	<b>(361,101)</b>	<b>–</b>	<b>(879,338)</b>
<b>Net financial (liabilities)/assets</b>	<b>(233,176)</b>	<b>(109,769)</b>	<b>6,850</b>	<b>(336,095)</b>
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(814)	–	(814)
Less: Currency forwards	–	9,000	–	9,000
Less: Net financial liabilities denominated in the respective entities' functional currency	233,176	101,583	–	334,759
<b>Net currency exposure</b>	<b>–</b>	<b>–</b>	<b>6,850</b>	<b>6,850</b>

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

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollars ("USD"). If the USD strengthened/weakened against the SGD by 5% (2017: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset would increase/decrease the total return by S\$274,000 (2017: S\$343,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

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

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

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

	Group Carrying amount		ECW Carrying amount	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Variable rate instruments				
– Onshore borrowings	195,017	203,678	–	–
– Offshore borrowings	200,000	200,000	200,000	200,000
– Revolving credit facilities	81,900	38,000	81,900	38,000
– Interest rate swaps	200,000	200,000	200,000	200,000
	<b>676,917</b>	<b>641,678</b>	<b>481,900</b>	<b>438,000</b>

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

A change in the interest rate at the reporting date would have an impact on the total return. If the interest rates increase/decrease by 25 (2017: 25) basis points ("bp") at the reporting date, the total return would be lower/higher by S\$693,000 (2017: S\$604,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. 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 receivables. Cash and bank balances are subject to immaterial credit loss. For trade 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.

The trade and other receivables of the Group comprise 1 debtor that represent 80% of trade and other receivables. 80% of the Group's trade and other receivables are due from related parties which are incorporated in the PRC.

As the Group does not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except that certain trade receivables were secured with the security deposit placed with the Group by customers.

#### *Trade and other receivables*

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

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Impaired receivables (net of security deposits) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to respond to demand letter. 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\$116,000 due to collections.

As at 31 December 2018, the Group and ECW do not have significant concentration of credit risks.

#### *Previous accounting policy for impairment of trade receivables*

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The trade and other receivables of the Group comprise 1 debtor that represent 82% of trade and other receivables. 82% of the Group's trade and other receivables were due from related parties which are incorporated in the PRC.

ECW did not have trade receivable balances outstanding as at 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### *Previous accounting policy for impairment of trade receivables (continued)*

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired were mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that were neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

The age analysis of trade and other receivables past due but not impaired is as follows:

	<b>Group</b> 2017 S\$'000
Past due 0 to 3 months	6,975
Past due over 3 months	193
	<u>7,168</u>

#### (ii) Financial assets that are past due and/or impaired

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment was as follows:

	<b>Group</b> 2017 S\$'000
Past due over 3 months	2,019
Less: Allowance for impairment	(2,019)
	<u>-</u>
Beginning of the year	954
Allowance made	1,074
Currency translation differences	(9)
End of the year	<u>2,019</u>

ECW has no financial assets that are past due and/or impaired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 2 to 3 years S\$'000
<b>Group</b>			
<b>2018</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	(408,948)	(408,948)	–
Revolving credit facilities	(82,807)	(82,807)	–
Trade and other payables*	(75,942)	(15,921)	(60,021)
<b>Derivative financial liabilities</b>			
Interest rate swaps^	92	92	–
<b>2017</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	(434,694)	(22,989)	(411,705)
Revolving credit facilities	(38,152)	(38,152)	–
Trade and other payables*	(78,996)	(17,155)	(61,841)
<b>Derivative financial liabilities</b>			
Interest rate swaps^	(1,997)	(1,340)	(657)
Currency forward			
– Receipts	9,000	9,000	–
– Payments	(9,133)	(9,133)	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 2 to 3 years S\$'000
<b>ECW</b>			
<b>2018</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	(206,202)	(206,202)	–
Revolving credit facilities	(82,807)	(82,807)	–
Trade and other payables*	(2,319)	(2,319)	–
<b>Derivative financial liabilities</b>			
Interest rate swaps^	92	92	–
<b>2017</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	(212,389)	(8,311)	(204,078)
Revolving credit facilities	(38,152)	(38,152)	–
Trade and other payables*	(2,625)	(2,625)	–
<b>Derivative financial liabilities</b>			
Interest rate swaps^	(1,997)	(1,340)	(657)
Currency forward			
– Receipts	9,000	9,000	–
– Payments	(9,133)	(9,133)	–

\* Exclude deferred income and rental received in advance.

^ For the purpose of the contractual cash flows calculation, SOR ranging from 0.91816% to 1.98523% (2017: from 0.66717% to 1.19587%) and a floating rate at 110% of the 1-to-5 year PBOC Lending Base Rate of 4.75% (2017: 4.75%) were being used.

### (d) Capital risk

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property at the time the borrowing is incurred, taking into account deferred payments, including deferred payments for assets whether to be settled in cash or in Units.

The Group has complied with the Aggregate Leverage requirements for the financial years ended 31 December 2018 and 31 December 2017:

	2018 S\$'000	2017 S\$'000
<b>Group</b>		
Total borrowings and deferred payment	476,917	441,678
Total assets	1,515,824	1,511,239
Aggregate leverage ratio	31.5%	29.2%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk (continued)

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

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

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

The table below presents financial assets and liabilities measured and carried at fair value and classified by the following level of fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date. These investments are classified as Level 2 and comprise debt investments and 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 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Carrying amount			Fair value				
	Financial asset at fair value through profit or loss S\$'000	Financial asset at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>Group 2018</b>								
<b>Financial assets</b>								
Cash and bank balances	-	142,127	-	142,127	-	-	-	-
Trade and other receivables*	-	38,129	-	38,129	-	-	-	-
Derivative financial instruments	329	-	-	329	-	329	-	329
	<u>329</u>	<u>180,256</u>	<u>-</u>	<u>180,585</u>				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	73,442	73,442	-	-	-	-
Borrowings	-	-	474,705	474,705	-	-	-	-
Derivative financial instruments	95	-	-	95	-	95	-	95
	<u>95</u>	<u>-</u>	<u>548,147</u>	<u>548,242</u>				
<b>2017</b>								
<b>Financial assets</b>								
Cash and bank balances	-	138,644	-	138,644	-	-	-	-
Trade and other receivables*	-	35,461	-	35,461	-	-	-	-
	<u>-</u>	<u>174,105</u>	<u>-</u>	<u>174,105</u>				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	73,527	73,527	-	-	-	-
Borrowings	-	-	435,501	435,501	-	-	-	-
Derivative financial instruments	1,296	-	-	1,296	-	1,296	-	1,296
	<u>1,296</u>	<u>-</u>	<u>509,028</u>	<u>510,324</u>				

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Carrying amount			Fair value				
	Financial asset at fair value through profit or loss S\$'000	Financial asset at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>ECW 2018</b>								
<b>Financial assets</b>								
Cash and bank balances	-	10,011	-	10,011	-	-	-	-
Trade and other receivables*	-	787	-	787	-	-	-	-
Derivative financial instruments	329	-	-	329	-	329	-	329
Loans to subsidiaries	-	241,557	-	241,557	-	-	-	-
	<b>329</b>	<b>252,355</b>	<b>-</b>	<b>252,684</b>				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	3,803	3,803	-	-	-	-
Borrowings	-	-	280,746	280,746	-	-	-	-
Derivative financial instruments	95	-	-	95	-	95	-	95
	<b>95</b>	<b>-</b>	<b>284,549</b>	<b>284,644</b>				
<b>2017</b>								
<b>Financial assets</b>								
Cash and bank balances	-	6,823	-	6,823	-	-	-	-
Trade and other receivables*	-	298	-	298	-	-	-	-
Loans to subsidiaries	-	241,557	-	241,557	-	-	-	-
	<b>-</b>	<b>248,678</b>	<b>-</b>	<b>248,678</b>				
<b>Financial liabilities</b>								
Trade and other payables^	-	-	4,055	4,055	-	-	-	-
Borrowings	-	-	234,838	234,838	-	-	-	-
Derivative financial instruments	1,296	-	-	1,296	-	1,296	-	1,296
	<b>1,296</b>	<b>-</b>	<b>238,893</b>	<b>240,189</b>				

\* Excludes prepayments

^ Excludes deferred income and rental received in advance

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

For financial reporting purposes under FRS 110 *Consolidated Financial Statements*, the Group is regarded as a subsidiary of Forchn International Pte. Ltd.. The immediate and ultimate holding companies are Forchn International Pte. Ltd. and Forchn Holdings Group Co., Ltd. incorporated in Singapore and the People's Republic of China respectively.

## 24. 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	
	2018	2017
	S\$'000	S\$'000
Property management fees paid/payable	1,560	1,238
Trustee's fees paid/payable	289	277
Manager's base fees paid/payable	4,901	4,711
Manager's performance fees payable	223	594
Rental and other related income received/receivable from related parties	(75,718)	(75,329)
Operating lease commitment where the Group is a lessor	<u>150,997</u>	<u>232,010</u>

Outstanding balances at 31 December 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Notes 11 and 16 respectively.

## 25. FINANCIAL RATIOS

	Group	
	2018	2017
	%	%
Ratio of expenses to weighted average net assets <sup>1</sup>		
– including performance component of Manager's fees	0.92	0.92
– excluding performance component of Manager's fees	0.89	0.84
Portfolio turnover ratio <sup>2</sup>	<u>4.39</u>	–

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses, borrowing costs and income tax expenses.

2 In accordance with the formulae stated in the CIS Code, the ratio reflects the number of times per year that a dollar of assets is reinvested. The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26. SEGMENT INFORMATION

The Group had determined the operating segments based on reports reviewed by Management that are used to make strategic decisions, allocate resources and assess performance. Management comprises the Chief Executive Officer, Chief Financial Officer and the Head of Investment, Asset Management and Investor Relations. 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	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Group</b>								
Gross revenue	44,757	42,141	14,785	14,807	36,687	34,420	96,229	91,368
Property expenses	(3,079)	(3,308)	(1,121)	(984)	(4,693)	(4,372)	(8,893)	(8,664)
<b>Net property income</b>	<b>41,678</b>	<b>38,833</b>	<b>13,664</b>	<b>13,823</b>	<b>31,994</b>	<b>30,048</b>	<b>87,336</b>	<b>82,704</b>
Net change in fair value of investment properties	4,356	16,333	1,354	1,429	6,305	3,961	12,015	21,723
Finance income							1,519	1,481
Finance costs							(27,413)	(25,849)
Other trust expenses*							(6,359)	(7,045)
Exchange differences							1,835	234
Net change in fair value of financial derivatives							1,263	(1,867)
Total return for the financial year before income tax							70,196	71,381
Income tax expenses							(23,261)	(23,766)
<b>Total return for the financial year after income tax before distribution</b>							<b>46,935</b>	<b>47,615</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26. SEGMENT INFORMATION (CONTINUED)

### Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Group</b>								
Segment assets								
– Investment properties	637,063	653,130	291,648	299,915	406,323	383,965	1,335,034	1,337,010
– Trade and other receivables	9,444	7,491	266	156	28,003	27,771	37,713	35,418
Unallocated assets							143,077	138,811
<b>Total assets</b>							<b>1,515,824</b>	<b>1,511,239</b>
Segment liabilities	172,339	177,583	67,561	68,288	109,287	106,856	349,187	352,727
Unallocated liabilities								
– Borrowings							474,705	435,501
– Others							3,380	5,393
<b>Total liabilities</b>							<b>827,272</b>	<b>793,621</b>

## 27. 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 2019 and which the Group has not early adopted:

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

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

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group does not expect material impact on its financial statements upon adoption of the standard. However, some additional disclosures will be required from next year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 27. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (b) INT FRS 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 3 on the adoption of the interpretation on 1 January 2019.

## 28. EVENTS OCCURRING AFTER STATEMENTS OF FINANCIAL POSITION DATE

The Manager announced a distribution of 1.570 cents per unit for the period from 1 October 2018 to 31 December 2018.

On 22 February 2019, ECW announced the proposed entry into the New Master Lease Agreements ("New Master Lease Agreements") for Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. The New Master Lease Agreements will significantly extend ECW's weighted average lease to expiry, provides income certainty and sustainability with organic growth through built-in rental escalations. A circular will be issued to the Unitholders of ECW in due course, together with a notice of extraordinary general meeting, for the purpose of seeking the approval of Unitholders for the proposed entry into the New Master Lease Agreements.

## 29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 25 March 2019.

## 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 2018, 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	4,901	-
- Manager's performance fees	223	-
Forchn Holdings Group Co. Ltd. and its subsidiaries		
- Waiver of penalty fees	5,799	-
- Property management fees	1,842	-
DBS Trustee Limited		
- Trustee's fees	289	-

Saved as disclosed above, there were no additional interested person/party transactions (excluding transactions less than S\$100,000 each) nor any material contracts entered into by ECW involving the interests of the CEO, each Director or controlling shareholder of the Manager or controlling Unitholder. The entry into and the fees and charges payable (where applicable) by EC World REIT and its subsidiaries under the Trust Deed, the Sponsor ROFR, the ZGB ROFR, the Master Leases, the Corporate Guarantees, the Call Option Agreement, the Grant Agreement, the Outsourcing Agreement, the Deeds of Indemnity, the Master Property Management Agreement and the Individual Property Management Agreements and the leases set out in the Prospectus for Initial Public Offer, section "2016 Other Related Party Transactions", each of which constitutes or will, when entered into, constitute a Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect EC World REIT and its subsidiaries.

## ADDITIONAL INFORMATION

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial year from 1 January 2018 to 31 December 2018.

For Period	Issue Date	Units issued	Issue Price (S\$)*
1 October 2017 to 31 December 2017	20 April 2018	2,243,938	0.7592
1 January 2018 to 31 March 2018	19 June 2018	1,564,099	0.7407
1 April 2018 to 30 June 2018	6 September 2018	1,732,795	0.7199
1 July 2018 to 30 September 2018	5 December 2018	1,815,958	0.6895

\* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

Please also see Related party transactions in Note 24 to the financial statements

### B. UTILISATION OF THE SECURITY DEPOSITS

As at the reporting date, the Group has received rental deposits of RMB301.7 million (equivalent to S\$59.8 million) from the Master Lease tenants (the "Security Deposits"). As announced on 30 September 2016 and 14 October 2016, the Manager had intended to utilize the Security Deposits to finance the acquisition of an asset.

By 16 April 2018, the Manager have used the Security Deposits to finance the acquisition costs of Wuhan Meiluote. The total acquisition costs comprised of the purchase consideration of S\$30.3 million<sup>1</sup>, the acquisition fee<sup>2</sup> of S\$0.3 million payable to the Manager pursuant to the trust deed dated 5 August 2015 (as amended and restated) and professional fees and other expenses of approximately S\$0.4 million. The net consideration for the Acquisition was RMB138,787,000 (equivalent to S\$28,937,000)<sup>3</sup>.

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.

<sup>1</sup> Based on illustrative exchange rate of S\$1.00 to RMB 4.79 as at 27 February 2018.

<sup>2</sup> Being 1.0% of the purchase consideration.

<sup>3</sup> Please see Investments in Subsidiaries after Statement of Financial Position in Note 15 to the financial statements.

# STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2019

## ISSUED UNITS

There were 792,014,317 Units (voting rights: one vote per Unit) issued in EC World REIT as at 12 March 2019. There is only one class of Units in EC World REIT. There were no treasury units and subsidiary holdings.

## DISTRIBUTION OF UNITHOLDINGS

Size Of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	4	0.17	114	0.00
100 - 1,000	320	13.28	288,340	0.04
1,001 - 10,000	1,137	47.18	6,798,898	0.86
10,001 - 1,000,000	933	38.71	46,419,070	5.86
1,000,001 AND ABOVE	16	0.66	738,507,895	93.24
<b>TOTAL</b>	<b>2,410</b>	<b>100.00</b>	<b>792,014,317</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	ICBC (SINGAPORE) NOMINEES PRIVATE LIMITED	322,957,200	40.78
2	RAFFLES NOMINEES (PTE.) LIMITED	137,510,200	17.36
3	DBS NOMINEES (PRIVATE) LIMITED	133,433,001	16.85
4	CITIBANK NOMINEES SINGAPORE PTE LTD	71,592,994	9.04
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	35,155,600	4.44
6	EC WORLD ASSET MANAGEMENT PTE LTD	13,872,010	1.75
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,705,590	0.85
8	PHILLIP SECURITIES PTE LTD	3,953,600	0.50
9	OCBC SECURITIES PRIVATE LIMITED	2,779,600	0.35
10	MERRILL LYNCH (SINGAPORE) PTE. LTD.	2,474,800	0.31
11	ABN AMRO CLEARING BANK N.V.	1,906,000	0.24
12	ATMA SINGH S/O NAND SINGH	1,458,700	0.18
13	DB NOMINEES (SINGAPORE) PTE LTD	1,341,800	0.17
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,277,500	0.16
15	UOB KAY HIAN PRIVATE LIMITED	1,081,900	0.14
16	IFAST FINANCIAL PTE. LTD.	1,007,400	0.13
17	CHIA POH LEONG	973,600	0.12
18	HSBC (SINGAPORE) NOMINEES PTE LTD	923,500	0.12
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	913,800	0.12
20	LIEW HEE CHEONG	799,400	0.10
	<b>TOTAL</b>	<b>742,118,195</b>	<b>93.71</b>

# STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2019

## SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 12 MARCH 2019

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of EC World REIT as at 12 March 2019 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. <sup>(1)</sup>	-	336,829,210
3	Forchn Holdings Group Co., Ltd. <sup>(2)</sup>	-	336,829,210
4	Zhang Guobiao <sup>(3)</sup>	-	336,829,210
5	Zhang Zhangsheng <sup>(4)</sup>	-	336,829,210
6	BOCOM International Global Investment Limited	61,728,300	-
7	BOCOM International Holdings Company Limited <sup>(5)</sup>	-	61,728,300
8	Bank of Communications Co., Ltd. <sup>(6)</sup>	-	61,728,300
9	Fosun International Holdings Ltd. <sup>(7)</sup>	7,229,694	66,736,306
10	Guo Guangchang <sup>(8)</sup>	-	73,966,000
11	Liang Xinjun <sup>(9)</sup>	-	73,966,000
12	Sunkits Resources Limited	95,061,700	-
13	China Cinda (HK) Asset Management Co., Limited <sup>(10)</sup>	-	95,061,700
14	China Cinda (HK) Holdings Company Limited <sup>(11)</sup>	-	95,061,700
15	China Cinda Asset Management Co., Ltd. <sup>(12)</sup>	-	95,061,700
16	Ministry of Finance of The People's Republic of China <sup>(13)</sup>	-	95,061,700
17	Hu Yuqing	45,183,400	-
18	Providence World I Pte Ltd	66,736,306	-
19	The Bank of New York Mellon	66,736,306	-
20	The Bank of New York Mellon Corporation <sup>(14)</sup>	-	66,736,306

### Notes:

- (1) Forchn International Pte. Ltd. is deemed to be interested in the Units held by its wholly-owned subsidiaries, Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- (2) Forchn Holdings Group Co., Ltd. is the sole shareholder of Forchn International Pte. Ltd., which is in turn the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd. Accordingly, Forchn Holdings Group Co., Ltd. is deemed to be interested in the Units held by Forchn Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (3) Zhang Guobiao owns 80% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by Forchn Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (4) Zhang Zhangsheng owns 20% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Zhangsheng is deemed to be interested in the Units held by Forchn Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..
- (5) BOCOM International Holdings Company Limited is deemed to be interested in the Units held by its wholly-owned subsidiary, BOCOM International Global Investment Limited.
- (6) Bank of Communications Co., Ltd. is deemed to be interested in the Units held by BOCOM International Global Investment Limited. BOCOM International Global Investment Limited is a wholly-owned subsidiary of BOCOM International Holdings Company Limited. BOCOM International Holdings Company Limited is a wholly-owned subsidiary of Bank of Communications Co., Ltd..
- (7) Fosun International Holdings Ltd. is deemed to be interested in the Units held by Providence World I Pte Ltd pursuant to an unit transfer agreement executed with Providence World I Pte Ltd.
- (8) 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..
- (9) Liang Xinjun owns 24.44% of Fosun International Holdings Ltd. Accordingly, he is deemed to be interested in the Units held by Fosun International Holdings Ltd..

# STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2019

- (10) China Cinda (HK) Asset Management Co., Limited. is deemed to be interested in the Units held by its wholly-owned subsidiary, Sunkits Resources Limited.
- (11) 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.
- (12) 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..
- (13) 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..
- (14) The Bank of New York Mellon, London Branch provides custodial services as a bare trustee under a Custody Agreement and has a security interest over the Units as a Trustee under a Trust Deed. The Bank of New York Mellon Corporation is treated as having an interest in the Units by virtue of it being 100% shareholder of The Bank of New York Mellon.

## UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2019

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 Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1 Zhang Guobiao <sup>(1)</sup>	-	336,829,210
2 Goh Toh Sim	821,575	-
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 Global Pte. Ltd. and Units held by EC World Asset Management Pte. Ltd..

## FREE FLOAT

Based on information available to the Manager as at 12 March 2019, approximately 22.46% 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.

# NOTICE OF ANNUAL GENERAL MEETING

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE  
PURSUANT TO A TRUST DEED DATED 5 AUGUST 2015 (AS AMENDED))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of EC World Real Estate Investment Trust ("**EC World REIT**", and the holders of units of EC World REIT, the "**Unitholders**") will be held at Stephen Riady Auditorium @ NTUC Centre, Level 7 One Marina Boulevard, Singapore 018989 on Monday, 22 April 2019 at 2:00 p.m. to transact the following business:

## (A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of EC World REIT (the "**Trustee**"), the Statement by EC World Asset Management Pte. Ltd., as manager of EC World REIT (the "**Manager**") and the Audited Financial Statements of EC World REIT for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**
2. To re-appoint PricewaterhouseCoopers LLP as Auditors of EC World REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

## (B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

3. **GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES**  
That authority be given to the Manager to
  - (a) (i) issue units in EC World REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Units,
 

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
  - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

## NOTICE OF ANNUAL GENERAL MEETING

- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”), for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
- (a) any new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting EC World REIT (as amended) (“Trust Deed”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of EC World REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of EC World REIT or (b) the date by which the next AGM of EC World REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of EC World REIT to give effect to the authority conferred by this Resolution.

**(Ordinary  
Resolution 3)**

(Please see Explanatory Note)

By Order of the Board

EC World Asset Management Pte. Ltd.  
as Manager of EC World REIT  
(Company Registration No. 201523015N)

Victor Lai  
Josephine Toh  
Company Secretaries

Singapore  
29 March 2019

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Note:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of EC World REIT, or (ii) the date by which the next AGM of the Unitholders of EC World REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

## Important Notice:

1. A Unitholder who is not a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Unit Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by EC World REIT (or its agents) for the purpose of the processing and administration by EC World REIT (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for EC World REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to EC World REIT (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by EC World REIT (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify EC World REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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# PROXY FORM

## ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 August 2015 (as amended))

**IMPORTANT:**

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For CPF investors who have used their CPF monies to buy units in EC World REIT, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2019.

I/We, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport Number/Company Registration Number)

of \_\_\_\_\_ (Address)

being a Unitholder/Unitholders of EC World Real Estate Investment Trust ("EC World REIT"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of Unitholders of EC World REIT to be held at Stephen Riady Auditorium @ NTUC Centre, Level 7 One Marina Boulevard, Singapore 018989 on Monday, 22 April 2019 at 2:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Ordinary Resolutions	No. of votes 'For'*	No. of votes 'Against'*
<b>ORDINARY BUSINESS</b>			
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of EC World REIT for the financial year ended 31 December 2018 together with the Auditors' Report thereon.		
2.	To re-appoint PricewaterhouseCoopers LLP as Auditors of EC World REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration.		
<b>SPECIAL BUSINESS</b>			
3.	To authorise the Manager to issue new Units and to make or grant convertible instruments.		

\* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

\_\_\_\_\_  
Signature of Unitholder(s)/ Common Seal of Corporate Unitholder

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to the Proxy Form:**

1. A unitholder of EC World REIT (“Unitholder”) who is not a relevant intermediary and entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

“Relevant intermediary” means:

  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited (“CDP”), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the “Proxy Form”) must be deposited at the Unit Registrar’s Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for holding the Meeting.
5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the Meeting, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
8. All Unitholders will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is a Unitholder. A person entitled to more than one vote need not use all his or her votes or cast them the same way.

# CORPORATE INFORMATION

## EC WORLD REAL ESTATE INVESTMENT TRUST

REGISTERED ADDRESS  
DBS Trustee Limited  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

## WEBSITE & EMAIL ADDRESS

www.ecwreit.com  
ir@ecwreit.com

## TRUSTEE

**DBS Trustee Limited**  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: +65 6878 8888  
Fax: +65 6878 3977

## THE MANAGER

REGISTERED ADDRESS  
**EC World Asset Management Pte. Ltd.**  
9 Raffles Place  
#45-02 Republic Plaza  
Singapore 048619  
Tel: +65 6221 9018  
Fax: +65 6221 9338

## BOARD OF DIRECTORS

**Zhang Guobiao**  
Chairman and Non-Executive Director

**Chan Heng Wing**  
Independent Non-Executive Director  
and Lead Independent Director

**Wong See Hong**  
Independent Non-Executive Director

**Chia Yew Boon**  
Independent Non-Executive Director

**Li Guosheng**  
Independent Non-Executive Director

**Goh Toh Sim**  
Executive Director  
and Chief Executive Officer

## AUDITOR

**PricewaterhouseCoopers LLP**  
Public Accountants and Chartered  
Accountants  
7 Straits View  
Marina One  
East Tower, Level 12  
Singapore 018936  
Tel: +65 6236 3388  
Fax: +65 6236 3300

Partner-In-Charge:  
Toh Wee Keong  
(With effect from financial year  
ended 31 December 2017)

## AUDIT AND RISK COMMITTEE

**Wong See Hong**  
Chairman

**Chia Yew Boon**  
**Li Guosheng**

## NOMINATING AND REMUNERATION COMMITTEE

**Li Guosheng**  
Chairman

**Zhang Guobiao**  
**Chan Heng Wing**  
**Chia Yew Boon**

## COMPANY SECRETARIES OF THE MANAGER

**Lai Kuan Loong Victor**  
**Josephine Toh**

## LEGAL ADVISER

**Allen & Gledhill LLP**  
One Marina Boulevard #28-00  
Singapore 018989  
Tel: +65 6890 7188  
Fax: +65 6327 3800

## STOCK CODE

BWCU

## UNIT REGISTRAR

**Boardroom Corporate & Advisory  
Services Pte. Ltd.**  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: +65 6536 5355  
Fax: +65 6536 1360



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Fax: +65 6221 9338

[www.ecwreit.com](http://www.ecwreit.com)