



ORCHESTRATING OUR FUTURE

ANNUAL
REPORT
2021



EC World
运通网城 REIT



CORPORATE PROFILE

Listed on 28 July 2016, EC World Real Estate Investment Trust (“ECW REIT” or “ECW”) is the first specialized and e-commerce logistics real estate investment trust listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). It has a portfolio of eight quality properties located in the People’s Republic of China (“PRC”) within the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan.

ECW REIT offers investors unique exposure to the specialised logistics and e-commerce sector in the PRC. As at 31 December 2021, ECW REIT’s portfolio of eight properties has an aggregate net lettable area of 960,461 sqm valued at approximately S\$1.7 billion.

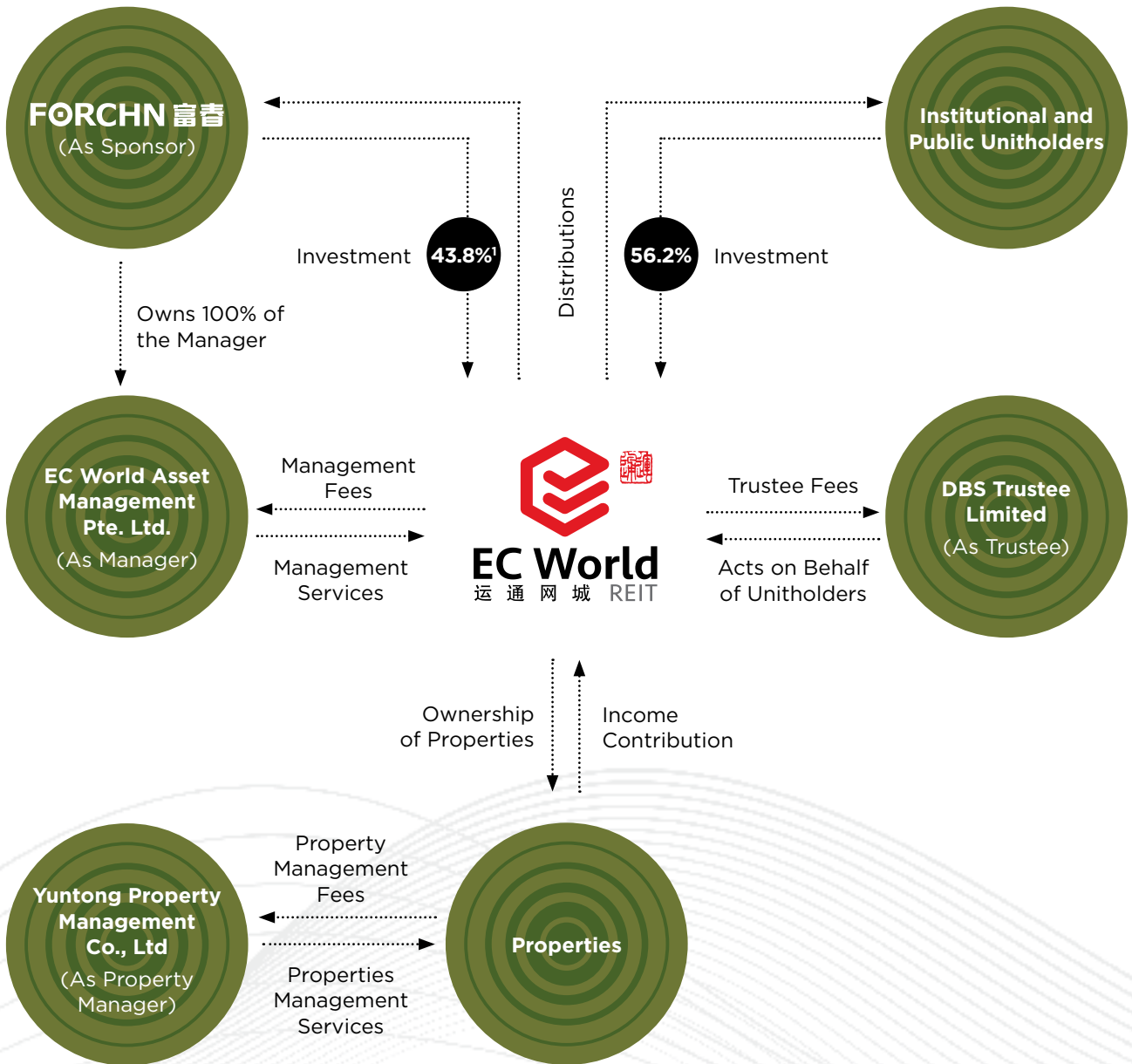
ECW REIT’s investment strategy is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and third-party logistics purposes, as well as real estate-related assets, with an initial geographical focus on the PRC.

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

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TRUST STRUCTURE

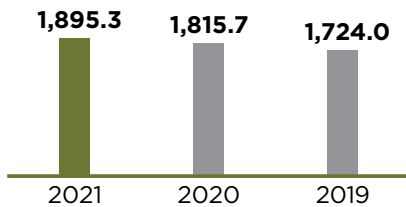


¹ As at 31 December 2021. Includes Units held by the Manager.

FINANCIAL HIGHLIGHTS

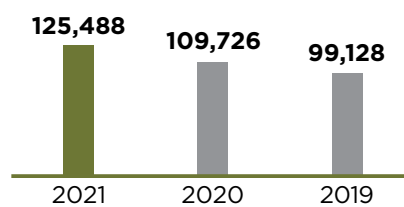
Total Assets

S\$ (m)



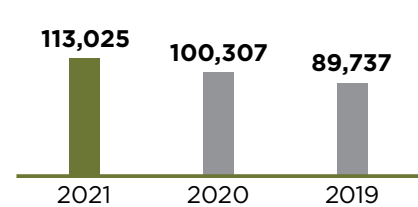
Gross Revenue

S\$ ('000)



Net Property Income

S\$ ('000)



Balance Sheet (S\$ million)	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017
Total Assets	1,895.3	1,815.7	1,724.0	1,515.8	1,511.2
Investment Properties	1,673.9	1,623.7	1,567.6	1,335.0	1,337.0
Total Liabilities	1,143.5	1,100.1	1,040.1	827.3	793.6
Net Assets	751.8	715.5	683.9	688.6	717.6

Key Financial Indicator

Gross borrowings / Total assets	38.2%	38.1%	38.7%	31.5%	29.2%
Interest cover ratio (times) ¹	2.9	2.6	2.8	3.3	3.2
Weighted average debt maturity	0.6 years	1.6 years	2.6 years	0.5 years	1.5 years
Annualised all-in interest rate	4.9%	5.1%	5.4%	5.2%	5.3%
Annualised all-in blended running interest rate ²	4.1%	4.3%	4.5%	4.3%	4.4%
Total operating expenses as percentage of net assets ³	1.7%	1.3%	1.4%	1.3%	1.2%

Financial Performance	For the financial year ended 31 December 2021	For the financial year ended 31 December 2020	For the financial year ended 31 December 2019	For the financial year ended 31 December 2018	For the financial year ended 31 December 2017
Gross Revenue (S\$'000)	125,488	109,726	99,128	96,229	91,368
Net Property Income (S\$'000)	113,025	100,307	89,737	87,336	82,704
Distribution to Unitholders (S\$million)	50,615	43,111	48,208	48,801	47,117
Distribution Per Unit (Singapore cents)	6.263 ⁶	5.359 ⁵	6.047 ⁴	6.179	6.025
Distribution yield (%) (Based on IPO price of S\$0.81 per Unit)	7.7	6.6	7.5	7.6	7.4
Distribution yield (%) (Based on Unit Price of S\$0.77 per Unit on 31 Dec 2021)	8.1	7.0	7.9	8.0	7.8

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

^[2] Exclude upfront financing fee.

^[3] Defined as property expenses divided by net assets.

^[4] For FY19, the Manager resolved to distribute 98.7% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 6.127 cents

^[5] For FY20, the Manager resolved to distribute 91.3% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 5.869 cents

^[6] FY21 distribution includes payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021 amounting to approximately S\$2.0 million.



CONDUCTING GREATER EXCELLENCE

OPTIMISING VALUE FOR STAKEHOLDERS



ZHANG GUOBIAO

Chairman of the Board & Non-Executive Director

“The world’s focus remained on COVID-19 in 2021. The emergence of the Delta and Omicron variants threatened to derail the reopening of economics worldwide.

Despite the restrictions in physical meetings, I am heartened by the continued support and trust from the investing community and business partners.”



LETTER TO UNITHOLDERS

Dear Unitholders,

The world's focus remained on COVID-19 in 2021. The emergence of the Delta and Omicron variants threatened to derail the reopening of economics worldwide. Countries adopted different strategies towards economic recovery and normalcy in a post-pandemic world following the 2020 coronavirus-caused downturn. Across industries, imbalances remained. Sectors dependent on interpersonal contact such as travel, tourism and leisure continued to suffer, while demand for consumer goods, food and energy as well as new technology product remained healthy.

Within China, economic recovery momentum was maintained despite challenges from the uneven and unstable domestic economy. Sporadic outbreaks of COVID-19 in various cities as well as uncertainties in the international environment remained as concerns. In 2021, China's economy grew 8.1%, aided by growth in investment in fixed asset, industrial production in high-tech development and manufacturing as well as improvements in trade imports and exports¹.

Nevertheless, for 4Q2021, the economy slowed to 4.0% growth from the 4.9% growth in 3Q2021. The Chinese government warned of the triple pressure of demand contraction, supply shocks and weakening expectations amid an increasingly complicated external environment¹. For 2022, the Chinese government set a GDP target of 5.5%, as headwinds in global economic recovery persist^{2,3}.

Conducting a Sustainable Business

In FY2021, ECW achieved a year-on-year increase of 14.4% (9.8% in RMB terms) and 12.7% (8.2% in RMB terms) in Gross Revenue and Net Property Income to S\$125.5 million and S\$113.0 million respectively. The growth is largely attributed to strengthening of RMB, positive straight-lining and the absence of one-off rental rebate provided to tenants in FY2020 to mitigate the adverse impact of the COVID-19 situation on tenants' operations.

The Manager declared a Distribution per Unit ("DPU") of 6.263 cents for FY2021, 16.9% higher than the DPU of 5.359 cents achieved in FY2020. For FY2021, in the interest of the Unitholders, the Manager has elected to make a voluntary one-off waiver of its entitled performance fee of about

S\$0.8 million, being the extent of the rental rebates provided in FY2020 which resulted in a lower DPU for the last financial year. Should the Manager choose to collect its performance fee entitlement in full, DPU would have been 6.217 cents instead of 6.263 cents for FY2021.

Portfolio valuation of ECW's eight properties remained relatively stable. As of 31 December 2021, portfolio valuation declined marginally to RMB7,892 million compared to RMB8,022 million as at 31 December 2020. In SGD terms, portfolio valuation increased by 3.1% to S\$1,674 million compared to S\$1,624 million due to appreciation of RMB against SGD.

Optimising Existing Portfolio

During the year, the Manager successfully renewed a major lease for 74,057 square metres ("sqm") in relation to Hengde Logistics, with China Tobacco Zhejiang Industrial Co., Ltd ("China Tobacco") following an earlier lease renewal with China Tobacco for 159,752 sqm of space in October 2020. This is a testament to the quality of ECW's asset and the positive working relationship with our tenants.

Portfolio occupancy remained healthy at 99.2% with a weighted average lease to expiry ("WALE") of 2.7 years (by gross rental income) and 2.3 years (by net lettable area). Four of the ECW's eight properties are on master leases with fixed rental escalation, thus providing organic growth to the portfolio. The Manager continues to work closely to the Property Manager in China to enhance portfolio returns.

In January 2022, ECW was notified that the People's Government of Linping District Hangzhou City, People's Republic of China had served a formal notice for the compulsory expropriation of Fu Zhuo Industrial, a port property. Fu Zhuo Industrial accounted for 1.48% of ECW's portfolio valuation as at 31 December 2021. The Compensation Package of RMB 108.5 million is 92.8% of ECW's valuation of Fu Zhuo Industrial as at 31 December 2021 and 26.8% higher than ECW's purchase price of RMB 85.6 million. In its announcement on 9 March 2022, the Manager had indicated its intention for the disbursement of proceeds. The Manager will make the necessary announcement as and when the proceeds are utilised.

¹ http://www.stats.gov.cn/english/PressRelease/202201/t20220117_1826409.html

² <https://www.reuters.com/markets/asia/china-cuts-2022-gdp-growth-target-around-55-2022-03-05/>

³ <https://www.reuters.com/markets/rates-bonds/china-premier-says-not-easy-achieve-gdp-growth-goal-around-55-this-year-2022-03-11/>

Enhancing Capital Structure

As at 31 December 2021, ECW's aggregate leverage ratio remains stable at 38.2% (31 December 2020: 38.1%) with a running interest rate of 4.1% for FY2021 and weighted average debt expiry of 0.63 years. The Manager has commenced discussions with its lenders on ECW's refinancing plans and will keep the investing community updated of any material development.

The Manager will proactively optimize ECW's capital structure through active management of currency risk, assessment of alternative funding sources and hedging instruments.

Exploring Opportunities

In May 2021, the Sponsor, on behalf of a consortium of purchasers (the "Purchasers"), approached ECW for a potential transaction involving all of ECW's properties. After a series of active negotiations between the Manager and the Purchasers, the Purchasers informed the Manager in December 2021 that they will not be proceeding with the potential transaction in view of the market conditions and the fluctuation in exchange rate between the Renminbi and Singapore dollars/US dollars as the bases of the potential transaction have changed significantly.

The Manager will continue to explore and tap into new opportunities as they arise to enhance ECW's returns to its Unitholders.

In Appreciation

Despite the restrictions in physical meetings, I am heartened by the continued support and trust from the investing community and business partners. I would like to place on record my appreciation to the management and staff for their dedication and commitment for ECW. I would also like to thank my fellow board members for their stewardship and guidance over the years.

I look forward to forging new collaborations and strengthening existing relationships to deliver on our vision of providing value for our stakeholders.

Zhang Guobiao

Chairman and Non-Executive Director



尊敬的单位持有人

在2021年，世界的焦点仍然关注着新冠病毒疫情。德尔塔变体及奥密克戎变体的次第出现极大地威胁了全球经济的复苏。在2020年新冠病毒疫情导致经济衰退之后，全球各国采取了不同的战略以推动大流行后世界的经济复苏和正常化。尽管如此，各行业之间的复苏失衡依然存在。旅游和休闲及多项依赖社交活动的行业的需求继续受到负面影响。消费品、食品和科技及科技安全以及技术发展的行业需求保持良好。

在中国国内，虽然整体经济复苏势头得以保持，但是各经济板块仍然处于不平衡、不稳定的状态。全国各城市零星突发的新冠病毒疫情以及国际大环境的不确定性等挑战依然存在。得益于固定资产投资、贸易进出口、高技术开发和制造业工业生产增长，中国经济在2021年增长了8.1%。然而，在2021年第四季度，经济增速从2021年第三季度的4.9%放缓至4.0%。中国政府特别指出，外部环境更趋复杂严峻和不确定，国内经济面临需求收缩、供给冲击、预期转弱三重压力。由于全球经济复苏的阻力持续存在，中国政府将2022年的经济增长目标定为5.5%。

坚持可持续性运营

在2021财年，房托的总收入和净财产收入按新加坡元(“新元”)计同比增长分别为14.4%(按人民币计增长9.8%)和12.7%(按人民币计增长8.2%)，达到1.26亿新元和1.13亿新元。这主要是由于人民币对于新元的升值，直线法会计调整正面影响，以及基于新冠病毒疫情在国内得到相对良好控制而不再需要提供一次性的租金减免给承租户。

得益于房托管理人自愿豁免其在2021财年的部分应得绩效费用约80万新元，房托最终宣布的2021财年每单位股息共高达新币6.263分，比2020财年的总每单位派息新币5.359分还高出16.9%。2020财年总股息较低的主因是上述给承租户的一次性租金减免的影响。房托管理人从单位持有人的利益角度出发，自愿豁免与该租金减免相应的应得绩效费用。若房托管理人选择全额收取其绩效费用，则2021财年每单位股息将仅为新币6.217分，而不是新币6.263分。

房托的投资组合估值保持相对稳定。截至2021年12月31日，与2020年12月31日的投资组合估值80.22亿元人民币相比，投资组合估值微调至78.92亿元人民币。若以新元计算，得益于人民币对新加坡元升值，投资组合估值从16.24亿新元增至16.74亿新元，增幅为3.1%。

优化资产组合

在2021年，房托管理人成功与中国烟草浙江实业有限公司续签它们在恒德物流约74057平方米的租约。此前，恒德物流于2020年10月与中国烟草也续签了159752平方米的租约。这证明了运通网城资产的质量，以及与租户的积极工作关系。

资产组合出租率保持在99.2%，加权平均租期为2.7年(按总租金收入计算)和2.3年(按净出租面积计算)。运通网城的八大资产中有四处是整租合约，租金升幅固定，因此为投资组合提供了稳定的有机增长。房托管理人将继续与中国的资产管理经理密切合作，以提高资产回报。

2022年1月，中华人民共和国杭州市临平区人民政府发出正式通知，要求征收富卓实业持有的物业。该物业占房托投资组合估值的1.48%(截至2021年12月31日)。相关政府将会提供约为人民币1亿850万元的补偿金。该补偿金约占该房地产估值的92.8%，还比房托在上市时收购该资产的8560万元收购价高出了26.8%。在2022年3月9日的公告中，房托管理人已宣布了相关补偿金的支付用途，并在后续实际支付的时候，还将发布必要的公告。

资本结构优化

截至2021年12月31日，运通网城的总杠杆率保持在38.2%(2020年12月31日: 38.1%)，2021财年的运营利率为4.1%，加权平均债务期限为0.63年。房托管理人已开始与其贷款方讨论再融资计划，如有任何重大发展会及时通报。

房托管理人将继续通过货币风险主动管理、评估替代资金来源及运用对冲工具，积极优化ECW的资本结构。

机遇探索

2021年5月，发起人代表一个购买财团与房托接洽探讨涉及房托所有资产的一项潜在交易。房托管理人与买方进行一系列积极磋商谈判。买方于2021年12月通知房托管理人，鉴于市场状况变化以及外汇汇率的波动影响，潜在交易的基础已发生重大变化，他们已无法对潜在交易继续进行磋商。

房托管理人将继续探索和挖掘新的机会，以提高房托对其单位持有人的回报。

致谢

尽管现场会议继续受到限制，但投资界和商业伙伴的持续支持和信任仍让我倍感振奋。在此，我也要正式感谢管理层和员工对房托的贡献。我还要感谢董事会成员多年来的持续指导。

我期待着建立新的合作途径，加强现有关系以实现我们为利益相关者提供价值的愿景。

张国标
董事长及非执行董事

MANAGEMENT REVIEW

In 2021, ECW continued to build on its solid performance since listing on the SGX-ST on 28 July 2016. Working together with the Property Manager, the Manager continued to provide well-maintained good quality assets to its tenants. The acquisition of Fuzhou E-commerce, which was acquired on 8 August 2019, further provided a boost to the EC World REIT's performance. As at 31 December 2021, a 99.2% portfolio occupancy rate was achieved, with the underlying occupancy rate at 87.4%¹.

STABLE AND HIGH OCCUPANCY RATE

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

ASSETS	TYPE OF LEASE (NO. OF TENANTS)	COMMITTED OCCUPANCY RATE (AS AT 31 DEC 2021)
Fu Heng Warehouse	Master leased	100%
Stage 1 Properties of Bei Gang Logistics	Master leased	100%
Wuhan Meiluote	Multi-tenanted (7 tenants)	84.7%
Fuzhou E-commerce	Master leased (2 tenants)	100%
Hengde Logistics	Multi-tenanted (2 tenants)	100%
Chongxian Port Investment	Master leased	100%
Chongxian Port Logistics	Multi-tenanted (8 tenants)	100%
Fu Zhuo Industrial	Multi-tenanted (2 tenants)	100%

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

According to the official figures released by the National Bureau of Statistics, China's retail sales of consumer goods, a major indicator of consumption growth, rose 12.5% year-on-year, of which, online retail sales of physical goods accounted for 24.5%. Online retail sales grew 14.1% in 2021 to 13,088.4 billion yuan in 2021². China GDP growth faces pressure from weakening of demand caused largely by the negative impact of the pandemic on people's income³. In addition, unemployment pressure in certain sectors such as education, internet and property-related is likely to weigh in on consumer sentiments⁴.

¹ Underlying occupancy rate weighted by NLA.

² National Bureau of Statistics (NBS): http://www.stats.gov.cn/english/PressRelease/202201/t20220117_1826409.html

³ <https://www.cnbc.com/2021/12/31/chinas-big-challenge-for-2022-getting-people-to-spend-money.html>

⁴ <https://www.fitchratings.com/research/corporate-finance/china-intensifies-policy-support-to-revive-retail-sales-27-02-2022>

The fourth master lease is at Chongxian Port Investment, a key inland port logistics asset located along the Beijing-Hangzhou Grand Canal and is master leased to Hangzhou Fu Gang Supply Chain Co., Ltd. (a port operator controlling more than 60% of the market share in steel product imports in the Hangzhou region). According to Hangzhou Bureau of Statistics, Hangzhou’s economy grew at a rate of 8.5% in 2021.⁵ With a growing economy and limited supply of inland ports in Hangzhou due to UNESCO Heritage Site zonings along the Beijing-Hangzhou Grand Canal, the port operator will continue to see more intensive use of the port.

Located beside Chongxian Port Investment, two other port assets, Chongxian Port Logistics and Fu Zhuo Industrial (under compulsory expropriation) supplement the port operations in the vicinity. Chongxian Port Logistics is leased to 8 tenants who have close business relationships with Chongxian Port Investment.

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

and perishable goods. This translates to inherent stickiness from the incumbent tenant and reflects its competitive advantage compared to ordinary warehouses.

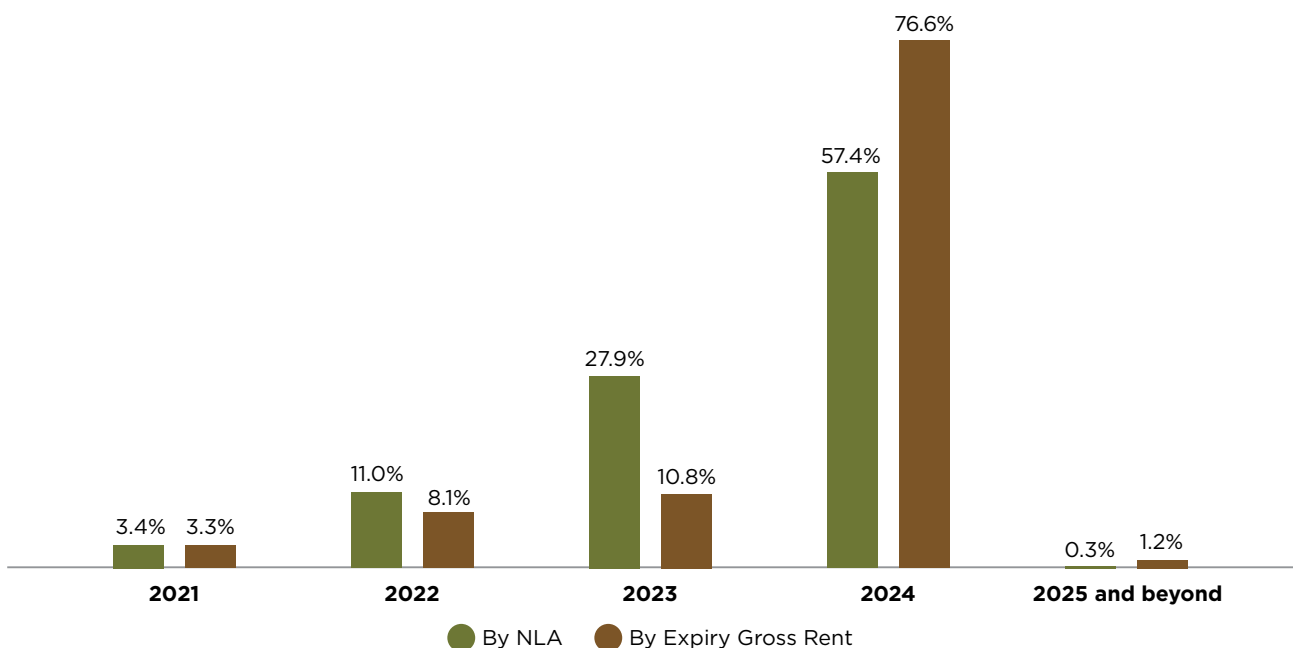
ACTIVE LEASE MANAGEMENT

The Manager works closely with the Property Manager to optimize the occupancy rates of the properties. Existing and prospective tenants are engaged well in advance of lease expiry dates to mitigate risk of non-renewals and vacancies. On 10 May 2019, the Manager announced the successful entry into the New Master Lease Agreements in relation Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse (the “New Master Lease Agreements”). As at 31 December 2021, the portfolio WALE was 2.3 and 2.7 by committed net lettable area and gross revenue respectively.

During 2021, 66%, 68%, 33% and 22% of the net lettable at Chongxian Port Logistics, Fu Zhuo Industrial, Hengde Logistics and Wuhan Meiluote, respectively, had new leases⁶ signed. These new leases signed in 2021 contributed to 7.8% of the portfolio’s FY2021 gross rental revenue. The new leases had a WALE of 1.7 and 1.5 by committed net lettable area and gross revenue respectively as at 31 December 2021.

The expiry profile of leases that were committed as at 31 December 2021 are shown in the chart below.

LEASE EXPIRY PROFILE



⁵ https://www.hangzhou.gov.cn/art/2022/1/22/art_812266_59048432.html

⁶ New leases include both new and renewed leases signed in 2021.

MANAGEMENT REVIEW

PROPERTY	LEASE TERMS	RENTAL ESCALATION
E-COMMERCE LOGISTICS		
Fu Heng Warehouse	Master lease: From 1 Jan 2021 to 31 Dec 2024	2.0% annually
Stage 1 Properties of Bei Gang Logistics	Master lease: From 1 Nov 2020 to 31 Oct 2024	1.0% annually
Wuhan Meiluote	Multiple tenancies	0% to 5% per annum
Fuzhou E-commerce	Master lease: From 8 Aug 2019 to 8 Aug 2024	2.25% annually
SPECIALISED LOGISTICS		
Hengde Logistics	1) 5 Oct 2020 to 31 Dec 2023 2) 9 May 2021 to 31 Dec 2023	No escalation
PORT LOGISTICS		
Chongxian Port Investment	Master lease: From 1 Jan 2021 to 31 Dec 2024	2.0% annually
Chongxian Port Logistics	Multiple tenancies	No escalation
Fu Zhuo Industrial	1) 26 Apr 2021 to 25 Apr 2022 2) 8 Oct 2014 to 7 Oct 2029	1) No escalation 2) 7.5% every 3 years

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

During 2021, the gross revenue of the portfolio was S\$125.5 million and the DPU for the full year was 6.263 Singapore cents. The projected revenue derived from market rent⁷ would have been S\$116.8 million and the corresponding DPU would have been 5.662 Singapore cents per unit.

As compared to the projected market rents, the master leases gross rent for Chongxian Port Investment, Bei Gang Logistics, Fu Heng Warehouse and Fuzhou E-Commerce are approximately RMB8.0 million, RMB24.4 million, RMB2.4 million and RMB7.8 million higher respectively. The total difference of RMB42.6 million is 7.1% of the portfolio gross rent in 2021⁸.

Property	Master Lease Gross Rent in 2021 (RMB '000)
Chongxian Port Investment	166,503
Stage 1 Properties of Bei Gang Logistics	129,905
Fu Heng Warehouse	50,041
Fuzhou E-commerce	86,765

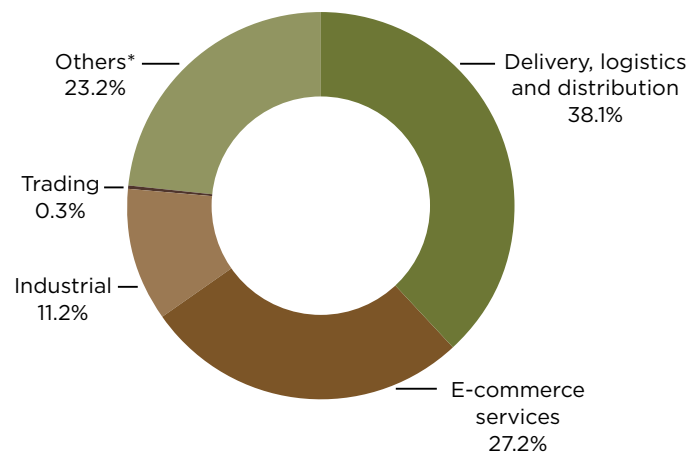
DIVERSIFIED TENANCY

As at 31 December 2021, there were a total of 19 different tenants across the portfolio and contribution to gross rental income, based on lock-in rental, by the top 10 tenants is as follows:

TOP TENANTS	CONTRIBUTION TO GROSS RENTAL INCOME (%)
1. 杭州富港供应链有限公司 Hangzhou Fu Gang Supply Chain Co., Ltd.	36.9
2. 富春集团控股有限公司 Forchn Holdings Group Co., Ltd	22.4
3. 富阳运同电子商务有限公司 Zhejiang Fuyang Yuntou E-commerce Co., Ltd	12.6
4. 浙江中烟工业有限责任公司 China Tobacco Zhejiang Industrial Co., Ltd	9.8
5. 杭州富阳运同电子商务有限公司 Hangzhou Fuyang Yuntou E-commerce Co., Ltd	8.5
6. 浙江运通电子商务有限公司 Zhejiang Yuntong E-commerce Co., Ltd	5.3
7. 湖北京邦达供应链科技有限公司 Hubei Jingbangda Supply Chain Techonology	1.5
8. 杭州西联物流有限公司 Hangzhou Xi Lian Logistics Co., Ltd	1.1
9. 广东中贸物流股份有限公司 Guangdong Zhong Mao Logistics Co., Ltd	0.4
10. 杭州华贤金属剪切有限公司 Hangzhou Hua Xian Metal Processing Co., Ltd.	0.3

TENANTS OPERATE ACROSS DIVERSE INDUSTRIES

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 2021.



*Others include Telecommunication sectors, conglomerates and human resources sector

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

⁸ If based on Colliers projection in the Fuzhou E-Commerce Acquisition Circular dated 4 June 2019, page C-21, the projected revenue derived from market rent would have been S\$118.1 million and the corresponding DPU would have been 5.735 Singapore cents per unit. The master leases gross rent for Fuzhou E-Commerce are RMB1.6 million higher and the total difference for the 4 master leased properties will be RMB36.4 million, 6.1% of the portfolio gross rent in 2021.





PLAYING TO OUR STRENGTHS

HONING OUR CORE COMPETENCIES & EXPERTISE

PROPERTY PORTFOLIO OVERVIEW

CHINA

WUHAN

HANGZHOU

ASSETS	LAND TENURE (EXPIRY)	REMAINING TENURE (YEARS)
E-COMMERCE LOGISTICS		
1 Fu Heng Warehouse	3 May 59	37
2 Fuzhou E-Commerce	3 May 59	37
3 Stage 1 Properties of Bei Gang Logistics	14 Mar 52	30
4 Wuhan Meiluote	29 Jun 65	44
SPECIALISED LOGISTICS		
5 Hengde Logistics - phase 1	9 Jul 59	38
5 Hengde Logistics - phase 2	28 Jul 53	32
PORT LOGISTICS		
6 Chongxian Port Investment	30 Dec 55	34
7 Chongxian Port Logistics	30 Dec 55	34
8 Fu Zhuo Industrial	30 Dec 55	34
AVERAGE		36

E-COMMERCE LOGISTICS

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



Fu Heng Warehouse

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

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	94,287*
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	444.2
Valuation (RMB million)	593.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntong E-commerce Co.; Ltd
WALE (by NLA)	3.0
WALE (by Gross Rental Revenue)	3.1

* includes underground space of 22,851sqm

PROPERTY PORTFOLIO OVERVIEW



Fuzhou E-Commerce

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

Fuzhou E-Commerce is adjacent to Fu Heng Warehouse, which is also focused on e-commerce related fulfilment activities. Together with Fu Heng Warehouse, these two properties form a combined 308,571 sq m logistics hub, well supported by industry participants such as online market places, brand manufacturers, last mile delivery companies as well as office space and other auxiliary facilities.

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	214,284
Land Use Expiry	3 May 2059
Purchase Consideration (RMB million)	1,112.5
Valuation (RMB million)	1,256.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fuyang Yuntong E-commerce Co., Ltd and Zhejiang Yuntong E-commerce Co., Ltd.
WALE (by NLA)	2.6
WALE (by Gross Rental Revenue)	2.7



Stage 1 Bei Gang Logistics

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

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	120,449*
Land Use Expiry	14 March 2052
Purchase Consideration (RMB million)	1,039.7
Valuation (RMB million)	1,251.0
Committed Occupancy	100%
Key Tenant	Master leased to Forchn Holdings Group Co., Ltd
WALE (by NLA)	2.8
WALE (by Gross Rental Revenue)	2.9

* includes underground carpark space of 29,848sqm

PROPERTY PORTFOLIO OVERVIEW



Wuhan Meiluote

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	48,695
Land Use Expiry	29 Jun 2065
Purchase Consideration (RMB million)	145.0
Valuation (RMB million)	180.0
Committed Occupancy	84.7
Key Tenant	JD.com
WALE (by NLA)	1.4
WALE (by Gross Rental Revenue)	1.4

SPECIALISED LOGISTICS



Hengde Logistics

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

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	237,066
Land Use Expiry	Phase 1: 9 July 2059 Phase 2: 28 July 2053
Purchase Consideration (RMB million)	1,173.9
Valuation (RMB million)	1,438.0
Committed Occupancy	100%
Key Tenant	China Tobacco Zhejiang Industrial Co., Ltd
WALE (by NLA)	2.0
WALE (by Gross Rental Revenue)	1.9

PROPERTY PORTFOLIO OVERVIEW

PORT LOGISTICS

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



Chongxian Port Investment

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

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	112,726
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	1,682.1
Valuation (RMB million)	2,216.0
Committed Occupancy	100%
Key Tenant	Master leased to Hangzhou Fu Gang Supply Chain Co., Ltd.
WALE (by NLA)	3.0
WALE (by Gross Rental Revenue)	3.1



Chongxian Port Logistics

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

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	125,826
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	685.5
Valuation (RMB million)	841.0
Committed Occupancy	100%
Key Tenant	8 tenants
WALE (by NLA)	1.1
WALE (by Gross Rental Revenue)	1.4

PROPERTY PORTFOLIO OVERVIEW



Fu Zhuo Industrial

Fu Zhuo Industrial is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It is also sited next to Chongxian Port Investment and is well-positioned to benefit from increases in the port's throughput.

On 6 January, ECW was notified that the People's Government of Linping District Hangzhou City, People's Republic of China had served a formal notice for the compulsory expropriation of Fu Zhuo Industrial, a port property. Fu Zhuo Industrial accounted for 1.48% of ECW's portfolio valuation as at 31 December 2021. The Compensation Package of RMB 108.5 million is 92.8% of ECW's valuation of Fu Zhuo Industrial as at 31 December 2021 and 26.8% higher than ECW's purchase price of RMB 85.6 million. In its announcement on 9 March 2022, the Manager had indicated its intention for the disbursement of proceeds. The Manager will make the necessary announcement as and when the proceeds are utilised.

Property Information

(As at 31 December 2021)

Net Lettable Area (sqm)	7,128
Land Use Expiry	30 December 2055
Purchase Consideration (RMB million)	85.6
Valuation (RMB million)	117.0
Committed Occupancy	100%
Key Tenant	2 tenants
WALE (by NLA)	2.7
WALE (by Gross Rental Revenue)	6.3

THE PROPERTY MANAGER

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

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

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

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







KEEPING IN **TEMPO** WITH CHANGE

TAPPING INTO NEW OPPORTUNITIES AS THEY ARISE

BOARD OF DIRECTORS

MR ZHANG GUOBIAOChairman and
Non-Executive Director**CHAN HENG WING**Independent Non-Executive Director
and Lead Independent Director**DR DAVID WONG SEE HONG**

Independent Non-Executive Director

**MR CHIA YEW BOON**

Independent Non-Executive Director

**MR LI GUOSHENG**

Independent Non-Executive Director

**MR GOH TOH SIM**Executive Director and
Chief Executive Officer

MR ZHANG GUOBIAO

Chairman and Non-Executive Director

Born in 1960 in Zhejiang Province, China, Mr Zhang Guobiao is the Chairman of Forchn Holding Group and the Chairman of Zhang Xiao Quan Co., Ltd.

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

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

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

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

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

At the same time, he responded to the national "One Belt and One Road" initiative and set up an overseas investment expansion platform, Forchn International, with Hong Kong and Singapore as the dual headquarters. He actively promoted the company to enter overseas markets by sponsoring EC World Real Estate Investment Trust on its listing on the mainboard of the Singapore Stock Exchange in July 2016. The REIT's successful listing on the Singapore Mainboard has created a precedent for the listing of Chinese e-commerce logistics assets in the Singapore capital market. In September 2019, Mr Zhang successfully listed "Zhang Xiao Quan" on the Shenzhen Stock Exchange under the China A-Share, enhancing the popularity and competitiveness of this Zhejiang brand.

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

BOARD OF DIRECTORS

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 Frasers Property Limited, Fraser and Neave Limited in Singapore and One Bangkok Holdings in Thailand. He is also a director of Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which owns and operates Fullerton Hotel and Fullerton Bay Hotel respectively. Mr Chan is the Senior Advisor of the Milken Institute Asia Center, a non-profit think tank which is based in the United States and Singapore. Mr Chan was appointed to the Executive Board of the Singapore China Cultural Centre in 2020.

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

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

DR DAVID WONG SEE HONG

Independent Non-Executive Director

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

Dr Wong has over 30 years of experience in the banking sector and has extensive knowledge and experience in treasury and financial products. He is a Finance Management Committee Member of the Hong Kong Management Association, Hong Kong. He also serves as the independent non-executive director of China Merchant Bank Co., Limited, Frasers Hospitality Asset Management Pte. Ltd. (the manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte. Ltd. (the trustee-manager of Frasers Hospitality Business Trust).

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

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

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

MR CHIA YEW BOON

Independent Non-Executive Director

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

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

He is the founding Managing Director of Catalyst Advisors Private Ltd. and Catalyst Advisors International Private Limited, which are both private equity investment and venture capital business consultancy firms. In September 2011, Mr Chia was appointed as an Independent Non-Executive Director of Technovator International Limited, a leading company in energy management systems, solutions and services; it is part of the Tsinghua Tongfang group of companies, whose ultimate controlling shareholder is Tsinghua University.

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

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

MR LI GUOSHENG

Independent Non-Executive Director

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

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

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

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

MR GOH TOH SIM

Executive Director and Chief Executive Officer

Refer to management profile on the following page

MANAGEMENT TEAM



from left to right MS Sabrina Tay, Mr Wang Feng, Mr Goh Toh Sim, Ms Gao Yuan and Mr Teo Kah Ming

MR GOH TOH SIM

Executive Director and Chief Executive Officer

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

Mr Goh also served as the Chief Executive Officer of Ascendas (China) Pte Ltd from January 2004 to June 2006, where he was responsible for

developing and managing Ascendas' businesses in China. He was the Deputy Chief Executive Officer of China- Singapore Suzhou Industrial Park Development Co., Ltd. from January 2000 to December 2003 where he was responsible for infrastructure development, finance and government relations.

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

MR WANG FENG (FCCA, CA, CIA)**Chief Financial Officer**

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

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

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

MR TEO KAH MING**Vice President, Investment & Asset Management**

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

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

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

MS SABRINA TAY**Vice President, Investor Relations**

Ms Tay has over 15 years of experience in investor relations and corporate communications. At ECW REIT, she is responsible for developing and implementing investor relations engagement programmes for the equity research and investing community. She takes charge of all marketing and communications collaterals, including presentations, website and press releases. She is also the key point of contact for media relations and conducts research as well as media monitoring.

Prior to joining ECW REIT, she was handling investor relations and corporate communications roles in several public-listed companies in Singapore including Dasin Retail Trust, Sembcorp Marine Limited, Keppel Land Limited as well as Ascendas REIT. Ms Tay holds a Bachelor of Arts in Mass Communications from RMIT University and a Diploma for Graduate in Finance from the University of London (External Programme).

MS GAO YUAN**Vice President, Finance**

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

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

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

STAKEHOLDERS ENGAGEMENT AND INVESTOR RELATIONS

While physical meetings were still largely constrained by the COVID-19 situation, regular and transparent communication with Unitholders, prospective investors, analysts as well as the media remains key in the Manager's outreach efforts. The Manager conducts post-results briefings for analysts to provide timely updates to the investing community on the latest developments as well as obtain feedback on its expectations.

The Manager remains committed to providing timely updates to the investing community. The latest Annual Report, financial results, press releases and company announcements are posted on ECW's corporate website following their release to the market. Unitholders and other stakeholders

can subscribe to email alerts via the website to receive the latest updates on ECW. The contact details of ECW's Investor Relations Personnel can also be found on ECW's website.

In view of the COVID-19 situation, the Annual General Meeting of Unitholders ("AGM") for the financial ended 31 December 2020 was convened and held by electronic means pursuant to the COVID-19 Temporary Measures Order and the Checklist. Investors were able to submit questions to the Manager prior to the meeting and the responses to substantive and relevant questions were uploaded to SGXNet and ECW's website a day before the AGM.

Calendar of Financial Events for 2022

Subject to changes by the Manager without prior notice

February 2022	Release of Financial Year FY2021 Results
April 2022	Annual General Meeting for FY2021
May 2022	Release of First Quarter FY2022 Financial Results
August 2022	Release of FY2022 Second Quarter and Half-Yearly Financial Results
November 2022	Release of FY2022 Third Quarter Financial Results
February 2023	Release of Financial Year FY2022 Results

ECW's FY2021 Distribution

Period	Distribution Per Unit (Singapore cents)	Payment Date
1 January 2021 to 31 March 2021	1.532	29 June 2021
1 April 2021 to 30 June 2021	1.532	28 September 2021
1 July 2021 to 30 September 2021	1.662	29 December 2021
1 October 2021 to 31 December 2021	1.537	31 March 2022
Total Distribution for the year	6.263	
Distribution Yield ¹	8.1%	

ECW Unit Price Performance in FY2021

Opening Price (as at 4 January 2021) (S\$)	0.715
Highest (S\$)	0.835
Lowest (S\$)	0.705
Closing Price (31 December 2021) (S\$)	0.770
Average daily trading volume (units)	455,355
Trading Volume for the year (units)	115,204,800

¹ Computed based on FY2021 DPU of 6.263 Singapore cents and the closing price of S\$0.770 per unit on 31 December 2021

SUSTAINABILITY

The Manager remains committed to building a sustainable future through improving the social, economic and environmental well-being of the community we operate in. We continue to strive to integrate sustainability into EC World REIT's strategic formulation through our top-down governance structure and framework led by the Board. The Manager continues to plan and undertake Environmental, Social and Governance ("ESG") initiatives and projects in day-to-day operations to realise favourable financial and non-financial impacts. Through training and development, the Manager also seeks to enhance sustainability awareness amongst ECW's internal and external stakeholders, including Unitholders. We continue to foster quality stakeholder relationships, and support our people and partners in every way possible to achieve the goal of sustainable long-term value creation for all.

At ECW, the Executive Director and Chief Executive Officer of the Manager, Mr Goh Toh Sim, leads the assessment of ECW's ESG policies and practices. Senior management of the Manager and Property Manager facilitate the evaluation and maintain accountability for sustainability practices. Through adaptation of the best corporate practices in the ESG framework and reporting in accordance to the SGX-ST Listing Manual Rules 711(A) and 711(B), the Global Reporting Initiatives (GRI Standards - Core Option) and GRI's Construction and Real Estate Sector Supplement ("CRESS"), the Manager is constantly adapting, implementing initiatives and programmes, as well as monitoring and disclosing ESG performance to reach towards greater heights in ECW's sustainability journey.

In 2021, the emergence of COVID-19 Delta and Omicron variants further underscored the importance of putting in place mitigating measures to minimize the impact of COVID-19 on our operations. Our Business Continuity Plans as well as Enterprise Risk Management framework enabled us to respond effectively to the challenges brought about by the ongoing COVID-19 pandemic. As such, we did not encounter any direct COVID-19 related material impact to our operations in 2021. We believe that EC World REIT continues to be well-placed to manage our sustainability strategy and support our people and partners in every way possible.

GOVERNANCE

Robust risk management is key to the business at EC World REIT and its subsidiaries (collectively, the "ECW Group"). The Manager undertakes to timely and proactively identify, manage, monitor, and report on material risks to strategy and operations across the ECW Group.

Enterprise Risk Management

The Audit and Risk Committee (the "ARC") assists of the Board who is responsible for executing and overseeing the risk management functions of ECW. The Board's responsibilities include the determination of ECW Group's risk appetite and the oversight of the Manager's Enterprise Risk Management ("ERM") Framework. In addition, the Board regularly reviews ECW Group's risk profile, material risks and mitigation strategies, and ensures the effectiveness of risk management policies and procedures. The ERM programme consolidates the ECW Group's risk management practices in a structured framework, which is substantively in line with best practices in Singapore.

Code of Business Conduct

At ECW, the Manager takes responsibility of maintaining the integrity and reputation of our business. All employees are required to comply with applicable laws and regulations, ECW's code of conduct, and internal ethical standards. ECW and the Manager of ECW do not tolerate any unethical behaviour and will not hesitate to take disciplinary action if warranted. A diverse range of policies on regulatory compliance are adopted to ensure ethical behaviour in the conduct of business. These include Insider Trading, Gifts and Entertainment Policy, Anti-Money Laundering and Countering the Financing of Terrorism, Prevention of Corruption Act ("PCA"), Use of Employee Personal Data, as well as policies on the Access and Correction Requests of the Employee.

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

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

Whistle-Blowing Policy

EC Group has adopted a clear, firm, and trust-worthy whistle-blowing policy to enhance the effectiveness of risk management, as well as to strengthen ECW Group's position on the importance of ethics and integrity. All employees are encouraged to report any concerns and possible ethical breaches such as fraud, corruption, bribery or blackmail, criminal offences, non-compliance

SUSTAINABILITY

with legal or regulatory requirements, miscarriage of justice, health and safety threats and risks. Apart from independent investigations, follow-up plans and corrective actions to protect our business, the policy also ensures the security and privacy of whistle-blowers. The policy aims to protect them from discrimination, retaliation, harassment or reprisal of any kind. An email address directly linked to ARC Chairman is specifically created for Whistle-Blower to report directly to ARC Chairman who will review the information reported and direct an independent investigation team to investigate the reported matter as he deems fit.

ENVIRONMENTAL

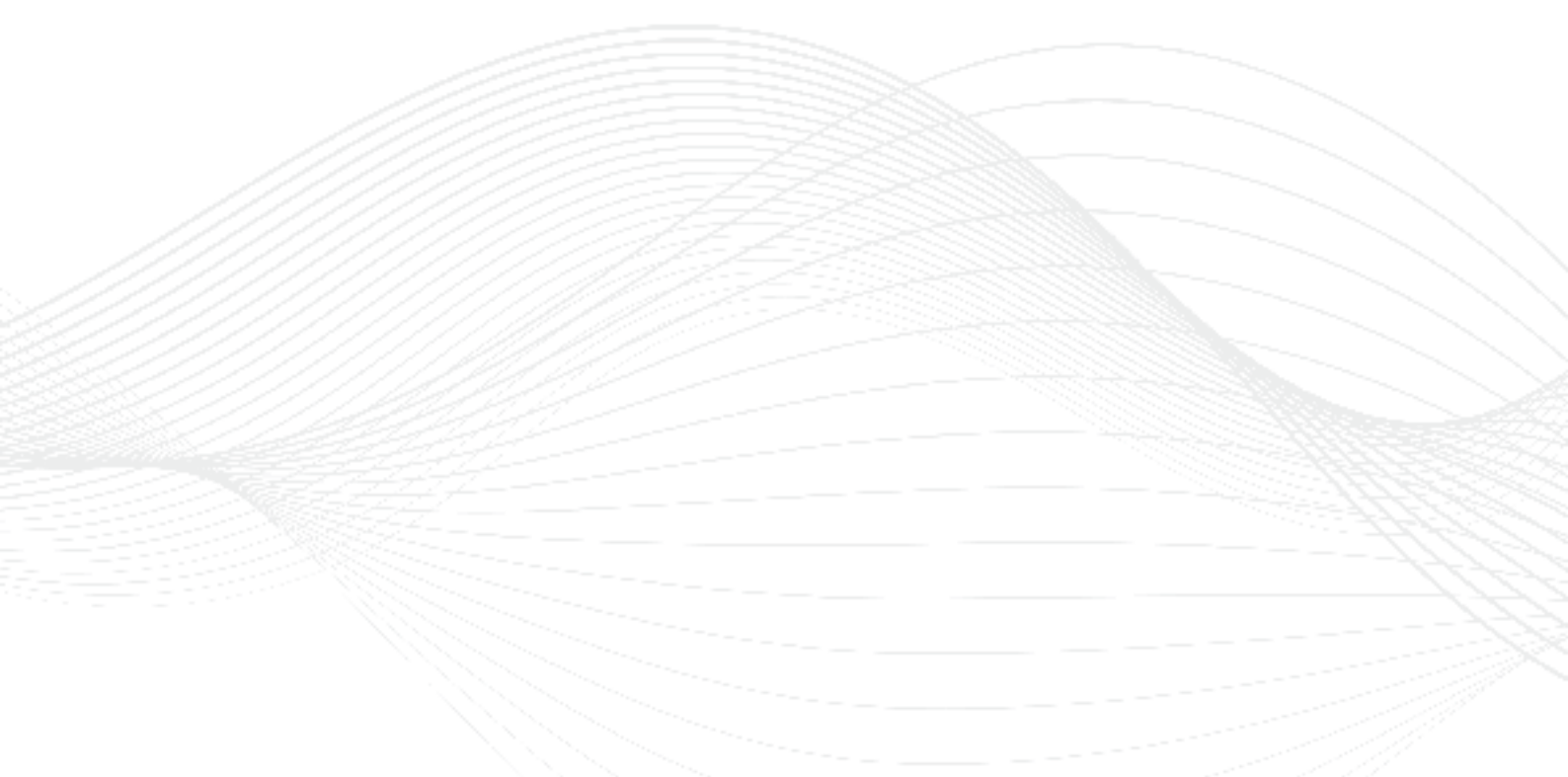
As a responsible organisation, the Manager is fully aware of its duty to protect the environment and combat global warming by maximising the energy efficiency across ECW's properties. The Manager constantly reviews its energy consumption trends and seeks to implement feasible and cost-effective energy-saving initiatives across ECW's properties. This year, ECW continued to implement energy saving initiatives and issue communications to increase general awareness of energy conservation for relevant personnel.

SOCIAL

Asset improvements

Quality property management will not only improve our tenants' leasing experience, but also generates sustainable returns to unitholders via competitive rental rates at our properties. The Manager continues to actively assess necessity for improvements to our assets, facilities and equipment, with view to carry out relevant upgrading projects and implement production innovation strategies. This year, ECW continued to push forward on upgrading its facilities. After completing upgrade of the sewage pipe network at Chongxian Port Investment and Stage 1 Bei Gang Logistics, ECW also carried out upgrading works to the sewage pipe network at Chongxian Port Logistics. With completion, the sewage pipe network connecting all our properties in that area will be fully upgraded. This will improve overall sewage system efficiency and prevent any pollution to the surroundings due to leakages. The CCTV system at Hengde Logistics has also been overhauled in 2021, the old CCTV was replaced with a brand-new system, additional CCTV points were also installed to boost security.

The Manager will persevere with its sustainability efforts to ensure long-term sustainability and success of ECW. ECW's full sustainability report will be published by May 2022.



CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE CULTURE

EC World Asset Management Pte. Ltd. (the “Company”) as the manager (the “Manager”) of EC World Real Estate Investment Trust (“ECW”) aspires to achieving the highest standards of corporate governance. The Manager is committed to ongoing improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of ECW and to provide a firm foundation for a trusted and respected business enterprise. The Manager shall endeavour to comply with the substance and spirit of the principles and provisions of the Code of Corporate Governance 2018 (the “Code”) while achieving operational excellence and delivering ECW’s long-term strategic objectives. The Board of Directors of the Manager (the “Board”) is responsible for the Manager’s corporate governance standards and policies, underscoring their importance to the Manager.

This report sets out the corporate governance framework and practices for the financial year ended 31 December 2021 (“FY2021”) with reference to the Code. Where there are deviations from the principles and provisions of the Code, explanations are provided within this report.

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

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

(A) BOARD MATTERS

The Board’s Conduct of Affairs

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

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

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

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

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, social and governance factors as part of its strategic formulation and has identified the key stakeholder groups and recognises that their perceptions affect ECW’s reputation.

Board Reserved Matters (Provision 1.3)

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

CORPORATE GOVERNANCE

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

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

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

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

The Directors are kept abreast of any updates to the Listing Rules, the Securities and Futures Act, the Code on Collective Investment Schemes (the “CIS Code”) and the Companies Act, as well as any applicable laws, regulations and rules. The Directors who are members of the Audit and Risk Committee (“ARC”) are also updated on any changes in the financial reporting standards by the external auditors.

The Directors also receive regular briefings and updates on relevant laws, rules and regulations and are encouraged to participate in conferences, seminars or training programmes in connection with their duties. The costs of arranging and funding of the training of Directors are borne by the Manager. In FY2021, Corporate Governance and Transparency Forum conducted by Singapore Institute of Directors, Rules and Ethics Course and Navigating the MAS Guidelines on Environmental Risk Management webinar provided by REIT Association of Singapore, as well as EY Singapore Budget 2021 provided by EY were some of the training courses/programme attended. A training register is maintained with respect to the courses/seminars attended by Directors and such register is also tabled for the Nominating and Remuneration Committee (“NRC”) for information at its meeting.

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

Newly appointed Directors will be briefed on the business activities of ECW, its business plan, the regulatory environment in which ECW operates, its corporate governance practices and their statutory duties and responsibilities as Directors. There was no new director appointed during FY2021.

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

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

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

During the year, an Independent Committee (“IC”, collectively with ARC and NRC, the “Board Committees”) was formed for the purpose of overseeing the potential transaction involving disposing ECW’s interests in all of its properties as announced in the Manager’s announcement dated 17 May 2021 (“the Project”).

The responsibilities of the IC as set out in its terms of reference include:

- (a) to carefully consider and evaluate the expressions of interest in connection with the Project.
- (b) to assess and review any advice, deliverables and recommendations made by the financial adviser(s) that the Manager will be appointing in connection with the Project;
- (c) to assess, review and, if acceptable, recommend to the Board any proposed terms in respect of the Project;
- (d) where necessary, to appoint, or (as the case may be) recommend to the Board the appointment of, valuers and an independent financial adviser in connection with the Project;
- (e) to assess and review any advice, deliverables and recommendations made by appointed professional advisors; and
- (f) to undertake any additional duties otherwise delegated to the Committee by the Board in connection with the Project

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

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

Board and Board Committees Meetings and Attendance (Provision 1.5)

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

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

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

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

CORPORATE GOVERNANCE

The number of Board, Board Committees meetings and general meetings held during FY2021 and the attendance record of the Directors and key management personnel (“KMP”) is set out below.

	BOD	NRC	ARC	IC	General Meeting
	No. of Meetings Held	No. of Meetings Held	No. of Meetings Held	No. of Meetings Held	No. of Meetings Held
	4	1	4	7	1
Name of Director	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Mr Zhang Guobiao	4	1	-	1*	1
Mr Chan Heng Wing	4	1	1*	7	1
Dr Wong See Hong	4	1*	4	7	1
Mr Chia Yew Boon	4	1	4	7	1
Mr Li Guosheng	4	1	4	7	1
Mr Goh Toh Sim	4	1*	4*	1*	1
Name of KMP					
Mr Wang Feng (CFO)	4*	-	4*	1*	1

Notes :

(1) * By invitation

(2) Senior management will also be invited to attend the meetings when appropriate

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

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

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

Access to Information (Provision 1.6)

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

Even though the COVID-19 situation has evolved rapidly in each country, the Board is satisfied that Management has given timely and regular updates on the Group’s business and financial position. Where necessary, important and/or critical information is highlighted promptly.

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

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

Access to Management and Company Secretaries (Provision 1.7)

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

Board Composition and Guidance

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

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

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

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

Board Composition and Diversity (Provisions 2.4)

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

Diversity will be considered in determining the optimum composition of the Board as a whole. The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences, abilities and beliefs for better Board performance. The NRC will review the need for setting targets for board diversity.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, strategic planning and investment backgrounds. The varied backgrounds of the Directors enable Management to benefit from their diverse expertise and experience. Such diversity enables the Board to consider issues more holistically. The Board, supported by the NRC, on an annual basis, also reviews the Board's diversity, covering aspects ranging from skills, experience, background, gender, age, ethnicity and culture, tenure of service, independence and other competencies and is of the view that the current Board size is appropriate taking into consideration the nature and scope of ECW's operations.

Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of ECW. Profiles of the Directors are provided on pages 28 to 31 of this Annual Report.

Currently, there is no alternate Director appointed.

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

CORPORATE GOVERNANCE

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

Meeting of Independent Directors without Management (Provisions 2.5)

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

Chairman and Chief Executive Officer

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

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

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

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

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

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

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

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

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

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

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

Appointment of Lead Independent Director (Provision 3.3)

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

Board Membership

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

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

Composition of the NRC (Provisions 4.2 and 6.2)

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

In reviewing its Board composition, the NRC and the Board will also consider the internal guidelines that an ID should serve for no more than a maximum of nine years.

Determining Directors' Independence (Provision 4.4)

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

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

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

Role and Responsibilities of the NRC (Provision 4.1)

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

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

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

- i) reviewed the Board composition;
- ii) reviewed performance of the Board, Board Committees and individual Directors;
- iii) reviewed the training and professional development programmes for the Board;
- iv) reviewed the independence of IDs;
- v) reviewed the renewal of tenure of certain Directors; and
- vi) reviewed the key performance indicators of the CEO and KMP.

A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. All Directors had confirmed that they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of ECW for the benefit of Unitholders. Taking into account also the attendance, preparedness, participation and candor of the Directors at meetings of the Board and Board committees during FY2021, 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 Director(s) not more than two directorships in other public listed companies other than the one he is serving.

Board Performance

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

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

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

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

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Each Director is required to objectively assess his personal performance and the performance of the Board as a whole and its Board Committees. For FY2021, the Directors had completed the evaluation forms and returned them to the Company Secretary for compilation of the summary of the results of the evaluation. The summary was tabled at the NRC's meeting for the NRC's review.

The performance evaluation of the Board, Board Committees and individual Director in respect of FY2021 was carried out in February 2022. The NRC was satisfied with the Board, Board Committees and Individual Directors' performance evaluation results which indicated that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. No external facilitator was used in the evaluation process. The NRC had discussed the results and recommendations with the Board for further enhancements.

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

(B) REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 6: Procedures for Developing Remuneration Policies

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

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

Role and responsibilities of the NRC (Provision 6.1)

The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include advising the Board in matters relating to:

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

NRC access to expert professional advice (Provision 6.4)

The NRC had reviewed and determined the remuneration packages of Directors and KMP of the Manager, to ensure that they are adequately but not excessively remunerated. The NRC seeks expert advice on remuneration and governance matters from external consultants, where necessary. The Board will ensure that existing relationships between ECW and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the external remuneration consultants. For FY2021, the Board did not engage any remuneration consultant.

Remuneration Framework (Provision 6.3)

The RC reviews all matters concerning the remuneration of the IDs to ensure that remuneration commensurate with their contributions, responsibilities and market benchmarks.

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

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

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

Level and Mix of Remuneration

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

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

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

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

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

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

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

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

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

Disclosure on Remuneration

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

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

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

CORPORATE GOVERNANCE

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

The Manager has set out in the table below information on the fees paid to the NEDs for FY2021:

Board Members	FY2021	FY2020
Zhang Guobiao	100,000	97,500
Chan Heng Wing	99,000	96,525
Wong See Hong	90,000	87,750
Li Guosheng	75,000	73,125
Chia Yew Boon	70,000	68,250

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

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

The breakdown of the level and mix of remuneration paid to the CEO/Executive Director (in percentage) for FY2021 is as follows:

Remuneration Band Name of CEO/ Executive Director	Basic Salary	Bonus	Other Benefits	Total
S\$500,000 to S\$750,000				
Goh Toh Sim	88%	10%	2%	100%

Remuneration of the KMP (who are not Directors or the CEO) in bands of S\$250,000 for FY2021 is as follows:

Remuneration Band and Name of KMP (other than Directors and CEO)	Basic Salary	Bonus	Other Benefits	Total
S\$250,000 to S\$500,000				
Wang Feng	80%	15%	5%	100%

The Manager has only one KMP other than its one Executive Director and CEO for FY2021.

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

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

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

(C) ACCOUNTABILITY AND AUDIT

Accountability, Risk Management and Internal Controls

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

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

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

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

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

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

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

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

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

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 59 to 61 of this Annual Report.

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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.

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

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

- (a) the financial records of ECW Group have been properly maintained and the financial statements for FY2021 give a true and fair view of ECW Group's operations and finances;
- (b) the system of risk management and internal controls in place for ECW Group is adequate and effective in addressing the material risks faced by ECW Group in its current business environment including material financial, operational, compliance and information technology risks;
- (c) Management is aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the ECW Group; and
- (d) there are no known significant deficiencies or lapses in the risk management and internal controls systems relating to the ECW Group's financial, operational, compliance and information technology controls which could adversely affect the ECW Group's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

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

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

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the Management Assurance Letters, the Board, with the concurrence of the ARC, is of the opinion, that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks established by the Manager is adequate and effective to meet the needs of ECW Group in its current business environment for FY2021.

Audit Committee

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

Composition of the ARC (Provision 10.2)

The ARC comprises three IDs namely:

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

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

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

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

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

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

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

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

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

In FY2021, the ARC discussed with Management and the external auditors on significant financial reporting matters, in particular the Key Audit Matter associated with valuation of investment properties. The valuation of investment properties has considered all the relevant facts and circumstances in arriving at the basis of valuation. The ARC concurs with the conclusion of the Management and the external auditors on the Key Audit Matter.

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

The ARC has provided in its terms of reference to review ECW’s investment in PRC corporate bonds (which are made for the purpose of efficient capital management) and monitoring Manager’s compliance with the agreed investment criteria of establishing a diversified portfolio of corporate bonds issued by PRC corporations with investment ratings of AA- or higher (throughout the tenure of such bond investment), if any. 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.

The aggregate amount of fees paid and payable to the external auditors for FY2021 was approximately S\$414,000 which was solely related to provision of audit services. There was no non-audit fee in FY2021. The external auditors have also provided confirmation of their independence to the ARC. The ARC is satisfied that the independence of the external auditors.

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

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

Internal Audit (Provision 10.4)

The Board recognizes the importance of maintaining a system of internal controls, procedures and processes for safeguarding the Unitholders’ investments and ECW’s assets. The internal audit function of ECW is outsourced to Deloitte & Touché Enterprise Risk Services Pte Ltd (“Deloitte”). Deloitte adopts the Standards for the professional practice of Internal Auditing set by the Institute of Internal Auditors and reviews the Group’s compliance with the control procedures and policies established within the internal control and risk management systems.

The internal auditors’ (“IA”) primary reporting line is to the Chairman of the ARC and administratively to the CEO. The ARC reviews and approves the annual internal audit plan, and ensures that the internal auditors have adequate resources to perform its functions. The ARC also reviews the results of internal audits and Management’s actions in resolving any audit issues reported. Deloitte has also provided its written assurance to the ARC confirming compliance with the guidelines set by The Institute of Internal Auditors of Singapore. In accordance with Listing Rule 1207(10C), the ARC is satisfied that Deloitte is independent, effective, and adequately resourced and staffed by suitably qualified and experienced professionals to perform its functions, and has appropriate standing within the Manager.

Meeting with EA and IA (Provision 10.5)

For FY2021, the ARC met with the internal and external auditors twice, without Management’s presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to the best practices and guidance in the Guidebook for Audit Committees in Singapore and the practice directions issued from time to time in relation to the Financial Reporting Surveillance programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

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

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 11: Unitholders' rights and conduct of Unitholder meetings

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

Participation of Unitholders' meetings (Provision 11.1)

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

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

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

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

Attendance at general meetings (Provision 11.3)

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

Absentia voting (Provision 11.4)

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

The Company convened its general meeting virtually in 2021 while adhering to the various advisories and guidance issued by the authorities on holding meetings amid the COVID-19 situation.

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will convene its 2022 AGM by electronic means. Alternative arrangements relating to attendance at the 2022 AGM via electronic means include arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the meeting, addressing of substantial and relevant questions prior to the meeting, and voting by appointing proxy(ies) or the Chairman of the meeting will be provided in the 2022 AGM Notice.

Minutes of general meetings (Provision 11.5)

The minutes of general meetings which include substantial and relevant comments or queries from Unitholders, and responses from Board and Management will be released to the SGX-ST and published on the Manager's corporate website.

Distribution policy (Provision 11.6)

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

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During FY2021, the Manager had made a distribution of 6.153 Singapore cents per unit (2020: 5.442 Singapore cent per unit). The distribution of 1.537 Singapore cents per unit for the period from 1 October 2021 to 31 December 2021 will be made on 31 March 2022.

Engagement with Unitholders

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

Communication with shareholders (Provision 12.1)

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

Investor Relations Policy (Provisions 12.2 & 12.3)

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

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

More information on the Manager's investor and media relations with Unitholders can be found in the Stakeholders Engagement and Investor Relations section on page 34 of this Annual Report.

Unitholders are notified in advance of the date of release of ECW's financial results through an announcement via SGXNet. The Manager also conducts regular briefings for analysts. During these briefings, Management will share ECW's performance as well as discuss the business outlook for ECW. Briefing materials are also released through the SGX-ST via SGXNet and also made available on ECW's website.

Managing Stakeholders Relationships

Principle 13: Engagement with stakeholders

Material stakeholder groups (Provisions 13.1)

Management of stakeholder relationships (Provision 13.2)

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

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

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

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

For more information, please refer to the "Sustainability" section on page 35 of this Annual Report.

(E) ADDITIONAL INFORMATION

Dealings With Interested Persons

Review Procedures for Interested Person Transactions

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

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

In particular, the procedures in place include the following:

Interested person transactions¹ Approving Authority, procedures and Disclosure

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

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).

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.

CORPORATE GOVERNANCE

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

Details of all Interested person transactions (equal to or exceeding S\$100,000 each in value) entered into by ECW during FY2021 are disclosed on page 119 of this Annual Report.

Dealing with Conflicts of Interest

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

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

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

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

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.

Dealings in Securities

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

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

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

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

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

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

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

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

(F) CODE OF BUSINESS CONDUCT

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

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

Bribery and Corruption Prevention Policy

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

CORPORATE GOVERNANCE

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.

ARC is responsible for oversight and monitoring of whistleblowing. To ensure the confidentiality and independence of the whistle-blowing process, an email address directly linked to ARC Chairman is specifically created for Whistle-Blower to report directly to ARC Chairman who will review the information reported and direct an independent investigation team to investigate the reported matter as he deems fit. Identities of Whistle-Blower, participants of the investigations and the investigation subject(s) will be kept confidential. No person will be subject to any reprisal for having made a report in accordance with the policy or having participated in the investigation and any reprisal suffered may be reported directly to the ARC Chairman.

Whistle-blowing policy is available on the website of ECW and whistle-blowing parties are able to lodge their concerns via EWC's website at <https://www.ecwreit.com>. There was no whistle-blowing report received for FY2021.

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:

- (h) evaluation of risk;
- (i) customer due diligence;
- (j) suspicious transaction reporting;
- (k) record keeping;
- (l) employee screening and representative screening; and
- (m) training.

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

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

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

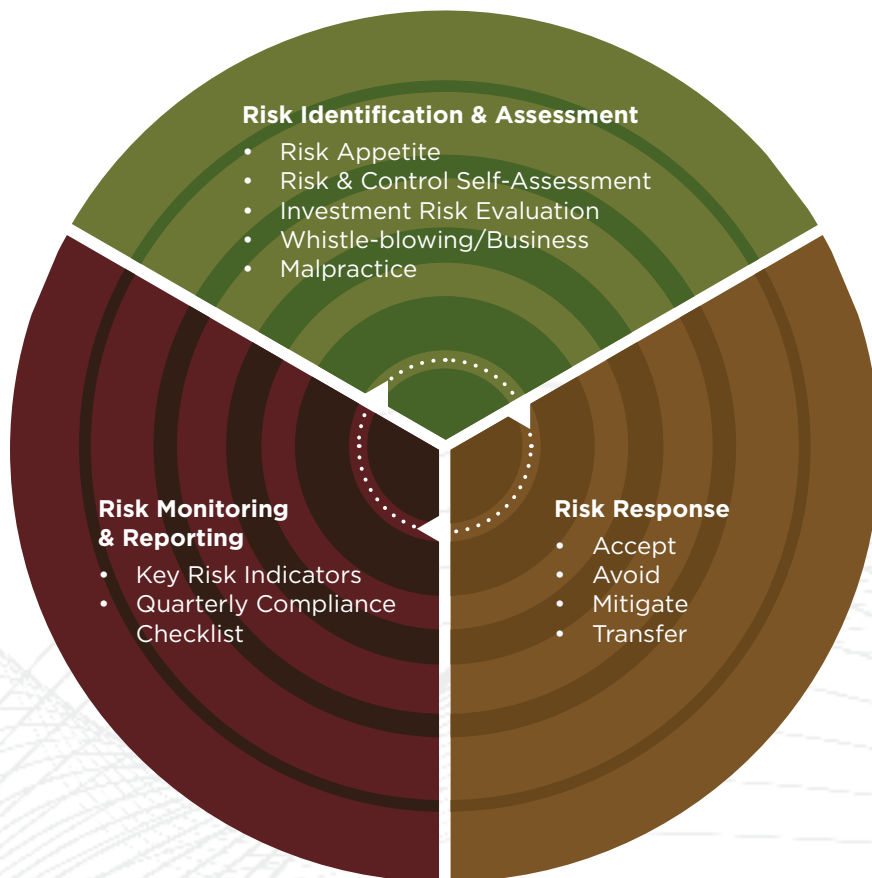
ENTERPRISE RISK MANAGEMENT

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

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

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

ERM FRAMEWORK



ENTERPRISE RISK MANAGEMENT

ECW Group's Risk Appetite Statement ("RAS") is expressed via formal, high-level and overarching principles. Having considered key stakeholders' interests, ECW Group's RAS sets out explicit, forward-looking views of ECW Group's desired risk profile and is aligned to ECW Group's strategy and business plans. The Manager incorporates accompanying risk limits which determine specific risk boundaries established at the operational level.

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

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

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

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

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

MANAGING MATERIAL RISKS

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

Business Interruption Risk

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

Competition Risk

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

Credit Risk

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

Economic Risk

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

Information Technology Risk

IT risk comprises cyber risk, information security risk and technology infrastructure risk. IT is an integral part of ECW Group's business and security of sensitive information, including tenancy details and financial information, are crucial.

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

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

Foreign Currency Risk

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

Interest Rate Risk

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

Investment Risk

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

Leasing Risk

Strong competition, poor economic and market conditions as well as major business interruption such as COVID-19 pandemic are some of the key factors that could result in key tenants not renewing their leases, and adversely affecting the leasing performance of our properties.

The Manager establishes a diversified tenant base and sustainable trade mix and has put in place proactive tenant management strategies which are in line with the properties' positioning. The proposed renewal of master leases subjected to Unitholders' approval, will reduce considerably the leasing risk. As a show of solidarity with ECW's tenants, ECW provided cash rental rebates to tenants within ECW's portfolio in efforts to mitigate the adverse impact of the COVID-19 situation on tenants' operations in April 2020.

Liquidity Risk

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

Regulatory and Compliance Risk

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



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REPORT OF THE TRUSTEE

For the financial year ended 31 December 2021

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of EC World Real Estate Investment Trust (“ECW”) held by it or through its subsidiaries (collectively the “Group”) in trust for the holders (“Unitholders”) of units in ECW. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of EC World Asset Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019 and Third Supplemental Deed dated 9 April 2020 (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 69 to 118, 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,
05 April 2022

STATEMENT BY **THE MANAGER**

For the financial year ended 31 December 2021

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 69 to 118, comprising the Statements of Financial Position of ECW and the Group, the Investment Properties Portfolio Statement of the Group as at 31 December 2021, 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 2021 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of ECW and the consolidated portfolio holdings of the Group as at 31 December 2021, and the consolidated movements of unitholders’ funds of the Group, the movements in unitholders’ funds of ECW, the consolidated financial performance of the Group, the consolidated amount distributable of the Group and the consolidated cash flows of the Group for the year ended 31 December 2021, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 5 August 2015 as amended by the First Amending and Restating Deed dated 29 June 2016, First Supplemental Deed dated 27 October 2016, Second Supplemental Deed dated 7 August 2019 and Third Supplemental Deed dated 9 April 2020 (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,
05 April 2022

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of EC World REIT ("ECW") and its subsidiaries (the "Group") and the Statement of Financial Position and Statement of Movements in Unitholders' Funds of ECW are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of ECW and the consolidated portfolio holdings of the Group as at 31 December 2021 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements of unitholders' funds of the Group and the movement in unitholders' funds of ECW, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of ECW and the Group comprise:

- Consolidated Statement of Total Return of the Group for the financial year ended 31 December 2021;
- Statements of Financial Position of the Group and ECW as at 31 December 2021;
- Consolidated Distribution Statement of the Group for the financial year then ended;
- Consolidated Statement of Cash Flows of the Group for the financial year then ended;
- Statements of Movements in Unitholders' Funds of the Group and ECW for the financial year then ended;
- Investment Properties Portfolio Statement of the Group as at 31 December 2021; 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\$541,832,000 and S\$138,361,000 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 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>Refer to <i>Note 14 (Investment properties)</i></p> <p>As at 31 December 2021, the carrying value of the Group's investment properties of S\$1,674 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 capitalisation rates and are dependent on the nature of each investment property and the prevailing market conditions.</p> <p>The key inputs as at 31 December 2021 are disclosed in Note 14 to the accompanying financial statements.</p> <p>Furthermore, the valuation reports obtained from independent property valuers for the investment properties have highlighted the heightened uncertainty of the Coronavirus Disease 2020 ("COVID-19") outbreak. Accordingly, the valuation of these investment properties may be subjected to more fluctuation subsequent to 31 December 2021 than any normal market conditions.</p>	<p>Our procedures performed to ascertain the appropriateness of the key inputs and assumptions used in the valuation included the following:</p> <ul style="list-style-type: none"> • assessed the competency, capabilities and objectivity of the external valuer engaged by the Group; • obtained an understanding of the techniques used by the external valuer in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuer for the key inputs used in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuer; and • assessed the reasonableness of the discount rates and capitalisation rates by benchmarking these against prior year inputs and those of comparable properties based on the information available as at 31 December 2021. <p>We found the external valuer to be a member of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.</p> <p>We have also assessed the adequacy of the disclosures relating to the assumptions and the impact of COVID-19 on valuation of investment properties, 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>

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 2021 ("Other Sections"), which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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)

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

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

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

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

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,
05 April 2022

CONSOLIDATED STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2021

		Group	
	Note	2021 S\$'000	2020 S\$'000
Gross revenue	4	125,488	109,726
Property expenses	5	(12,463)	(9,419)
Net property income		113,025	100,307
Finance income		2,235	1,883
Finance costs	6	(39,791)	(39,059)
Manager's base fees		(5,567)	(4,972)
Manager's performance fees		(532)	-
Trustee's fees		(343)	(331)
Exchange differences		(2,010)	969
Other trust expenses	7	(1,141)	(1,355)
Net income		65,876	57,442
Gain on disposal of investment properties		-	87
Net change in fair value of investment properties	14	(29,790)	(10,594)
Net change in fair value of financial derivatives		8,548	(9,306)
Total return for the year before income tax		44,634	37,629
Income tax expenses	8	(20,151)	(22,210)
Total return for the year after income tax before distribution		24,483	15,419
Earnings per unit (cents)			
- Basic and diluted	9	3.03	1.92

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		ECW	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
ASSETS					
Current assets					
Cash and bank balances	10	169,255	151,692	184	1,310
Trade and other receivables	11	52,115	40,303	1,103	965
Derivative financial instruments	12	-	6	-	6
Loans to subsidiaries	13	-	-	289,137	288,095
		221,370	192,001	290,424	290,376
Non-current assets					
Investment properties	14	1,673,893	1,623,653	-	-
Investments in subsidiaries	15	-	-	39,588	39,588
		1,673,893	1,623,653	39,588	39,588
Total assets		1,895,263	1,815,654	330,012	329,964
LIABILITIES					
Current liabilities					
Trade and other payables	16	33,521	30,028	2,513	1,848
Loans from a subsidiary	17	-	-	426,272	416,720
Borrowings	18	708,308	91,047	-	-
Derivative financial instruments	12	4,993	13,506	-	-
Current income tax liabilities		16,380	19,666	-	-
		763,202	154,247	428,785	418,568
Non-current liabilities					
Trade and other payables	16	69,969	67,035	-	-
Borrowings	18	13,185	592,784	-	-
Deferred income tax liabilities	19	296,174	285,084	-	-
Government grant	20	980	994	-	-
		380,308	945,897	-	-
Total liabilities		1,143,510	1,100,144	428,785	418,568
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		751,753	715,510	(98,773)	(88,604)
Represented by:					
UNITHOLDERS' FUNDS		751,753	715,510	(98,773)	(88,604)
UNITS IN ISSUE ('000)	21	809,492	805,844	809,492	805,844
NET ASSET VALUE PER UNIT (S\$)		0.93	0.89	(0.12)	(0.11)

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

CONSOLIDATED DISTRIBUTION STATEMENT

For the financial year ended 31 December 2021

	2021 S\$'000	Group 2020 S\$'000
Amount available for distribution to Unitholders at beginning of the year	16,477	12,957
Total return for the year	24,483	15,419
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments (Note A)	27,424	31,811
Amount available for distribution	68,384	60,187
Distributions made during the year:		
Distribution of 1.510 cents per unit for the period from 1 October 2019 to 31 December 2019	-	(12,098)
Distribution of 1.158 cents per unit for the period from 1 January 2020 to 31 March 2020	-	(9,298)
Distribution of 1.386 cents per unit for the period from 1 April 2020 to 30 June 2020	-	(11,142)
Distribution of 1.388 cents per unit for the period from 1 July 2020 to 30 September 2020	-	(11,172)
Distribution of 1.427 cents per unit for the period from 1 October 2020 to 31 December 2020	(11,499)	-
Distribution of 1.532 cents per unit for the period from 1 January 2021 to 31 March 2021	(12,360)	-
Distribution of 1.532 cents per unit for the period from 1 April 2021 to 30 June 2021	(12,375)	-
Distribution of 1.662 cents per unit for the period from 1 July 2021 to 30 September 2021	(13,439)	-
Total Unitholders' distributions	(49,673)	(43,710)
Amount available for distribution to Unitholders at end of the year	18,711	16,477

Note A:

Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments comprise:

- Straight lining of step-up rental	(1,539)	2,898
- Security deposits accretion	(104)	390
- Manager's base fees paid/payable in units	2,077	2,486
- Manager's performance fees paid/payable in units	266	-
- Trustee's fees	343	331
- Net fair value loss on investment properties	29,790	10,594
- Deferred tax (credit)/charge, net	(2,691)	1,028
- Net change in fair value of financial derivatives	(8,548)	9,306
- Amortisation of upfront debt issuance costs	5,827	5,653
- Foreign exchange gain, net (unrealised)	2,120	(974)
- Gain on disposal of investment properties	-	(87)
- Provision of real estate tax	-	293
- Write-back provision for doubtful receivables	(113)	(107)
- Others	(4)	-
	27,424	31,811

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	Group 2021 S\$'000	2020 S\$'000
Cash flows from operating activities			
Total return for the year		24,483	15,419
Adjustments for:			
- Income tax expenses	8	20,151	22,210
- Finance income		(2,235)	(1,883)
- Finance costs	6	39,791	39,059
- Effect of straight lining of step-up rental		(1,539)	2,898
- Effect of security deposits accretion		(3,185)	(2,494)
- Gain on disposal of investment properties		-	(87)
- Fair value (gain)/loss on derivative financial instruments		(8,548)	9,306
- Fair value loss on investment properties	14	29,790	10,594
- Write-back provision for doubtful receivables		(113)	(107)
- Manager's base fees payable in units		2,077	2,486
- Manager's performance fees payable in units		266	-
- Foreign exchange loss/(gain), net (unrealised)		2,120	(974)
Operating cash flow before working capital change		103,058	96,427
Change in working capital:			
Trade and other receivables		(10,096)	(927)
Trade and other payables		1,862	(2,459)
Cash generated from operating activities		94,824	93,041
Interest received		2,235	1,883
Income tax paid (net)		(26,845)	(13,859)
Net cash generated from operating activities		70,214	81,065
Cash flows from investing activities			
Additions to investment properties		(375)	-
Proceeds from disposal of investment properties		-	1,061
Net cash (used in)/generated from investing activities		(375)	1,061
Cash flows from financing activities			
Repayment of borrowings		(53,078)	(53,676)
Distribution to Unitholders		(49,673)	(43,710)
Proceeds from borrowings		73,550	71,149
Interest paid		(29,455)	(28,708)
SBLC commission paid		(331)	(245)
Placements of deposits for SBLC facilities		(26,997)	(24,840)
Net cash used in financing activities		(85,984)	(80,030)
Net (decrease)/increase in cash and cash equivalents		(16,145)	2,096
Cash and cash equivalents at beginning of the year		38,037	34,697
Effects of exchange rate changes on cash and cash equivalents		821	1,244
Cash and cash equivalents at the end of the year	10	22,713	38,037

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Reconciliation of liabilities arising from financing activities:

	1 January 2021 S\$'000	Transaction fees, principal and interest payments S\$'000	Non-cash changes S\$'000		31 December 2021 S\$'000
			Interest expense	Foreign exchange movement	
Borrowings and interest payables	688,920	(8,983)	35,456	11,310	726,703
	1 January 2020 S\$'000	Transaction fees, principal and interest payments S\$'000	Non-cash changes S\$'000		31 December 2020 S\$'000
			Interest expense	Foreign exchange movement	
Borrowings and interest payables	659,321	(11,235)	35,255	5,579	688,920

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2021

	Group		ECW	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
OPERATIONS				
Beginning of the year	838,166	850,259	(20,321)	(31,166)
Total return for the year	24,483	15,419	36,754	33,159
Distribution to Unitholders	(37,313)	(22,314)	(37,313)	(22,314)
Transfer to general reserves	(6,348)	(5,198)	-	-
End of the year	818,988	838,166	(20,880)	(20,321)
GENERAL RESERVES*				
Beginning of the year	20,907	15,709	-	-
Transfer from operations	6,348	5,198	-	-
End of the year	27,255	20,907	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the year	(68,283)	(49,974)	(68,283)	(49,974)
Movements during the year				
- Manager's base fees paid in units	2,750	3,087	2,750	3,087
Distribution to Unitholders	(12,360)	(21,396)	(12,360)	(21,396)
End of the year	(77,893)	(68,283)	(77,893)	(68,283)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the year	(75,280)	(132,069)	-	-
Translation differences relating to financial statements of foreign subsidiaries	58,683	56,789	-	-
End of the year	(16,597)	(75,280)	-	-
Total Unitholders' funds at end of the year	751,753	715,510	(98,773)	(88,604)

* 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 2021

Property name	Date of acquisition (Years)	Remaining term of lease*	Location	Occupancy rates at		Latest valuation date	Valuation as at		Percentage of total net assets attributable to Unitholders as at	
				31 December 2021 (%)	31 December 2020 (%)		31 December 2021 (\$'000)	31 December 2020 (\$'000)	31 December 2021 %	31 December 2020 %
Chongxian Port Investment	25 August 2015	34.0	No.5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	470,013	458,436	62.52	64.07
Chongxian Port Logistics	25 August 2015	34.0	No.5-2, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	178,376	174,874	23.73	24.44
Fu Zhuo Industrial	25 August 2015	34.0	No.5-1, Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	24,816	23,681	3.30	3.31
Fu Heng Warehouse - Building 1 and 2	9 September 2015	37.4	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	125,775	123,262	16.73	17.23
Stage 1 Properties of Bei Gang Logistics - Building 1 to 8	25 August 2015	30.2	No. 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	265,337	257,250	35.3	35.95
Hengde Logistics - Phase 1	6 November 2015	37.5	No.21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	305,000	288,622	40.57	40.34
- Phase 2	6 November 2015	31.6	No.2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	84.7	86.5	31 December 2021	38,178	36,432	5.08	5.09
Wuhan Meiluote	16 April 2018	43.5	Yinyan Village, Nanwan Village, Daji Street, Caidian District, Wuhan, PRC	100	100	31 December 2021	266,398	261,096	35.44	36.49
Fuzhou E-Commerce	8 August 2019	37.4	No. 9 Mingxing Road, Fuyang District, Hangzhou, Zhejiang Province, PRC	100	100	31 December 2021	1,673,893	1,623,653	222.67	226.92
Other assets and liabilities (net)							(922,140)	(908,143)	(122.67)	(126.92)
Net assets of the group							751,753	715,510	100.00	100.00

* Refers to the remaining tenure of underlying land.

The portfolio of ECW comprises eight properties and are collectively known as the "Properties". The carrying amounts of the investment properties were based on independent valuations as at 31 December 2021. The valuations were undertaken by Beijing Colliers International Real Estate Valuation Co., Ltd. ("Colliers"), an independent valuer. Colliers 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 2021

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

1. GENERAL INFORMATION

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

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

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

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

(a) Trustee’s fees

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

(b) Manager’s management fees

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

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

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

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

The Manager had elected to receive 50% of the Manager’s management fees in the form of Units for the financial period from 1 January 2021 to 30 September 2021 and 100% of the Manager’s management fees in the form of cash for the financial period from 1 October 2021 to 31 December 2021 (2020: 50%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. GENERAL INFORMATION (CONTINUED)

(c) Acquisition and Divestment fees

The Manager is entitled to receive the following fees:

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

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

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

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

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

(d) Development management fee

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

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

(e) Fees under the Property Management Agreement

- (i) Property management services

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

For the Properties except for Wuhan Meiluote:

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

For Wuhan Meiluote property:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. GENERAL INFORMATION (CONTINUED)

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

(ii) Marketing services

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

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

The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties (Note 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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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 2021, the Group had borrowings from financial institutions of S\$708,308,000. This was classified under current liabilities as they are due for repayment in May and July 2022, which is within the next 12 months from the reporting date. ECW's loan from a subsidiary (the Group's treasury entity) was classified under current liabilities as it is repayable on demand. This led to the current liabilities of the Group and ECW exceeding the current assets by S\$541,832,000 and S\$138,361,000 respectively. 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 as the negotiation with the financial institutions is at its final stage. In the opinion of the Manager, the negotiations will be completed before these borrowings become due for repayment and that the subsidiary will not demand payment from ECW as long as the Group's bank facilities are refinanced as the subsidiary draws down these offshore loan facilities for the purpose of funding ECW and the Group.

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.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, 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:

Interest Rate Benchmark Reform - Phase 2

The Group has adopted the amendments to FRS 9, FRS 7 and FRS 16 Interest Rate Benchmark Reform - Phase 2 effective 1 January 2021. The Group does not expect any significant impact arising from applying these amendments.

Financial instruments measured at amortised cost

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

Effect of IBOR reform

Following the global financial crisis, the reform and replacement inter-bank offered rates (“IBOR”) has become a priority for global regulators. The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Swap Offer Rate (“SOR”) and the USD LIBOR.

SOR and USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average (“SORA”) and the Secured Overnight Financing Rate (“SOFR”), respectively. The Group has variable rate SGD and USD borrowings which reference to SOR and USD LIBOR and matures before 30 June 2023. The expected transition from SOR to SORA and USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years as these borrowings will mature before 30 June 2023.

2.2 Revenue recognition

(a) Rental income from operating leases

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.3 Government grants

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

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

Government grants relating to assets are recognised as deferred income.

2.4 Expenses

(a) Property expenses

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

(b) Trustee’s fees

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Expenses (continued)

(c) Manager's management fees

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

2.5 Borrowing costs

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

2.6 Income taxes

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Income taxes (continued)

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

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

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

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

2.7 Group accounting

Subsidiaries

(i) Consolidation

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Group accounting (continued)

Subsidiaries (continued)

(ii) Acquisitions (continued)

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

(iii) Disposals

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

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

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

2.8 Investment properties

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

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

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

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

2.9 Investment in subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

Investment in subsidiaries

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

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

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

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

Initial recognition

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

Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25 details how the Group determines whether there has been a significant increase in credit risk.

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

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

(c) Recognition and derecognition

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

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

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

2.12 Offsetting of financial instruments

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

2.13 Cash and cash equivalents

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

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Trade and other payables

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

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

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

2.16 Derivative financial instruments and hedging activities

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

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

2.17 Fair value estimation of financial assets and liabilities

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases

When the Group is a lessor:

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

When the Group is a lessee:

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

2.19 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 2021

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 net 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Segment reporting

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

2.22 Distribution policy

With effect from 1 January 2018, ECW's distribution policy is to distribute at least 90% of its distributable income on a semi-annual basis. The actual level of distribution will be determined at the Manager's discretion.

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Fair value estimation of investment properties

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

4. GROSS REVENUE

	2021 S\$'000	Group 2020 S\$'000
Rental income (net of rental reliefs granted)	125,217	109,477
Other operating income	271	249
	125,488	109,726

Ad-hoc rental reliefs of S\$Nil (2020: S\$3,986,000) were granted to the Group's tenants during the year. The rental reliefs granted, which do not change the scope nor the original terms and conditions of the leases, are recognised as a period charge in the period in which they are granted to the tenants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. PROPERTY EXPENSES

	2021	Group 2020
	S\$'000	S\$'000
Property maintenance and repair expenses	3,979	2,344
Write-back provision for doubtful receivables	(113)	(107)
Property management fee	1,992	1,861
Business and property-related taxes	6,605	5,321
	12,463	9,419

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

	2021	Group 2020
	S\$'000	S\$'000
Interest expenses:		
- Borrowings	24,101	26,209
- Financial derivatives	5,528	3,393
Amortisation of upfront debt issuance costs	5,827	5,653
Security deposits accretion	3,081	2,884
Others	1,254	920
	39,791	39,059

Including the realised fair value loss on financial derivatives of \$5,528,000 (2020: realised fair value loss on financial derivatives of \$3,393,000), total net change in fair value of financial derivatives recognised in the Statement of Total Return amounted to a gain of \$3,020,000 for the financial year ended 31 December 2021 (2020: loss of \$12,699,000).

7. OTHER TRUST EXPENSES

	2021	Group 2020
	S\$'000	S\$'000
Audit fees	430	421
Valuation fees	53	160
Consultancy and professional fees	342	501
Others	316	273
	1,141	1,355

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. INCOME TAX EXPENSES

	Group	
	2021	2020
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore	-	-
- Foreign	20,783	18,953
	20,783	18,953
Withholding tax	2,276	2,133
Deferred income tax (Note 19)	(2,691)	1,028
	20,368	22,114
- (Over)/Under provision in prior financial year:		
Current income tax		
- Foreign	(217)	96
	20,151	22,210

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	
	2021	2020
	S\$'000	S\$'000
Total return for the year before income tax	44,634	37,629
Tax calculated using Singapore tax rate of 17% (2020: 17%)	7,588	6,397
Effects of:		
- Different tax rate in foreign jurisdiction	5,858	6,445
- Non-tax deductible items, net	5,266	6,356
- Income not subject to tax	(1,454)	(6)
- Utilisation of previously unrecognised tax losses	-	-
- Tax losses not recognised	834	789
- Withholding tax	2,276	2,133
- (Over)/Under provision of tax in prior financial years (net)	(217)	96
	20,151	22,210

9. EARNINGS PER UNIT

The calculation of basic earnings per Unit is based on:

	Group	
	2021	2020
Total return attributable to Unitholders of ECW (\$'000)	24,483	15,419
Weighted average number of Units outstanding during the year	807,265	803,259
Basic and diluted earnings per Unit (\$ per share)	3.03	1.92

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. CASH AND BANK BALANCES

	Group		ECW	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash at bank	22,713	38,037	184	1,310
Interest reserves	16,025	15,610	-	-
Cash collaterals	130,517	98,045	-	-
	169,255	151,692	184	1,310

The interest reserves are bank deposits maintained as required by the offshore term loan and onshore term loan facilities agreements. The cash collaterals are cash deposits maintained for the issuance of Standby Letter of Credit ("SBLC") (Note 18).

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

	Group	
	2021 S\$'000	2020 S\$'000
Cash and bank balances (as above)	169,255	151,692
Less:		
Interest reserves	(16,025)	(15,610)
Cash collaterals for SBLC facilities	(130,517)	(98,045)
Cash and cash equivalents per Consolidated Statement of Cash Flows	22,713	38,037

11. TRADE AND OTHER RECEIVABLES

	Group		ECW	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<i>Current</i>				
Trade receivables				
- Related parties*	12,804	5,627	-	-
- Ultimate holding corporation	5,235	4,198	-	-
- Non-related parties	3,320	800	-	-
Less: Allowance for impairment of trade receivables (non-related parties)	-	-	-	-
Trade receivables (net)	21,359	10,625	-	-
Amounts due from ultimate holding corporation (non-trade)	27,336	26,616	-	-
Amounts due from related parties (non-trade)*	47	45	-	-
Amounts due from subsidiaries (non-trade)	-	-	965	835
Interest receivables	1,062	847	-	-
VAT receivables	1,315	1,285	117	106
Other receivables	2,278	2,193	-	-
Less: Allowance for impairment of other receivables (non-related parties)	(1,419)	(1,460)	-	-
Prepayments	137	152	21	24
	52,115	40,303	1,103	965

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount S\$'000	Group		Contract notional amount S\$'000	ECW	
		Fair value Assets S\$'000	Liability S\$'000		Fair value Assets S\$'000	Liability S\$'000
2021						
<i>Derivatives not held for hedging</i>						
Interest rate swaps	307,531	-	(2,228)	-	-	-
Cross currency interest rate swaps	109,407	-	(2,201)	-	-	-
Currency option	24,000	-	(564)	-	-	-
		-	(4,993)		-	-
2020						
<i>Derivatives not held for hedging</i>						
Interest rate swaps	287,358	-	(6,920)	-	-	-
Cross currency interest rate swaps	107,011	-	(6,586)	-	-	-
Currency option	3,000	6	-	3,000	6	-
		6	(13,506)		6	-

Although the Group has entered into derivatives to economically hedge its interest rate and foreign currency risks, it does not apply hedge accounting. The Group has entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings (Note 18). Under the swaps, the Group receives floating interest equal to Singapore Dollar Swap Offer Rate ("SGD SOR") at every 3 months and pays fixed rates of interest varying from 1.39% to 1.75% per annum (2020: 1.39% to 1.75% per annum).

The Group has also entered into cross currency interest rate swaps to manage its exposure to interest rate and exchange rate movements on its United States Dollars ("USD") floating-rate interest-bearing borrowings. Under the swaps, the Group receives floating interest equal to USD LIBOR at every 3 months and pays fixed rates of interest varying from 1.77% to 1.79% per annum (2020: 1.77% to 1.79% per annum). The Group has also entered into currency option contracts to manage its foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. LOANS TO SUBSIDIARIES

	2021 S\$'000	ECW 2020 S\$'000
Loans to subsidiaries	289,137	288,095

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

14. INVESTMENT PROPERTIES

	2021 S\$'000	Group 2020 S\$'000
Beginning of the year	1,623,653	1,567,586
Asset enhancements during the year	375	-
Effect of straight lining of step-up rental	1,581	(2,967)
Fair value changes	(29,790)	(10,594)
Disposals during the year	-	(974)
Adjustments for finalised construction costs	-	(5,019)
Currency translation differences	78,074	75,621
End of the year	1,673,893	1,623,653

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

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

The overall portfolio valuation in RMB terms decreased from RMB8,022,000,000 (equivalent to S\$1,623,653,000) as at 31 December 2020 to RMB7,892,000,000 (equivalent to S\$1,673,893,000) as at 31 December 2021.

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

Fair values of investment properties are measured under Level 3 of the fair value hierarchy which included significant unobservable inputs in the valuation techniques used. The valuation technique used in 2021 were Discounted Cash Flow method (2020: Discounted Cash Flow method) as the valuer believes this valuation technique is more reflective of the fair values of the properties.

Valuation techniques and key unobservable inputs

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

Description	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	Discounted cash flow	Terminal Capitalisation rate	6.0% – 6.5% (2020: 6.0% – 6.5%)	The higher the terminal capitalisation rate, the lower the valuation.
		Discount rate	8.5% – 9.5% (2020: 8.5% – 9.0%)	The higher the discount rate, the lower the valuation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of the financial year based on the properties' highest and best use. As at 31 December 2021, the fair values of the properties have been determined by Beijing Colliers International Real Estate Valuation Co., Ltd. (2020 : Savills Real Estate Valuation (Guangzhou) Ltd. - Shanghai Branch).

The independent valuers are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions and have taken into account the impact of COVID-19 based on information available as at 31 December 2021. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers. Given the heightened uncertainty over the length and severity of the COVID-19 outbreak in the country in which the Group operates and the ongoing measures being adopted by them to address the outbreak, valuations may be subjected to more fluctuations subsequent to 31 December 2021 than during normal market conditions.

15. INVESTMENTS IN SUBSIDIARIES

	2021	ECW 2020
	S\$'000	S\$'000
Equity investments at cost	39,588	39,588

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by parent		Proportion of ordinary shares held by the Group	
			2021	2020	2021	2020
			%	%	%	%
Fullwealth Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Richwin Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Prorich Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Richport Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
Magnasset Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
JY Logistics Investment Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
ECW Treasure Pte. Ltd.*	Investment holding	Singapore	100	100	100	100
ECW Treasure 1 Pte. Ltd.*	Investment holding	Singapore	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
			2021	2020	2021	2020
			%	%	%	%
Flutric Investments Limited [^]	Investment holding	British Virgin Islands	100	100	100	100
Realtime Assets Global Pte. Ltd.*	Investment holding	Singapore	-	-	100	100
Hangzhou Chongxian Port Investment Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	-	-	100	100
Hangzhou Chongxian Port Logistics Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	-	-	100	100
Hangzhou Fu Zhuo Industrial Co., Ltd.#	Port logistics	People's Republic of China, Hangzhou	-	-	100	100
Hangzhou Bei Gang Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	-	-	100	100
Hangzhou Fu Heng Warehouse Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	-	-	100	100
Zhejiang Hengde Sangpu Logistics Co., Ltd.#	Specialised logistics	People's Republic of China, Hangzhou	-	-	100	100
Wuhan Fute Logistics Co., Ltd.#	Investment holding	People's Republic of China, Wuhan	-	-	100	100
Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd.#	E-commerce logistics	People's Republic of China, Wuhan	-	-	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
			2021	2020	2021	2020
			%	%	%	%
Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd.^	Supply Chain Management	People's Republic of China, Shanghai	-	-	100	100
Zhejiang Fuzhou E-Commerce Co., Ltd.#	E-commerce logistics	People's Republic of China, Hangzhou	-	-	100	100

* Audited by PricewaterhouseCoopers LLP, Singapore

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

^ The entity is not subject to audit.

16. TRADE AND OTHER PAYABLES

	Group		ECW	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<i>Current</i>				
Trade payables to:				
- non-related parties	3,458	3,231	31	-
- related parties*	2,753	1,791	-	-
Interest payables	5,210	5,089	-	-
Accruals:				
- operating expenses	2,708	2,013	2,482	1,848
- construction costs	366	350	-	-
Other payables				
- non-related parties	13,609	11,814	-	-
- related parties*	1,418	1,248	-	-
Deposits	415	935	-	-
Deferred income	3,243	3,095	-	-
Rental received in advance	341	462	-	-
	33,521	30,028	2,513	1,848
<i>Non-current</i>				
Tenancy related deposits	63,298	57,575	-	-
Deferred income	6,671	9,460	-	-
	69,969	67,035	-	-
	103,490	97,063	2,513	1,848

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. LOANS FROM A SUBSIDIARY

	2021 S\$'000	ECW 2020 S\$'000
Loans from a subsidiary	426,272	416,720

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

18. BORROWINGS

	2021 S\$'000	Group 2020 S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	180,682	5,397
- Offshore facility	415,776	-
- Revolving credit facilities	111,850	85,650
	708,308	91,047
<i>Non-current</i>		
Secured bank borrowings		
- Onshore facility	13,185	183,177
- Offshore facility	-	409,607
	13,185	592,784
Total borrowings	721,493	683,831

The maturity of the borrowings are as follows:

	2021 S\$'000	Group 2020 S\$'000
Within 1 year	708,308	91,047
After 1 year but within 3 years	5,074	583,205
Over 3 years	8,111	9,579
	721,493	683,831

Measurement of fair value

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

Onshore facility

The Onshore Borrowers are the Group's subsidiaries namely, Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd..

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. BORROWINGS (CONTINUED)

Onshore facility (continued)

As at 31 December 2021, the onshore facility is secured by:

- (i) a first ranking pledge over the entire issued equity interest of two of the Group's subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and a first ranking pledge over 65.98% equity interests of Zhejiang Fuzhou E-Commerce Co., Ltd. held by Wuhan Fute Logistics Co., Ltd.;
- (ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the "Onshore Guarantors" refer to the Group's subsidiaries Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;
- (iii) a first ranking mortgage over the Properties (Note 14);
- (iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;
- (v) an assignment of all material agreements in relation to the Properties;
- (vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent (being DBS Bank (China) Limited, Hangzhou Branch) named as the first beneficiary;
- (vii) an assignment of all present and future rights and interests of the Onshore Borrowers, Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder's loans;
- (viii) a subordination deed in relation to the inter-company debts and shareholder's loans made to the Onshore Borrowers; and
- (ix) any other security as may be reasonably required by the lenders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. BORROWINGS (CONTINUED)

Offshore Facility

The borrowers are ECW Treasure Pte. Ltd. (“ECWT”) and Zhejiang Fuzhou E-commerce Co., Ltd.. The offshore facility is secured by:

- (i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the “BVI Holding Company”) and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- (ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECWT;
- (iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;
- (iv) A mortgage over each of the Properties (Note 14) and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$39,074,000 and US\$5,840,000; and
- (v) A debenture over all the assets of the Trustee (in its capacity as trustee of ECW) relating to and/or in connection with the Properties, and debentures over all of the assets of each of the Singapore Holding Companies and ECWT.

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

Revolving Credit Facilities

As at 31 December 2021, ECW has uncommitted revolving credit facilities of S\$130,000,000 with United Overseas Bank Ltd (“UOB”), Malayan Banking Berhad (“MBB”) and Bank of East Asia Limited, Singapore Branch (“BEA”). ECW had drawn down a total of S\$111,850,000 short-term loan backed by SBLC issued by United Overseas Bank (China) Ltd, Malayan Banking Berhad Shanghai Branch and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB615,355,000 (S\$130,517,000) (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. DEFERRED INCOME TAX

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

	2021 S\$'000	Group 2020 S\$'000
Deferred income tax assets		
- To be recovered after 1 year	(423)	(627)
Deferred income tax liabilities		
- To be settled after 1 year	296,597	285,711
Deferred income tax liabilities (net)	296,174	285,084

Deferred income tax liabilities of S\$3,061,000 (2020: S\$2,689,000) 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 movement on investment properties S\$'000	Accelerated tax depreciation S\$'000	Total S\$'000
<u>Group</u>			
2021			
Beginning of the year	285,170	541	285,711
Tax credited for the year	(3,391)	476	(2,915)
Currency translation differences	13,780	21	13,801
End of the year	295,559	1,038	296,597
<u>2020</u>			
Beginning of the year	270,525	908	271,433
Tax charged for the year	1,638	(413)	1,225
Currency translation differences	13,007	46	13,053
End of the year	285,170	541	285,711

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. DEFERRED INCOME TAX (CONTINUED)

Deferred tax assets

	Provisions and others S\$'000
<hr/>	
Group	
2021	
Beginning of the year	(627)
Tax charged for the year	224
Currency translation differences	(20)
End of the year	<u>(423)</u>
2020	
Beginning of the year	(411)
Tax credited for the year	(197)
Currency translation differences	(19)
End of the year	<u>(627)</u>

20. GOVERNMENT GRANT

	<u>Group</u>	
	2021	2020
	S\$'000	S\$'000
Government grant	<u>980</u>	994

21. UNITS IN ISSUE

	<u>Group and ECW</u>	
	2021	2020
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the year	805,844	801,206
Issue of Units:		
- Manager's base fees paid in Units	3,648	4,638
End of the year	<u>809,492</u>	<u>805,844</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. UNITS IN ISSUE (CONTINUED)

During the financial year, ECW issued 3,647,530 new Units (2020: 4,637,745 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.

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

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

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

22. LEASES - THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Leasehold land

The Group has made an upfront payment to secure the right-of-use of the leasehold land with remaining terms of lease from 30.2 to 43.5 years, which is used in the Group's operations. This leasehold land is recognised within Investment properties (Note 14).

There is no externally imposed covenant on these lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. LEASES - THE GROUP AS A LESSOR

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

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

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

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

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

Rental income from investment properties are disclosed in Note 4.

The following table shows the maturity analysis of the undiscounted lease payment to be received.

	2021	Group 2020
	S\$'000	S\$'000
Less than one year	113,425	104,156
One to two years	109,080	98,687
Two to three years	84,770	98,215
Three to four years	-	78,851
Four to five years	-	1,350
More than five years	-	5,390
Total undiscounted lease payments	307,275	386,649

The change in lease commitments is mainly due to compulsory expropriation of Fu Zhuo Industrial disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. 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\$325,000 (2020: S\$76,000).

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Risk management is carried out under policies approved by the Board of Directors of the Manager. The Manager provides written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

(a) Market risk

(i) Currency risk

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

- the use of borrowings denominated in the respective entities' functional currency to match the currency of the investment asset as a natural currency hedge;
- entering into cross currency interest rate swaps that are used to reduce the Group's exposure to currency risk on its borrowings and interest; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

- entering into currency forward contracts or currency options to manage the foreign currency income received from the onshore assets, back into Singapore Dollars.

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

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<u>Group</u>				
As at 31 December 2021				
Financial assets				
Cash and bank balances	6,631	157,747	4,877	169,255
Trade and other receivables*	583	50,080	-	50,663
Receivables from holding corporation/subsidiaries	753,742	293,778	-	1,047,520
Total financial assets	<u>760,956</u>	<u>501,605</u>	<u>4,877</u>	<u>1,267,438</u>
Financial liabilities				
Trade and other payables^	(5,111)	(88,124)	-	(93,235)
Payables to holding corporation/subsidiaries	(753,742)	(293,778)	-	(1,047,520)
Borrowings	(410,718)	(193,867)	(116,908)	(721,493)
Total financial liabilities	<u>(1,169,571)</u>	<u>(575,769)</u>	<u>(116,908)</u>	<u>(1,862,248)</u>
Net financial liabilities	(408,615)	(74,164)	(112,031)	(594,810)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(325)	-	(325)
Less: Currency options	-	24,000	-	24,000
Less: Cross currency swaps	-	-	109,407	109,407
Less: Net financial liabilities denominated in the respective entities' functional currency	<u>369,693</u>	<u>(5,016)</u>	<u>-</u>	<u>364,677</u>
Net currency exposure	<u>(38,922)</u>	<u>(55,505)</u>	<u>(2,624)</u>	<u>(97,051)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<u>Group</u>				
As at 31 December 2020				
Financial assets				
Cash and bank balances	7,892	138,690	5,110	151,692
Trade and other receivables*	634	38,232	-	38,866
Receivables from holding corporation/subsidiaries	741,690	184,718	-	926,408
Total financial assets	<u>750,216</u>	<u>361,640</u>	<u>5,110</u>	<u>1,116,966</u>
Financial liabilities				
Trade and other payables^	(4,819)	(79,227)	-	(84,046)
Payables to holding corporation/subsidiaries	(741,690)	(184,718)	-	(926,408)
Borrowings	(381,958)	(188,574)	(113,299)	(683,831)
Total financial liabilities	<u>(1,128,467)</u>	<u>(452,519)</u>	<u>(113,299)</u>	<u>(1,694,285)</u>
Net financial liabilities	(378,251)	(90,879)	(108,189)	(577,319)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(76)	-	(76)
Less: Currency options	-	3,000	-	3,000
Less: Cross currency swaps	-	-	107,011	107,011
Less: Net financial liabilities denominated in the respective entities' functional currency	339,661	34,988	-	374,649
Net currency exposure	<u>(38,590)</u>	<u>(52,967)</u>	<u>(1,178)</u>	<u>(92,735)</u>

* Excludes prepayments and VAT receivables

^ Excludes deferred income and rental received in advance

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

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as RMB and USD. If the RMB and USD strengthened/weakened against the SGD by 3% (2020: 3%) and 3% (2020: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset would decrease/increase the total return by S\$576,000 (2020: S\$490,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing assets do not generate significant amount of interest, changes in market interest rates do not have significant direct impact to the Group.

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

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

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

	2021	Group 2020
	S\$'000	S\$'000
<u>Variable rate instruments</u>		
- Onshore borrowings	193,867	191,717
- Offshore borrowings	417,281	414,683
- Revolving credit facilities	111,850	85,650
- Interest rate swaps	(307,531)	(287,358)
- Cross currency interest rate swap	(109,407)	(107,011)
Net exposure to interest rate risk	306,060	297,681

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 (2020: 25) basis points ("bp") at the reporting date, the total return would be lower/higher by S\$765,000 (2020: S\$744,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

ECW does not have significant interest-bearing assets and liabilities. Hence, ECW's subject to insignificant interest risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

63% (2020: 76%) of trade and other receivables are due from the ultimate holding corporation and secured with the security deposits placed with the Group.

The maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for trade and other receivables that are secured with security deposits.

Trade receivables

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

In calculating the expected credit loss rates, the Group considers the security deposits held, historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Where receivables are provided for, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During current financial year, there were write-back for doubtful receivables amounting to S\$113,000 (2020: S\$107,000) due to collections.

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

	<u>Group</u>	
	2021	2020
	S\$'000	S\$'000
Beginning of the year	1,460	1,495
Write-back provision for doubtful receivables	(113)	(107)
Currency translation differences	72	72
End of the year	1,419	1,460

Impaired receivables (net of security deposits) are written off for when there is no reasonable expectation of recovery, such as a debtor failing to respond to demand letter.

Loans to subsidiaries

ECW has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of \$289,137,000 (2020: \$288,095,000) and are considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash to fund its working capital and financial obligations. At the end of each reporting period, assets held by the Group for managing liquidity risk included cash and short-term deposits. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning the leverage limits and financial covenants imposed by the banks on the various borrowings.

The Manager monitors and maintains a level of cash and cash equivalent deemed adequate to finance ECW's operations by requesting funds from the Group's subsidiaries. ECW has control over those Group subsidiaries and the repatriation of funds from subsidiaries are not subject to restriction.

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

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 1 to 2 years S\$'000	More than 2 years S\$'000
<u>Group</u>				
2021				
Non-derivative financial liabilities				
Borrowings	(631,032)	(616,822)	(5,090)	(9,120)
Revolving credit facilities	(112,069)	(112,069)	-	-
Trade and other payables*	(97,914)	(24,727)	(73,187)	-
Derivative financial liabilities				
Interest rate swaps	(2,228)	(2,228)	-	-
Cross currency interest rate swaps	(2,201)	(2,201)	-	-
2020				
Non-derivative financial liabilities				
Borrowings	(646,103)	(32,295)	(600,247)	(13,561)
Revolving credit facilities	(85,801)	(85,801)	-	-
Trade and other payables*	(91,222)	(21,382)	-	(69,840)
Derivative financial liabilities				
Interest rate swaps	(6,920)	(4,075)	(2,845)	-
Cross currency interest rate swaps	(6,586)	(1,733)	(4,853)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Contractual cash flows S\$'000	Within 1 year S\$'000	Within 1 to 2 years S\$'000
ECW			
2021			
Non-derivative financial liabilities			
Trade and other payables*	(2,513)	(2,513)	-
Loans from a subsidiary	(426,272)	(426,272)	-
2020			
Non-derivative financial liabilities			
Trade and other payables*	(1,848)	(1,848)	-
Loans from a subsidiary	(416,720)	(416,720)	-

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

(d) Capital risk

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 50.0% of the fund's deposited property before 1 January 2022 and on or after 1 January 2022, should not exceed 45.0% of the fund's depository property.

The Group has complied with the Aggregate Leverage requirements for the financial years ended 31 December 2021 and 31 December 2020:

	2021 S\$'000	2020 S\$'000
Group		
Total borrowings and deferred payment	724,315	692,050
Total assets	1,895,263	1,815,654
Aggregate leverage ratio	38.2%	38.1%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

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

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

(e) Fair value measurements

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

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 which comprise derivative financial instruments. In frequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Financial asset at fair value through profit or loss	Carrying amount			Fair value hierarchy			
	Financial asset at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000
<u>Group</u>							
2021							
Financial assets							
Cash and bank balances	-	169,255	-	169,255	-	-	-
Trade and other receivables*	-	50,663	-	50,663	-	-	-
	-	219,918	-	219,918			
Financial liabilities							
Trade and other payables^	-	-	93,235	93,235	-	-	-
Borrowings	-	-	721,493	721,493	-	-	-
Derivative financial instruments	4,993	-	-	4,993	-	4,993	-
	4,993	-	814,728	819,721			
2020							
Financial assets							
Cash and bank balances	-	151,692	-	151,692	-	-	-
Trade and other receivables*	-	38,866	-	38,866	-	-	-
Derivative financial instruments	6	-	-	6	-	6	-
	6	190,558	-	190,564			6
Financial liabilities							
Trade and other payables^	-	-	84,046	84,046	-	-	-
Borrowings	-	-	683,831	683,831	-	-	-
Derivative financial instruments	13,506	-	-	13,506	-	13,506	-
	13,506	-	767,877	781,383			13,506

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Carrying amount			Fair value hierarchy				
	Financial asset at fair value through profit or loss S\$'000	Financial asset at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>ECW</u>								
2021								
Financial assets								
Cash and bank balances	-	184	-	184	-	-	-	-
Trade and other receivables*	-	965	-	965	-	-	-	-
Loans to subsidiaries	-	289,137	-	289,137	-	-	-	-
	-	290,286	-	290,286	-	-	-	-
Financial liabilities								
Trade and other payables^	-	-	2,513	2,513	-	-	-	-
Loans from a subsidiary	-	-	426,272	426,272	-	-	-	-
	-	-	428,785	428,785	-	-	-	-
2020								
Financial assets								
Cash and bank balances	-	1,310	-	1,310	-	-	-	-
Trade and other receivables*	-	835	-	835	-	-	-	-
Derivative financial instruments	6	-	-	6	-	6	-	6
Loans to subsidiaries	-	288,095	-	288,095	-	-	-	-
	6	290,240	-	290,246	-	-	-	-
Financial liabilities								
Trade and other payables^	-	-	1,848	1,848	-	-	-	-
Loans from a subsidiary	-	-	416,720	416,720	-	-	-	-
	-	-	418,568	418,568	-	-	-	-

* Excludes prepayments and VAT receivables

^ Excludes deferred income and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

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

27. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subjected to common significant influence. The Manager and the Property Manager are indirect wholly-owned subsidiaries of Forchn Holdings Group Co., Ltd..

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	2021 S\$'000	Group 2020 S\$'000
Property management fees paid/payable	1,992	1,861
Trustee's fees paid/payable	343	331
Manager's performance fees paid/payable	532	-
Manager's base fees paid/payable	5,567	4,972
Rental and other related income received/receivable from fellow subsidiaries	(105,874)	(93,920)
Late payment interest received/receivable from the ultimate holding corporation and fellow subsidiaries	(1,566)	-
Operating lease commitment from fellow subsidiaries where the Group is a lessor	(272,035)	(342,726)

Outstanding balances at 31 December 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Notes 11 and 16 respectively.

28. FINANCIAL RATIOS

	2021 %	Group 2020 %
Ratio of expenses to weighted average net assets ¹		
- including performance component of Manager's fees	1.03	0.95
- excluding performance component of Manager's fees	0.96	0.95
Portfolio turnover ratio ²	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. SEGMENT INFORMATION

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

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

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

Property income and expenses

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Group</u>								
Gross revenue	52,678	42,676	12,967	14,209	59,843	52,841	125,488	109,726
Property expenses	(3,616)	(3,268)	(1,679)	(1,274)	(7,168)	(4,877)	(12,463)	(9,419)
Net property income	49,062	39,408	11,288	12,935	52,675	47,964	113,025	100,307
Net change in fair value of investment properties	(16,322)	2,575	2,533	(10,803)	(16,001)	(2,366)	(29,790)	(10,594)
Finance income							2,235	1,883
Finance costs							(39,791)	(39,059)
Other trust expenses*							(7,583)	(6,658)
Exchange differences							(2,010)	969
Gain on disposal of investment property							-	87
Net change in fair value of financial derivatives							8,548	(9,306)
Total return for the financial year before income tax							44,634	37,629
Income tax expenses							(20,151)	(22,210)
Total return for the financial year after income tax before distribution							24,483	15,419

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. SEGMENT INFORMATION (CONTINUED)

Assets and liabilities

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Group</u>								
Segment assets								
- Investment properties	673,205	656,990	305,000	288,622	695,688	678,041	1,673,893	1,623,653
- Trade and other receivables	11,588	7,066	3,632	411	36,082	32,078	51,302	39,555
Unallocated assets							170,068	152,446
Total assets							1,895,263	1,815,654
Segment liabilities	198,002	186,281	70,983	66,536	144,963	143,838	413,948	396,655
Unallocated liabilities								
- Borrowings							721,493	683,831
- Others							8,069	19,658
Total liabilities							1,143,510	1,100,144

30. 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 2022 and which the Group has not early adopted.

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

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

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The Group does not expect any significant impact arising from applying these amendments.

Amendments to FRS 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to FRS 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. IMPACT OF COVID-19

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

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2021:

- (a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (b) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2021.

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

32. EVENTS OCCURRING AFTER STATEMENTS OF FINANCIAL POSITION DATE

- (a) The Manager announced a distribution of 1.537 cents per unit for the period from 1 October 2021 to 31 December 2021.
- (b) On 6 January 2022, Fu Zhuo Industrial has received a formal notice from the People's Government of Linping District, Hangzhou City, People's Republic of China (the "PRC authorities") with regard to the compulsory expropriation of Fu Zhuo Industrial for the development of the Grand Canal National Cultural Park in Hangzhou. The Manager has engaged the relevant authorities to discuss the details of the compulsory expropriation. Fuzhuo Industrial is stated at its fair value of \$24,816,000 on the Group's Statement of Financial Position as at 31 December 2021. Operating lease commitment not recognised as at 31 December 2021 amounted to \$378,000. On 9 March 2022, Fu Zhuo Industrial has entered into an expropriation and compensation agreement (the "Expropriation Agreement") with the PRC authorities. Under the terms of the Expropriation Agreement, the PRC authorities shall provide a compensation package to Fu Zhuo Industrial which amounts to RMB108,500,000 (approximately \$23,013,000 equivalent). The financial loss on the expropriation will be accounted for in the profit and loss account for the financial year ending 31 December 2022.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 05 April 2022.

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 2021, 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	5,567	-
- Manager’s performance fees	532	
Forchn Holdings Group Co. Ltd. and its subsidiaries		
- Rental income	(10,436)	
- Late payment fee income	(1,566)	-
- Property management fees	7,144	-
DBS Trustee Limited		
- Trustee’s fees	343	-

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 2021 to 31 December 2021.

For Period	Issue Date	Units issued	Issue Price (S\$)*
1 October 2020 to 31 December 2020	31 March 2021	938,534	0.7169
1 January 2021 to 31 March 2021	30 June 2021	1,014,284	0.7127
1 April 2021 to 30 June 2021	30 September 2021	755,273	0.8071
1 July 2021 to 30 September 2021	30 December 2021	939,439	0.7927

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

B. UTILISATION OF THE SECURITY DEPOSITS

As at the reporting date, the Group has received rental deposits of RMB345.1 million (equivalent to S\$73.2 million) from the Master Lease tenants (the "Security Deposits").

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

STATISTICS OF UNITHOLDINGS

As at 28 March 2022

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDINGS	%	NO. OF UNITS	%
1 - 99	3	0.07	52	0.00
100 - 1,000	433	10.71	343,178	0.04
1,001 - 10,000	1,926	47.65	11,249,200	1.39
10,001 - 1,000,000	1,660	41.07	86,566,080	10.69
1,000,001 AND ABOVE	20	0.50	711,333,001	87.88
TOTAL	4,042	100.00	809,491,511	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	ICBC (SINGAPORE) NOMINEES PRIVATE LIMITED	290,661,480	35.91
2	RAFFLES NOMINEES (PTE.) LIMITED	162,915,247	20.13
3	CITIBANK NOMINEES SINGAPORE PTE LTD	93,883,413	11.60
4	DB NOMINEES (SINGAPORE) PTE LTD	42,010,620	5.19
5	DBS NOMINEES (PRIVATE) LIMITED	39,598,836	4.89
6	FORCHN INTERNATIONAL PTE LTD	25,732,615	3.18
7	PHILLIP SECURITIES PTE LTD	6,334,400	0.78
8	OCBC SECURITIES PRIVATE LIMITED	5,953,500	0.74
9	EC WORLD ASSET MANAGEMENT PTE LTD	5,616,589	0.69
10	IFAST FINANCIAL PTE. LTD.	5,547,100	0.69
11	ABN AMRO CLEARING BANK N.V.	4,910,200	0.61
12	SNG KAY BOON TERENCE	4,810,500	0.59
13	HSBC (SINGAPORE) NOMINEES PTE LTD	4,793,199	0.59
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,123,790	0.51
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,120,400	0.39
16	UOB KAY HIAN PRIVATE LIMITED	3,009,400	0.37
17	DBSN SERVICES PTE. LTD.	2,597,837	0.32
18	MAYBANK SECURITIES PTE. LTD.	2,385,890	0.29
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,689,400	0.21
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,638,585	0.20
	TOTAL	711,333,001	87.88

STATISTICS OF UNITHOLDINGS

As at 28 March 2022

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 28 MARCH 2022

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of EC World REIT as at 28 March 2022 are as follows:

	Names of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Forchn Global Pte. Ltd.	322,957,200	-
2	Forchn International Pte. Ltd. ⁽¹⁾	25,732,615	328,573,789
3	Forchn Holdings Group Co., Ltd. ⁽²⁾	-	354,306,404
4	Zhang Guobiao ⁽³⁾	-	354,306,404
5	Zhang Zhangsheng ⁽⁴⁾	-	354,306,404
6	Fosun International Holdings Ltd.	73,966,000	-
7	Guo Guangchang ⁽⁵⁾	-	73,966,000
8	Sunkits Resources Limited	81,526,700	-
9	China Cinda (HK) Asset Management Co., Limited ⁽⁶⁾	-	81,526,700
10	China Cinda (HK) Holdings Company Limited ⁽⁷⁾	-	81,526,700
11	China Cinda Asset Management Co., Ltd. ⁽⁸⁾	-	81,526,700
12	Ministry of Finance of The People's Republic of China ⁽⁹⁾	-	81,526,700
13	Dazhong Capital (Hong Kong) Co Ltd	43,546,300	-
14	Yang Yiqing ⁽¹⁰⁾	-	43,546,300

Notes:

- ⁽¹⁾ Forchn International Pte. Ltd. is deemed to be interested in the Units held by its wholly-owned subsidiaries, Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- ⁽²⁾ Forchn Holdings Group Co., Ltd. is the sole shareholder of Forchn International Pte. Ltd., which is in turn the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd. Accordingly, Forchn Holdings Group Co., Ltd. is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- ⁽³⁾ Zhang Guobiao owns 80% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Guobiao is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- ⁽⁴⁾ Zhang Zhangsheng owns 20% of the equity interest of Forchn Holdings Group Co., Ltd.. Forchn Holdings Group Co., Ltd. is in turn the sole shareholder of Forchn International Pte. Ltd.. Further, Forchn International Pte. Ltd. is the sole shareholder of Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd.. Accordingly, Zhang Zhangsheng is deemed to be interested in the Units held by Forchn International Pte. Ltd., Forchn Global Pte. Ltd. and EC World Asset Management Pte. Ltd..
- ⁽⁵⁾ Guo Guangchang owns 64.45% of Fosun International Holdings Ltd.. Accordingly, he is deemed to be interested in the Units held by Fosun International Holdings Ltd..
- ⁽⁶⁾ China Cinda (HK) Asset Management Co., Limited. is deemed to be interested in the Units held by its wholly-owned subsidiary, Sunkits Resources Limited.
- ⁽⁷⁾ China Cinda (HK) Holdings Company Limited is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited, which is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited.
- ⁽⁸⁾ China Cinda Asset Management Co., Ltd. is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited, which is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited. China Cinda (HK) Holdings Company Limited is 100% owned by China Cinda Asset Management Co., Ltd..
- ⁽⁹⁾ The Ministry of Finance of the People's Republic of China is deemed to be interested in the Units held by Sunkits Resources Limited. Sunkits Resources Limited is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited. China Cinda (HK) Asset Management Co., Ltd. is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited, which is in turn 100% owned by China Cinda Asset Management Co., Ltd.. The Ministry of Finance of the People's Republic of China owns 67.84% of China Cinda Asset Management Co., Ltd..
- ⁽¹⁰⁾ Dazhong Capital (Hong Kong) Co Ltd ("DZCAP") is a wholly-owned company of Yang Yiqing. Therefore, Yang Yiqing is deemed to be interested in all Units held by DZCAP.

STATISTICS OF UNITHOLDINGS

As at 28 March 2022

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2021

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

Name of Director	No. of Units Direct Interest	No. of Units Deemed Interest
1 Zhang Guobiao ⁽¹⁾	-	354,306,404
2 Goh Toh Sim	821,575	-
3 Chan Heng Wing	300,000	-
4 Chia Yew Boon	200,000	-

Notes:

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

FREE FLOAT

Based on information available to the Manager as at 28 March 2022, approximately 31.48% 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.

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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

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12 Marina Boulevard
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Singapore 018982
Tel : +65 6878 8888
Fax : +65 6878 3977

THE MANAGER

REGISTERED ADDRESS

EC World Asset Management Pte. Ltd.
6 Shenton Way #41-03
OUE Downtown 1
Singapore 068809
Tel : +65 6221 9018
Fax : +65 6221 9338

BOARD OF DIRECTORS

Zhang Guobiao

Chairman and Non-Executive Director

Chan Heng Wing

Independent Non-Executive Director
and Lead Independent Director

Wong See Hong

Independent Non-Executive Director

Chia Yew Boon

Independent Non-Executive Director

Li Guosheng

Independent Non-Executive Director

Goh Toh Sim

Executive Director and Chief Executive Officer

AUDITOR

PricewaterhouseCoopers LLP

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

Partner-In-Charge:

Alex Toh Wee Keong (With effect from financial
year ended 31 December 2017)

AUDIT AND RISK COMMITTEE

Wong See Hong

Chairman

Chia Yew Boon

Li Guosheng

NOMINATING AND REMUNERATION COMMITTEE

Li Guosheng

Chairman

Zhang Guobiao

Chan Heng Wing

Chia Yew Boon

COMPANY SECRETARY OF THE MANAGER

Josephine Toh

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard #28-00
Singapore 018989
Tel : +65 6890 7188
Fax : +65 6327 3800

STOCK CODE

BWCU

UNIT REGISTRAR

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