

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

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# Contents

	Page
Introduction	1
Summary Results of ECW	2
Consolidated Statement of Total Return	3
Statements of Financial Position - Group and ECW	6
Consolidated Distribution Statement	9
Consolidated Statement of Cash Flows	10
Statements of Movements in Unitholders' Funds - Group and ECW	12
Notes to the Condensed Interim Financial Statements	13
Additional Information and Other Information Required by Listing Rule Appendix 7.2	28

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## INTRODUCTION

ECW is a Singapore-domiciled real estate investment trust which was listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 July 2016 (“Listing Date”). ECW was constituted by the trust deed dated 5 August 2015 (as amended and restated). EC World Asset Management Pte. Ltd. is the manager of ECW (the “Manager”) and DBS Trustee Limited is the trustee of ECW (the “Trustee”).

ECW was established with the investment strategy of investing principally, 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 in the People’s Republic of China (“PRC”).

The Manager’s key financial objectives are to provide unitholders of ECW (“Unitholders”) with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in Distribution per Unit (“DPU”) and Net Asset Value (“NAV”) per Unit, while maintaining an appropriate capital structure for ECW.

ECW’s portfolio comprises eight properties located in Hangzhou and Wuhan, the PRC. One of the properties located in Hangzhou, Fu Zhuo Industrial was reclassified to investment property held for sale as a result of Compulsory Expropriation. The remaining seven properties (collectively known as the “**Properties**”) with an aggregate net lettable area (“**Net Lettable Area**” or “**NLA**”) of 953,333 square meters are:

1. Fu Heng Warehouse (E-commerce logistics);
2. Stage 1 Properties of Bei Gang Logistics (E-commerce logistics);
3. Wuhan Meiluote (E-commerce logistics);
4. Hengde Logistics (Specialised logistics);
5. Chongxian Port Investment (Port logistics);
6. Chongxian Port Logistics (Port logistics); and
7. Fuzhou E-Commerce (E-commerce logistics).

## Summary Results of ECW

		Group					
		1.4.22 to 30.6.22	1.4.21 to 30.6.21	Change	1.1.22 to 30.6.22	1.1.21 to 30.6.21	Change
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	(1) 31,173	31,187	(0.0)	63,324	61,989	2.2
	Net property income	(1) 28,205	27,938	1.0	57,939	55,617	4.2
	Distribution to Unitholders	11,233	12,375	(9.2)	22,433	24,736	(9.3)
	Distribution per unit ("DPU") (cents)	(2) 1.387	1.532	(9.5)	2.770	3.064	(9.6)
	Annualised distribution yield (%)						
	- Based on share price of S\$0.48 per unit as at 30 June 2022	11.59	7.54	53.7	11.64	7.58	53.6

### Notes:

- (1) Gross revenue and net property income for 2Q2022 were S\$31.2 million and S\$28.2 million respectively. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in the Condensed Consolidated Distribution Statement, gross revenue and net property income were S\$30.3 million and S\$27.3 million respectively in 2Q2022 (2Q2021: S\$29.9 million and S\$26.7 million respectively).
- (2) ECW's distribution policy is to distribute at least 90% of distributable income for each financial year on a semi-annual basis. ECW has been making distribution on a quarterly basis since its first distribution on 28 November 2016. The Manager will determine at a later stage whether it will change the frequency of distributions.

For 2Q2022, the Manager has resolved to distribute 100% of the total amount available for distribution to Unitholders and pay out distribution previously retained in 2Q2020 (balance) and 3Q2020 (partial). Please refer to the Condensed Consolidated Distribution Statement. The next distribution for the period from 1 April 2022 to 30 June 2022 will be made on or around 28 September 2022.

### Distribution and Record Date

Distribution	1 April 2022 to 30 June 2022
Distribution type	Tax-exempt distribution
Distribution rate	1.387 cents
Record date	14 September 2022
Payment date (est)	28 September 2022

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**CONSOLIDATED STATEMENT OF TOTAL RETURN**  
*For the six months ended 30 June 2022*

	Note	6 months ended 30 June 2022 S\$'000	Group 6 months ended 30 June 2021 S\$'000	Change %	Remark
Gross revenue <sup>(1)</sup>		<b>63,324</b>	61,989	2.2	(1)
Property expenses <sup>(2)</sup>		<b>(5,385)</b>	(6,372)	(15.5)	(2)
<b>Net property income</b>		<b>57,939</b>	55,617	4.2	
Finance income		<b>1,051</b>	1,147	(8.4)	
Finance costs <sup>(3)</sup>		<b>(20,052)</b>	(19,622)	2.2	(3)
Manager's base fees <sup>(4)</sup>		<b>(2,353)</b>	(2,665)	(11.7)	(4)
Trustee's fees		<b>(169)</b>	(169)	-	
Exchange differences <sup>(5)</sup>		<b>(1,912)</b>	(1,481)	29.1	(5)
Other trust expenses <sup>(6)</sup>		<b>(594)</b>	(611)	(2.8)	(6)
<b>Net income</b>		<b>33,910</b>	32,216	5.3	
Pre-termination compensation <sup>(7)</sup>		<b>(4,106)</b>	-	N/M	(7)
Net change in fair value of investment properties <sup>(8)</sup>		<b>(54,442)</b>	-	N/M	(8)
Net change in fair value of financial derivatives <sup>(9)</sup>		<b>6,578</b>	5,178	27.0	(9)
<b>Total return for the period before income tax</b>		<b>(18,060)</b>	37,394	N/M	
Income tax expenses	7	<b>(5,061)</b>	(12,004)	(57.8)	
<b>Total return for the period after income tax before distribution</b>		<b>(23,121)</b>	25,390	N/M	
<b>Earnings per unit (cents)</b>					
- Basic and diluted <sup>(10)</sup>	8	<b>(2.86)</b>	3.15	N/M	(10)

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**CONSOLIDATED STATEMENT OF TOTAL RETURN**  
For the six months ended 30 June 2022

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**Remarks:**

- (1) Gross revenue comprises gross rental income and other income from the investment properties.
- (2) Property expenses comprise property management fee, reimbursable expenses payable to Property Manager and other property related expenses.
- (3) Finance costs comprises interest expenses on borrowings, realised fair value loss on financial derivatives, amortisation of capitalised transaction costs and other financing fees.
- (4) Manager's management fees consist of:
  - (a) A base fee of 10% per annum of the Distributable Income (calculated before accounting for the base fee and the performance fee in each financial year); and
  - (b) A performance fee of 25% per annum 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 performance fee but after accounting for base fee in each financial year) multiplied by weighted average number of Units in issue for such financial year.

The Manager has elected to receive 100% of its base fee in the form of cash for the period from 1 January 2022 to 30 June 2022.

- (5) Foreign exchange loss arises mainly from revaluation of loans in foreign currency.
- (6) Other trust expenses include professional fees and other non-property related expenses.
- (7) On 9 March 2022, EC World REIT entered into an expropriation and compensation agreement (the "**Expropriation Agreement**") with the PRC authorities in relation to the compulsory expropriation of Fu Zhuo Industrial (the "**Compulsory Expropriation**"). Under the terms of the Expropriation Agreement, the PRC authorities shall provide a compensation package (the "**Compensation Package**") amounting to RMB108.5 million (S\$22.6 million), which resulted in a fair value loss of RMB8.5 million (S\$1.8 million). As of 30 June 2022, 70% of the compensation package has been received and recorded as a balance sheet item pending the transfer of the property title deed. Out of the compensation received, RMB60 million (S\$12.5 million) was earmarked for the partial prepayment of the onshore and offshore loans facilities.

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**CONSOLIDATED STATEMENT OF TOTAL RETURN**  
For the six months ended 30 June 2022

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On 27 May 2022, EC World REIT entered into a pre-termination compensation agreement with the third-party tenant resulting from the Compulsory Expropriation (the "Pre-Termination Compensation") and made a provision of RMB19.2 million (S\$4.1 million). As of 30 June 2022, ECW has recognized 70% of the Pre-termination Compensation provision accordingly for distribution purpose based on 70% of the compensation package received. The balance of the provision for Pre-Termination Compensation will be recognized upon receipt of the remaining Compensation Package.

- (8) The fair values of the investment properties were based on the average of the two independent valuations as at 30 June 2022 provided by Knight Frank Petty Ltd ("Knight Frank") and Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL").
- (9) The net change in fair value of financial derivatives relates to various derivative financial instruments which were put in place by the Manager to hedge interest rate and exchange rate risks.
- (10) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued. The diluted EPU is the same as basic EPU as no dilutive instruments were in issue during the period.

	<u>Group</u>	
	<b>6 months ended 30 June 2022</b>	6 months ended 30 June 2021
Weighted average number of units as at end of period	809,667,753	806,326,630
Earnings per unit ("EPU") – Basic and Diluted (cents)	<u>(2.86)</u>	<u>3.15</u>

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
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**STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW**  
As at 30 June 2022

	Note	<u>Group</u>			<u>ECW</u>			Remark
		30 June 2022 S\$'000	31 December 2021 S\$'000	Change %	30 June 2022 S\$'000	31 December 2021 S\$'000	Change %	
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and bank balances <sup>(1)</sup>		167,636	169,255	(1.0)	693	184	>100	(1)
Trade and other receivables <sup>(2)</sup>		34,004	52,115	(34.8)	1,188	1,103	7.7	(2)
Derivative financial instruments <sup>(3)</sup>		2,098	-	N/M	-	-	N/M	(3)
Loans to subsidiaries		-	-	N/M	290,548	289,137	0.5	
Investment property held for sale <sup>(4)</sup>	9	22,562	-	N/M	-	-	N/M	(4)
		<u>226,300</u>	<u>221,370</u>	2.2	<u>292,429</u>	<u>290,424</u>	0.7	
<b>Non-current assets</b>								
Investment properties <sup>(5)</sup>	9	1,563,720	1,673,893	(6.6)	-	-	N/M	(5)
Investments in subsidiaries		-	-	N/M	39,588	39,588	-	
		<u>1,563,720</u>	<u>1,673,893</u>	(6.6)	<u>39,588</u>	<u>39,588</u>	-	
<b>Total assets</b>		<u>1,790,020</u>	<u>1,895,263</u>	(5.6)	<u>332,017</u>	<u>330,012</u>	0.6	
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Trade and other payables		45,347	33,521	35.3	2,924	2,513	16.4	
Loans from a subsidiary		-	-	N/M	398,258	426,272	(6.6)	
Borrowings <sup>(6)</sup>	10	685,296	708,308	(3.2)	-	-	N/M	(6)
Derivative financial instruments <sup>(3)</sup>		498	4,993	(90.0)	-	-	N/M	(3)
Current income tax liabilities		22,085	16,380	34.8	-	-	N/M	
		<u>753,226</u>	<u>763,202</u>	(1.3)	<u>401,182</u>	<u>428,785</u>	(6.4)	
<b>Non-current liabilities</b>								
Trade and other payables		68,592	69,969	(2.0)	-	-	N/M	
Borrowings <sup>(6)</sup>	10	9,953	13,185	(24.5)	-	-	N/M	(6)
Deferred income tax liabilities <sup>(7)</sup>		278,609	296,174	(5.9)	-	-	N/M	(7)
Government grant		931	980	(5.0)	-	-	N/M	
		<u>358,085</u>	<u>380,308</u>	(5.8)	<u>-</u>	<u>-</u>	N/M	
<b>Total liabilities</b>		<u>1,111,311</u>	<u>1,143,510</u>	(2.8)	<u>401,182</u>	<u>428,785</u>	(6.4)	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>								
		<u>678,709</u>	<u>751,753</u>	(9.7)	<u>(69,165)</u>	<u>(98,773)</u>	(30.0)	
Represented by:								
<b>UNITHOLDERS' FUNDS</b>		<u>678,709</u>	<u>751,753</u>	(9.7)	<u>(69,165)</u>	<u>(98,773)</u>	(30.0)	(8)
<b>UNITS IN ISSUE ('000)</b>	11	809,838	809,492	-	808,838	809,492	-	
<b>NET ASSET VALUE PER UNIT (S\$)</b>		<u>0.84</u>	<u>0.93</u>	(9.7)	<u>(0.09)</u>	<u>(0.12)</u>	(25.0)	

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## EC WORLD REAL ESTATE INVESTMENT TRUST

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### STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW

As at 30 June 2022

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#### Remarks:

- (1) Includes RMB195.1 million (S\$40.6 million) cash security deposits received from the master leases, RMB105.9 million (S\$22 million) placed in an escrow account for the repayment of Offshore loan on 29 July 2022 and cash deposits of RMB576.2 million (S\$119.8 million) placed as collateral for standby letter of credit ("SBLC") issuance. Deposits were placed with Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating.
- (2) Decrease in trade and other receivables is mainly due to collection from related party leases (including master lease agreements) during the period. The master lease agreements are secured by the cash security deposit of RMB345.1 million (S\$71.7 million). Under the master lease agreements, the overdue rent receivables are subjected to a late payment interest of 0.03% per day.
- (3) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 30 June 2022, the derivative instruments entered into were:
  - (a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility);
  - (b) Cross currency swaps (to hedge the interest rate and foreign exchange rate of the Offshore Facility);
  - (c) Currency options contracts (to hedge the expected income repatriation from China to Singapore); and
  - (d) Foreign exchange forward contracts (to hedge the foreign exchange rate of the Offshore Facility)
- (4) This relates to Fu Zhuo Industrial, which was reclassified from an investment property to an investment property held for sale as a result of Compulsory Expropriation. The carrying value is measured based on the Compensation Package of RMB108.5 million.
- (5) As at 30 June 2022, the carrying values of the Group's investment properties were based on the average of the two independent valuations determined by Knight Frank and JLL. Investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the "Group"). In RMB terms, the valuation as at 30 June 2022 is 3.3% lower at RMB7,522 million compared to the valuation of RMB7,775 million as at 31 December 2021.
- (6) Consists of term loan facilities drawn down in 3Q2019 and revolving credit facilities. The decrease of borrowings was mainly due to prepayment of onshore loan of RMB45.6 million (S\$9.4 million) on 30 June 2022 and net payment of revolving credit facilities of S\$12m. During the six months ended 30 June 2022, S\$2.7 million of loan facilities payable within a year were reclassified from non-current liabilities to current liabilities.
- (7) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties.

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**STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW**

*As at 30 June 2022*

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- (8) Please refer to Condensed Statements of Movements in Unitholders' Funds for details.
- (9) As at 30 June 2022, the current liabilities of the Group and ECW exceeded the current assets by S\$526,926,000 and S\$108,753,000 respectively. The Group have borrowings of S\$689,348,000 which are due for repayment within the next 12 months from the reporting date. Notwithstanding, the condensed interim financial statements are prepared on a going concern basis, as the Manager is confident that refinancing of these borrowings will be completed before these borrowings become due for repayment.

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
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**CONSOLIDATED DISTRIBUTION STATEMENT**  
*For the six months ended 30 June 2022*

	<b>6 months ended 30 June 2022 S\$'000</b>	<u>Group</u> 6 months ended 30 June 2021 S\$'000
Total return for the period	<b>(23,121)</b>	25,390
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments		
- Straight lining of step-up rental	<b>(210)</b>	(747)
- Security deposits accretion	<b>28</b>	(51)
- Manager's base fees paid/payable in units	<b>-</b>	1,332
- Trustee's fees	<b>169</b>	169
- Net fair value loss on investment properties	<b>53,171</b>	-
- Deferred tax (credit)/charge, net	<b>(8,215)</b>	187
- Net change in fair value of financial derivatives	<b>(6,578)</b>	(5,178)
- Pre-termination compensation	<b>1,232</b>	-
- Amortisation of upfront debt issuance costs	<b>2,905</b>	2,821
- Foreign exchange loss, net	<b>1,795</b>	1,395
- Rollover distribution	<b>1</b>	-
	<b>44,298</b>	(72)
Amount available for distribution	<b>21,177</b>	25,318
Distribution to Unitholders	<b>22,433</b>	24,736
Number of units entitled to distribution	<b>809,838,247</b>	807,796,799
Distribution per Unit (cents)	<b>2.770</b>	3.064
Annualised Distribution per Unit (cents)	<b>5.586</b>	6.179

**Note:**

70% of fair value loss on investment properties, deferred tax credit and pre-termination compensation relate to the Compulsory Expropriation of Fu Zhuo Industrial have been recognized in computation of distributable income for the period ended 30 June 2022, which is in line with the amount of compensation received.

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the six months ended 30 June 2022*

		Group		
	Note	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	Remark
<b>Cash flows from operating activities</b>				
Total return for the period		(23,121)	25,390	
Adjustments for:				
- Income tax expenses	7	5,061	12,004	
- Finance income		(1,051)	(1,147)	
- Finance costs		20,052	19,622	
- Effect of straight lining of step-up rental		(210)	(747)	
- Effect of security deposits accretion		(1,598)	(1,561)	
- Fair value gain on derivative financial instruments		(6,578)	(5,178)	
- Fair value loss on investment properties		54,442	-	
- Manager's base fees payable in units		-	1,332	
- Foreign exchange loss, net (unrealised)		1,688	1,395	
<b>Operating cash flow before working capital change</b>		<b>48,685</b>	<b>51,110</b>	
<b>Change in working capital:</b>				
Trade and other receivables		17,890	(10,596)	
Trade and other payables		15,082	(132)	
<b>Cash generated from operating activities</b>		<b>81,657</b>	<b>40,382</b>	
Interest received		1,051	1,147	
Income tax paid (net)		(10,709)	(11,127)	
<b>Net cash generated from operating activities</b>		<b>71,999</b>	<b>30,402</b>	
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(39,811)	(30,606)	(1)
Distribution to Unitholders		(23,642)	(23,859)	
Proceeds from borrowings		15,500	38,000	(1)
Payment of fees for loan extension		(4,233)	-	(1)
Interest paid		(19,581)	(14,599)	
SBLC commission paid		(106)	(194)	
Transfer to Escrow account		(22,025)	-	(2)
Release/(placements) of deposits for SBLC facilities		8,567	(23,539)	(1)
<b>Net cash used in financing activities</b>		<b>(85,331)</b>	<b>(54,797)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(13,332)</b>	<b>(24,395)</b>	
Cash and cash equivalents at beginning of the period		22,713	38,037	
Effects of exchange rate changes on cash and cash equivalents		(400)	725	
Cash and cash equivalents at the end of the period		<b>8,981</b>	<b>14,367</b>	(2)

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the six months ended 30 June 2022*

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**Remarks:**

- (1) Refer to Note 10 for details.
- (2) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>Group</u>	
	<b>30 June</b>	30 June
	<b>2022</b>	2021
	<b>S\$'000</b>	S\$'000
Cash and bank balances (as per Statement of Financial Position)	<b>167,636</b>	154,905
Less:		
- Interest reserves <sup>#</sup>	<b>(16,836)</b>	(15,865)
- Escrow Account <sup>*</sup>	<b>(22,025)</b>	-
- Cash collateral for SBLC facilities	<b>(119,794)</b>	(124,673)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<b>8,981</b>	14,367

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

<sup>\*</sup> RMB105.9 million deposited into the Escrow Account on 30 June 2022 for the prepayment of offshore loan on 29 July 2022.

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
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**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS - GROUP AND ECW**  
For the six months ended 30 June 2022

	Group		ECW	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
<b>OPERATIONS</b>				
<b>Beginning of the period</b>	<b>818,988</b>	838,166	<b>(20,880)</b>	(20,321)
Total return for the period	<b>(23,121)</b>	25,390	<b>52,984</b>	26,798
Distributions to unitholders	<b>(23,642)</b>	(11,499)	<b>(23,642)</b>	(11,499)
Transfer to general reserves	<b>(3)</b>	-	-	-
<b>End of the period</b>	<b>772,222</b>	852,057	<b>8,462</b>	(5,022)
<b>GENERAL RESERVES*</b>				
<b>Beginning of the period</b>	<b>27,255</b>	20,907	-	-
Transfer from operations	<b>3</b>	-	-	-
<b>End of the period</b>	<b>27,258</b>	20,907	-	-
<b>UNITHOLDERS' CONTRIBUTION</b>				
<b>Beginning of the period</b>	<b>(77,893)</b>	(68,283)	<b>(77,893)</b>	(68,283)
Movements during the period				
- Manager's base fees paid in units	-	1,396	-	1,396
- Manager's performance fees paid in units	<b>266</b>	-	<b>266</b>	-
Distribution to Unitholders	-	(12,360)	-	(12,360)
<b>End of the period</b>	<b>(77,627)</b>	<b>(79,247)</b>	<b>(77,627)</b>	<b>(79,247)</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>				
<b>Beginning of the period</b>	<b>(16,597)</b>	(75,280)	-	-
Translation differences relating to financial statements of foreign subsidiaries	<b>(26,547)</b>	34,582	-	-
<b>End of the period</b>	<b>(43,144)</b>	(40,698)	-	-
<b>Total Unitholders' funds at end of the period</b>	<b>678,709</b>	753,019	<b>(69,165)</b>	(84,269)

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

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

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2022*

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These notes form an integral part of and should be read in conjunction with the accompanying condensed interim 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”).

#### **2. Basis of preparation**

This condensed consolidated interim financial statements for the half year ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting (FRS 34). This condensed interim financial statements do not include all the disclosures included in the Group’s financial report. Accordingly, this report should be read in conjunction with the Group’s Annual Report for the financial year ended 31 December 2021 and any public announcements made by ECW during interim reporting period.

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

##### *Going concern*

As at 30 June 2022, the current liabilities of the Group and ECW exceeded the current assets by S\$526,926,000 and S\$108,753,000 respectively. The Group have borrowings of S\$689,348,000 which are due for repayment within the next 12 months from the reporting date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and ECW to operate as going concerns. Notwithstanding the above, the condensed interim financial statements are prepared on a going concern basis, as the Manager is confident that the refinancing of these borrowings will be completed before these borrowings become due for repayment.

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2022*

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#### **2. Basis of preparation (continued)**

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 Condensed Interim 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.

#### **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 12.



**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the six months ended 30 June 2022

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**4. 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.

## EC WORLD REAL ESTATE INVESTMENT TRUST

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

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

#### 4. Segment information (continued)

##### Property income and expenses

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	<b>6 months ended 30 June 2022</b>	6 months ended 30 June 2021	<b>6 months ended 30 June 2022</b>	6 months ended 30 June 2021	<b>6 months ended 30 June 2022</b>	6 months ended 30 June 2021	<b>6 months ended 30 June 2022</b>	6 months ended 30 June 2021
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
<u>Group</u>								
Gross revenue	<b>26,475</b>	25,844	<b>6,440</b>	6,599	<b>30,409</b>	29,546	<b>63,324</b>	61,989
Property expenses	<b>(1,497)</b>	(1,556)	<b>(683)</b>	(714)	<b>(3,205)</b>	(4,102)	<b>(5,385)</b>	(6,372)
<b>Net property income</b>	<b>24,978</b>	24,288	<b>5,757</b>	5,885	<b>27,204</b>	25,444	<b>57,939</b>	55,617
Net change in fair value of investment properties	<b>(19,981)</b>	-	<b>(13,858)</b>	-	<b>(20,603)</b>	-	<b>(54,442)</b>	-
Finance income							<b>1,051</b>	1,147
Finance costs							<b>(20,052)</b>	(19,622)
Other trust expenses*							<b>(3,116)</b>	(3,445)
Pre-termination compensation	<b>(4,106)</b>	-	-	-	-	-	<b>(4,106)</b>	-
Exchange differences							<b>(1,912)</b>	(1,481)
Net change in fair value of financial derivatives							<b>6,578</b>	5,178
Total return for the financial period before income tax							<b>(18,060)</b>	37,394
Income tax expenses							<b>(5,061)</b>	(12,004)
<b>Total return for the financial period after income tax before distribution</b>							<b>(23,121)</b>	25,390

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

**EC WORLD REAL ESTATE INVESTMENT TRUST***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS***For the six months ended 30 June 2022***4. Segment information (continued)****Assets and liabilities**

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000
<u>Group</u>								
Segment assets								
- Investment properties	<b>617,463</b>	673,205	<b>285,031</b>	305,000	<b>661,226</b>	695,688	<b>1,563,720</b>	1,673,893
- Investment property held for sale	<b>22,562</b>	-	-	-	-	-	<b>22,562</b>	-
- Trade and other receivables	<b>3,502</b>	11,588	<b>3,419</b>	3,632	<b>26,054</b>	36,082	<b>32,975</b>	51,302
Unallocated assets							<b>170,763</b>	170,068
<b>Total assets</b>							<b>1,790,020</b>	1,895,263
Segment liabilities	<b>203,858</b>	198,002	<b>65,317</b>	70,983	<b>138,511</b>	144,963	<b>407,686</b>	413,948
Unallocated liabilities							<b>695,249</b>	721,493
- Borrowings							<b>8,376</b>	8,069
- Others								
<b>Total liabilities</b>							<b>1,111,311</b>	1,143,510

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 June 2022

**5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and ECW as at 30 June 2022 and 31 December 2021:

	<u>Group</u>		<u>ECW</u>	
	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000	<b>30 June 2022 S\$'000</b>	31 December 2021 S\$'000
<b>Financial Assets</b>				
Cash and bank balances	167,636	169,255	693	184
Trade and other receivables	33,457	50,663	978	965
Derivative financial instruments	2,098	-	-	-
Loans to subsidiaries	-	-	290,548	289,137
	<b>203,191</b>	219,918	<b>292,219</b>	290,286
<b>Financial Liabilities</b>				
Trade and other payables	88,930	93,235	2,924	2,513
Borrowings	695,249	721,493	-	-
Derivative financial instruments	498	4,993	-	-
Loans from a subsidiary	-	-	398,258	426,272
	<b>784,677</b>	819,721	<b>401,182</b>	428,785

**6. Profit before taxation**

**6.1 Significant items**

	<u>Group</u>	
	<b>6 months ended 30 June 2022 S\$'000</b>	6 months ended 30 June 2021 S\$'000
<b>Income</b>		
Interest income	1,051	1,147
<b>Expenses</b>		
Interest on borrowings	14,787	14,616

**6.2 Related party transactions**

For the purpose of these condensed interim 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..

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

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**6. Profit before taxation** (continued)

**6.2 Related party transactions** (continued)

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

	<u>Group</u>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Property management fees paid/payable	<b>1,007</b>	1,992
Trustee's fees paid/payable	<b>169</b>	343
Manager's base fees paid/payable	<b>2,353</b>	5,567
Manager's performance fees payable	<b>-</b>	532
Rental and other related income received/receivable from related parties	<b>(52,151)</b>	(105,874)
Operating lease commitment where the Group is a lessor	<b>219,457</b>	272,035

**7. Taxation**

	<u>Group</u>	
	<b>6 months</b>	<b>6 months</b>
	<b>ended 30</b>	<b>ended 30</b>
	<b>June 2022</b>	<b>June 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Tax expense attributable to profit is made up of:		
- Profit for the financial period:		
Current income tax		
- Foreign	<b>10,743</b>	10,263
	<b>10,743</b>	10,263
Withholding tax	<b>5,994</b>	1,554
Deferred income tax	<b>(11,648)</b>	187
	<b>5,089</b>	12,004
- Over provision in prior financial year:		
Current income tax		
- Foreign	<b>(28)</b>	-
	<b>5,061</b>	12,004

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

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**8. Earnings per unit**

The calculation of basic earnings per Unit is based on:

	<b>6 months ended 30 June 2022 S\$'000</b>	<u>Group</u> 6 months ended 30 June 2021 S\$'000
Total return attributable to Unitholders of ECW	<b>(23,121)</b>	25,390
Weighted average number of Units outstanding during the period	<b>809,668</b>	807,797
Basic and diluted earnings per Unit (cents per share)	<b>(2.86)</b>	<u>3.15</u>

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

**9. Investment properties**

	<b>30 June 2022 S\$'000</b>	<u>Group</u> 31 December 2021 S\$'000
Beginning of the period	<b>1,673,893</b>	1,623,653
Asset enhancements during the year	<b>21</b>	375
Effect of straight lining of step-up rental	<b>210</b>	1,581
Net fair value changes	<b>(54,442)</b>	(29,790)
Reclassification to investment property held for sale	<b>(22,562)</b>	-
Currency translation differences	<b>(33,400)</b>	78,074
End of the period	<b>1,563,720</b>	<u>1,673,893</u>

All investment properties are mortgaged to secure bank loans (Note 10).

For the unaudited half year results for the period ended 30 June 2022, the carrying values of the Group's investment properties were based on the average of the two independent valuations as at 30 June 2022 determined by Knight Frank and JLL. The valuation methods used by the independent valuers involve certain estimates. 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 30 June 2022. 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 COVID-19 outbreak in the country in which the Group operates and the ongoing measures being adopted by them to address the outbreak, valuations of the Group's investment properties may be subjected to more fluctuations subsequent to 30 June 2022 than during normal market conditions.

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

**10. Borrowings**

	<u>Group</u>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>S\$'000</b>	S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	<b>167,386</b>	180,682
- Offshore facility	<b>418,110</b>	415,776
- Revolving credit facilities	<b>99,800</b>	111,850
	<b>685,296</b>	708,308
<i>Non-current</i>		
Secured bank borrowings		
- Onshore facility	<b>9,953</b>	13,185
	<b>9,953</b>	13,185
Total borrowings	<b>695,249</b>	721,493

The maturity of the borrowings are as follows:

	<u>Group</u>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>S\$'000</b>	S\$'000
Within 1 year	<b>685,296</b>	708,308
After 1 year but within 3 years	<b>3,667</b>	5,074
Over 3 years	<b>6,286</b>	8,111
	<b>695,249</b>	721,493

*Measurement of fair value*

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

*Onshore facility*

ECW has put in place 3-year (originally expiring in end July 2022) RMB1,018.0 million (S\$211.6 million) and 10-year RMB77.0 million (S\$16.0 million) secured term loan facility. The Onshore Borrowers are the Group's subsidiaries namely, Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. And Zhejiang Fuzhou E-Commerce Co., Ltd..

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the six months ended 30 June 2022

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**10. Borrowings** (continued)

*Onshore facility* (continued)

On 28 June 2022 the Onshore Borrowers have entered into an amendment and restatement agreement relating to the Original Onshore Facility Agreement to, *inter alia*, extend the maturity date of the Onshore Facilities (save for a RMB 63,749,144 (S\$13.3 million) portion of the Onshore Facility which will expire in July 2029) to 30 April 2023.

As at 30 June 2022, 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;
  - 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
-



## EC WORLD REAL ESTATE INVESTMENT TRUST

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

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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#### 10. Borrowings (continued)

##### *Onshore facility (continued)*

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

The blended all-in interest rate for the quarter and 6 months ended 30 June 2022 was 7.4%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2022 was 6.2% and 6.3% respectively.

##### *Offshore facility*

ECW has put in place 3-year (originally expiring in May 2022) S\$305.6 million and US\$86.8 million (S\$120.8 million) secured term loan facility. The borrowers are ECW Treasure Pte. Ltd. ("ECWT") and Zhejiang Fuzhou E-commerce Co., Ltd..

On 31 May 2022 the offshore borrowers have entered into an amendment and restatement agreement relating to the Original Facility Agreement to, *inter alia*, extend the maturity date of the Offshore Facilities to the earlier of (i) the earliest maturity date of the Onshore Facilities and (ii) 30 April 2023.

The offshore facility is secured by:

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

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2022*

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#### **10. Borrowings (continued)**

##### *Offshore facility (continued)*

The blended all-in interest rate for the quarter and 6 months ended 30 June 2022 was 4.9%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2022 was 4.0%. As at 30 June 2022, S\$300.0 million and US\$86.8 (S\$120.8 million) of the above facility were drawn down and 47% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

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

##### *Revolving Credit Facilities*

As at 30 June 2022, ECW has uncommitted revolving credit facilities of S\$130,000,000 with United Overseas Bank Ltd (“UOB”), Malayan Banking Berhad (“MBB”) and Bank of East Asia Limited, Singapore Branch (“BEA”). ECW had drawn down a total of S\$99,800,000 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 RMB576,210,000 (S\$119,794,000). The interest rates ranged from 1.3% to 2.96% per annum for the quarter and 6 months ended 30 June 2022.

The blended all-in interest rate of the aggregate facilities for the quarter and 6 months ended 30 June 2022 was 5.1%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2022 was 4.3% per annum. At the end of the period, the Aggregate Leverage for the Group was 39.1% (31 December 2021: 38.2%) and the interest coverage ratio was 2.84 times (31 December 2021: 2.92 times).

##### *Prepayment of loans*

Onshore Borrowers have made prepayments to the onshore loans of RMB45.6 million (S\$9.4 million) on 30 June 2022 and RMB3.4 million (S\$0.7 million) on 4 July 2022.

RMB105.9 million (S\$22 million) was deposited into the Escrow Account on 30 June 2022 for the prepayment of offshore loan on 29 July 2022.

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the six months ended 30 June 2022

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**10. Borrowings** (continued)

*Undertaking of Sponsor*

In connection with the extension of the Onshore and Offshore Facilities, Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “Sponsor”) has provided undertakings that it will:

- a) procure that the exercise of refinancing of the Onshore and Offshore Facilities is commenced immediately; and
- b) by 31 December 2022, ensure that at least 25 percent of the aggregate principal amount of the outstanding Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise.

*Update of Refinancing*

For the repayment of at least 25% of the Facilities by 31 December 2022 (the “**Repayment**”), the Manager is exploring various fund-raising options including the potential divestments of non-core assets. On 13 June 2022, the Manager entered into a non-binding memorandum of understanding (the “**MOU**”) with Forchn International Pte. Ltd. (“**FIPL**”) to explore the potential divestment (the “**Potential Divestment**”) of Beigang Logistics Stage 1 and Chongxian Port Logistics to an entity controlled or managed by FIPL (the “**Purchaser**”). FIPL is a substantial unitholder of EC World REIT and also the sole shareholder of the Manager. FIPL is in turn wholly-owned by the Sponsor. The negotiation on the potential divestment is currently ongoing.

For the discussions on refinancing of the remaining amount of outstanding facilities post-Repayment (the “**Remaining Facilities**”), the Lenders do not expect the refinancing process to last beyond 30 April 2023 and hence the current extension has been granted till 30 April 2023. The Manager is working closely with the lead Lenders on the refinancing process.

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

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**11. Units in issue**

	<u>Group and ECW</u>	
	<b>30 June 2022</b>	30 June 2021
	<b>No. of Units '000</b>	No. of Units '000
<i>Units in issue</i>		
Beginning of the period	<b>809,492</b>	805,844
Issue of Units:		
- Manager's base fees paid in Units	-	1,953
- Manager's performance fees paid in units	<b>346</b>	-
End of the period	<b>809,838</b>	807,797
<i>Units to be issued</i>		
- Manager's base fees payable in Units for 1 April 2021 to 30 June 2021	-	755
Total issued and to be issued Units	<b>809,838</b>	808,552

During the period, ECW issued 346,736 new Units (30 June 2021: 1,952,818 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.

**12. Fair value measurement**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (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 period.

**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the six months ended 30 June 2022

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**12. Fair value measurement (continued)**

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.

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:

	Fair value			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
<u>Group</u>				
<b>30 June 2022</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	2,098	-	2,098
<b>Financial liabilities</b>				
Derivative financial instruments	-	(498)	-	(498)
<b>Non-financial assets</b>				
Investment properties	-	-	1,563,720	1,563,720
Investment property held for sale	-	-	22,562	22,562
<b>31 December 2021</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	-	-	-
<b>Financial liabilities</b>				
Derivative financial instruments	-	(4,993)	-	(4,993)
<b>Non-financial assets</b>				
Investment properties	-	-	1,673,893	1,673,893

**13. Events occurring after Statements of Financial Position date**

The Manager announced a distribution of 1.387 cents per unit for the period from 1 April 2022 to 30 June 2022.

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

*For the six months ended 30 June 2022*

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The condensed consolidated statement of financial position of ECW and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of total return and other comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

#### **1. Review of the Performance**

##### **(i) Review of performance for the quarter ended 30 June 2022**

Gross revenue of S\$31.2 million was marginally lower compared to 2Q2021. Net property income ("NPI") of S\$28.2 million was S\$0.3 million or 1% higher compared to 2Q2021. In RMB terms, the gross revenue was 1.1% lower and NPI was 0.1% higher compared to 2Q2021. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, gross revenue in RMB terms was 0.1% higher compared to 2Q2021, mainly due to organic rental escalations and Late Fee income, offset by the absence of rental income from Fu Zhuo Industrial as a result of Compulsory Expropriation. NPI in RMB terms was 1.4% higher, mainly due to lower operating expenses at the Properties.

Finance costs of S\$10.2 million were S\$0.3 million or 2.9% higher compared to 2Q2021 mainly due to higher option premium expenses to hedge the expected repatriation from China to Singapore.

Distribution to Unitholders of S\$11.2 million represents S\$1.1 million or 9.2% decrease compared to 2Q2021 mainly due to recognition of pre-termination compensation arose from Fu Zhuo Industrial Compulsory Expropriation.

##### **(ii) Review of performance for the 6 months ended 30 June 2022**

Gross revenue of S\$63.3 million was S\$1.3 million or 2.2% higher compared to 1H2021. Net property income ("NPI") of S\$57.9 million was S\$2.3 million or 4.2% higher compared to 1H2021. In RMB terms, the gross revenue was 0.2% lower and NPI was 1.8% higher compared to 1H2021. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, the gross revenue in RMB terms was 0.7% higher compared to 1H2021, mainly due to organic rental escalations and Late Fee income, offset by the absence of rental income from Fu Zhuo Industrial as a result of Compulsory Expropriation. NPI in RMB terms was 2.9% higher compared to 1H2021, mainly due to lower operating expenses at the Properties.

Finance costs of S\$20.0 million were S\$0.4 million or 2.2% higher compared to 1H2021 mainly due to higher option premium expenses to hedge the expected repatriation from China to Singapore.

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

*For the six months ended 30 June 2022*

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Distribution to Unitholders of S\$22.4 million represents S\$2.3 million or 9.3% decrease compared to 1H2021 mainly due to recognition of pre-termination compensation arose from Fu Zhuo Industrial Compulsory Expropriation.

#### **2. Variance between the forecast**

ECW did not disclose any financial forecast to the market.

#### **3. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 months**

The effects of the April-May lockdowns of major cities in China on the economy began to show up in the second quarter of 2022, as GDP for the quarter grew at meagre 0.4% year-on-year, below consensus estimates. China's GDP growth for first half 2022 was 2.5%. Fortunately, June data signalled a broad-based recovery, after the disruptions to the growth momentum in the first two months of the second quarter. While the economic prognosis for the second half of 2022 is positive, China economy is expected to post low-to-moderate growth, below the official target of 5.5%. Challenges still lie ahead for China and its external demand due to the rising inflation pressures, monetary tightening policy and war in Ukraine.

The gradual resumption of the economic activities and the domestic stimulus policies firmly underpinned the China's total retail sales in June 2022, which expanded by 3.1% compared to a year ago<sup>1</sup>. Although businesses sentiments are gradually improving, uncertainties weigh on the strength of the recovery due to a pullback in discretionary spending from a confluence of factors from the slowing economy, rising unemployment and China's zero policy stance towards the pandemic<sup>2</sup>. Online retail is set to increase faster than offline retail in 2022, due to the movement restrictions, albeit at a lower growth rate than in 2020 at the onset of the pandemic<sup>3</sup>.

China's Industrial output rose by 3.9% in June 2022, outpacing the 0.7% growth in May 2022, attributable to the resumption in factory production and the country's measures to buoy the flow of logistics<sup>4</sup>. We continue to align our e-commerce and the downstream logistics properties to capture the pent-up demand for logistics services and warehousing facilities from a more resilient domestic demand. At the same time, we remain cognizant of the key trends that may reshape our operating environment, particularly the impact of COVID-19 pandemic on consumer patterns.

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<sup>1</sup> [http://english.www.gov.cn/news/topnews/202207/16/content\\_WS62d220b1c6d02e533532e115.html](http://english.www.gov.cn/news/topnews/202207/16/content_WS62d220b1c6d02e533532e115.html)

<sup>2</sup> <https://www.businesstimes.com.sg/consumer/chinas-no-2-online-mall-sees-slow-consumer-recovery>

<sup>3</sup> <https://www.fitchratings.com/research/corporate-finance/growth-in-chinas-online-retail-to-slow-still-taking-share-from-offline-15-06-2022>

<sup>4</sup> <https://www.businesstimes.com.sg/government-economy/chinas-big-gdp-miss-in-q2-may-be-the-bad-news-needed-to-spur-more-policy-support>

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## EC WORLD REAL ESTATE INVESTMENT TRUST

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

### ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the six months ended 30 June 2022

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In spite of the economic headwinds, ECW has maintained a stable portfolio with a healthy portfolio occupancy of 99.1% and a weighted average lease to expiry (“WALE”) of 2.1 years (by gross rental income) as at 30 June 2022. The four master leases in our portfolio continue to provide a stable income base to the portfolio, and as a result, yielding consistent and stable returns to Unitholders.

The Manager has successfully extended the maturity date of the outstanding Onshore and Offshore Facilities to 30 April 2023. On 6 July 2022, the Manager announced that it is exploring various fund-raising options including the potential divestments of non-core assets for the repayment of at least 25% of its outstanding facilities by 31 December 2022. For the discussions on refinancing, the lenders do not expect the refinancing process to last beyond 30 April 2023.

#### 4. Distribution

##### (a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 April 2022 to 30 June 2022

Distribution types: Tax-exempt distribution

Distribution rate: 1.387 cents per unit

Tax rate: Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

Remarks: The distribution to Unitholders is based on 100% of the distributable income for the period from 1 April 2022 to 30 June 2022, plus distribution previously retained in 2Q2020 (balance) and 3Q2020 (partial) of S\$1.3 million.

##### (b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period?

Yes. A tax-exempt distribution of 1.532 cents per unit was declared for the period from 1 April 2021 to 30 June 2021.

(c) **Date Payable (est.)** 28 September 2022

(d) **Record Date** 14 September 2022

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**EC WORLD REAL ESTATE INVESTMENT TRUST**  
(Constituted under a Trust Deed in the Republic of Singapore)

**ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING  
RULE APPENDIX 7.2**

*For the six months ended 30 June 2022*

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**5. If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision.**

A distribution has been declared for the period from 1 April 2022 to 30 June 2022.

**6. If the Group has obtained a general mandate from Unitholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.**

ECW does not have a general mandate from Unitholders for interested person transactions.

**7. Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

**8. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix**

The Manager hereby certifies that in relation to the distribution to the Unitholders for the quarter ended 30 June 2022:

- (a) ECW will declare a distribution which is classified as tax-exempt from a tax perspective, being derived from the consolidated net profit after tax of ECW and its subsidiaries for the financial period, as adjusted to eliminate the effects of adjustments as listed in the Condensed Interim Consolidated Distribution Statement.

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 for each financial year. The actual distribution will be determined at the Manager's discretion. For 2Q2022, the Manager has resolved to distribute 100% of the total amount available for distribution to Unitholders, plus payout distribution previously retained in 2Q2020 (partial) of S\$1.3 million.

- (b) The Manager is satisfied on reasonable ground that, immediate after making the distributions, ECW will be able to fulfill, from its deposited properties, its liabilities as they fall due.

## **EC WORLD REAL ESTATE INVESTMENT TRUST**

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

### **ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

*For the six months ended 30 June 2022*

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#### **9. Confirmation pursuant to Rule 705(5) of Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render these unaudited condensed interim financial statements of the Group and ECW (comprising the condensed interim statement of financial position as at 30 June 2022, condensed interim statement of total return & condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the period ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

On behalf of the Board of Directors of  
EC World Asset Management Pte. Ltd.  
(as Manager of EC World Real Estate Investment Trust)

Zhang Guobiao  
Chairman and Non-Executive Director

Goh Toh Sim  
Executive Director and Chief Executive  
Officer

#### **IMPORTANT NOTICE**

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of ECW), or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of ECW. The forecast financial performance of ECW is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

**EC WORLD REAL ESTATE INVESTMENT TRUST**

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

**ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING  
RULE APPENDIX 7.2**

*For the six months ended 30 June 2022*

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FOR AND ON BEHALF OF THE BOARD OF  
EC WORLD ASSET MANAGEMENT PTE. LTD.  
AS MANAGER OF EC WORLD REAL ESTATE INVESTMENT TRUST  
(Company Registration No. 201523015N)

Goh Toh Sim  
Executive Director and Chief Executive Officer  
11 August 2022