LEADING REAL ESTATE SERVICES PROVIDER

OPERATING A MARKET-LEADING REAL ESTATE BROKERAGE IN SINGAPORE

ANNUAL REPORT 2020

Our Vision

To be the real estate company of choice for clients and real estate salespersons.

Our Mission

We are committed to be 1st in service, 1st in results and 1st in customer satisfaction. We endeavour to provide ERA salespersons with innovative tools and training, giving every client confidence that they are engaging an ERA real estate professional with the highest level of service and integrity.

Contents

2020 Awards and Accolades

5-Star Best Real Estate Agency (Single Office)
Asia Pacific Property Awards 2019-20

Quality Service Award Gold Winner
Reader's Digest Asia 2020

Trusted Brands Award Platinum Winner
Reader's Digest Asia 2020

SHARE Achiever Award
Community Chest Awards 2020

Best Agency Award
MCC Land Singapore 2020

Corporate Profile

APAC Realty Limited ("APAC Realty", the "Company" or together with its subsidiaries, the "Group") is a leading real estate services provider in Asia. The Group operates three main business segments – real estate brokerage services; franchise arrangements; and training, valuation and other ancillary services.

APAC Realty's real estate brokerage services are operated by its wholly-owned subsidiary ERA Realty Network Pte Ltd ("ERA Realty") under the ERA brand. ERA Realty derives commission-based fees through the provision of property brokerage services for primary sales; secondary sales; and rental of residential, commercial and industrial properties.

APAC Realty holds the exclusive ERA regional master franchise rights for 17 countries in Asia Pacific, acquired from Realogy Group LLC. Through its ERA franchisee network, the Group has one of the largest brand footprints in Asia with more than 18,000 salespersons across 646 offices. The Group also holds the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States.

ERA Realty is one of the largest ERA Member Brokers globally by transaction value, and is also one of Singapore's largest real estate agencies with 7,879 agents registered as at 28 February 2021. As an industry pioneer, ERA Realty has constantly been at the forefront of technological innovations with an emphasis on enhancing agent productivity and service excellence for the past 39 years.

APAC Realty's wholly-owned subsidiary Realty International Associates Pte Ltd ("RIA") operates training programmes and courses for real estate agents in preparation for professional certification exams and as part of continuing professional development regulations. RIA also undertakes valuation work on behalf of clients such as financial institutions, government agencies and property owners, and provides management services for real estate developments.

The Company is headquartered in Singapore. Guided by its core values of Unity, Integrity, Innovation, Gratitude and Passion, APAC Realty seeks to fulfil its vision of being the real estate company of choice for clients and real estate salespersons.

Our Business

Real Estate Brokerage Services

Derives revenue from the provision of property brokerage services and commission-based fees from:

- Primary home sales
- Secondary home sales
- Rental of residential, commercial and industrial properties

Franchise Arrangements

Derives royalties from sub-franchisees

ERA REAL ESTATE

- Singapore
- Indonesia
- Japan
- Thailand
- Cambodia
- Taiwan
- Malaysia
- Korea
- Vietnam
- China

COLDWELL BANKER REAL ESTATE SINGAPORE

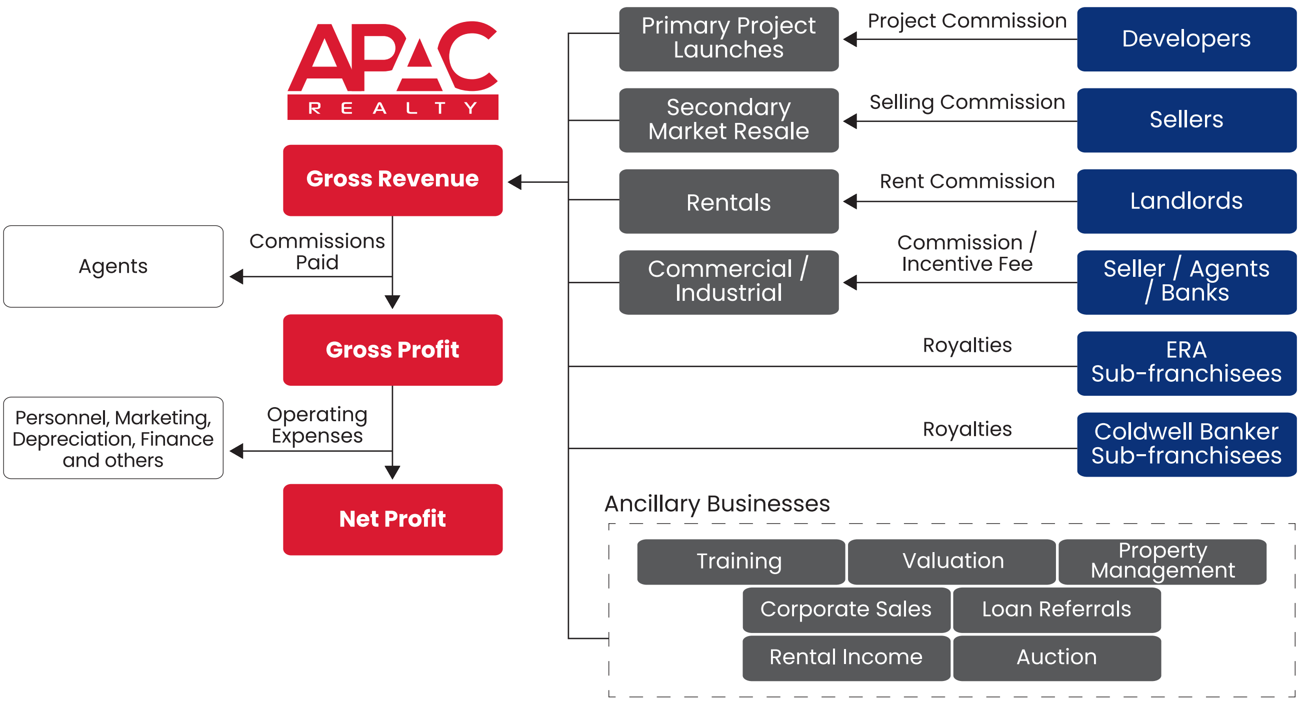
- Singapore

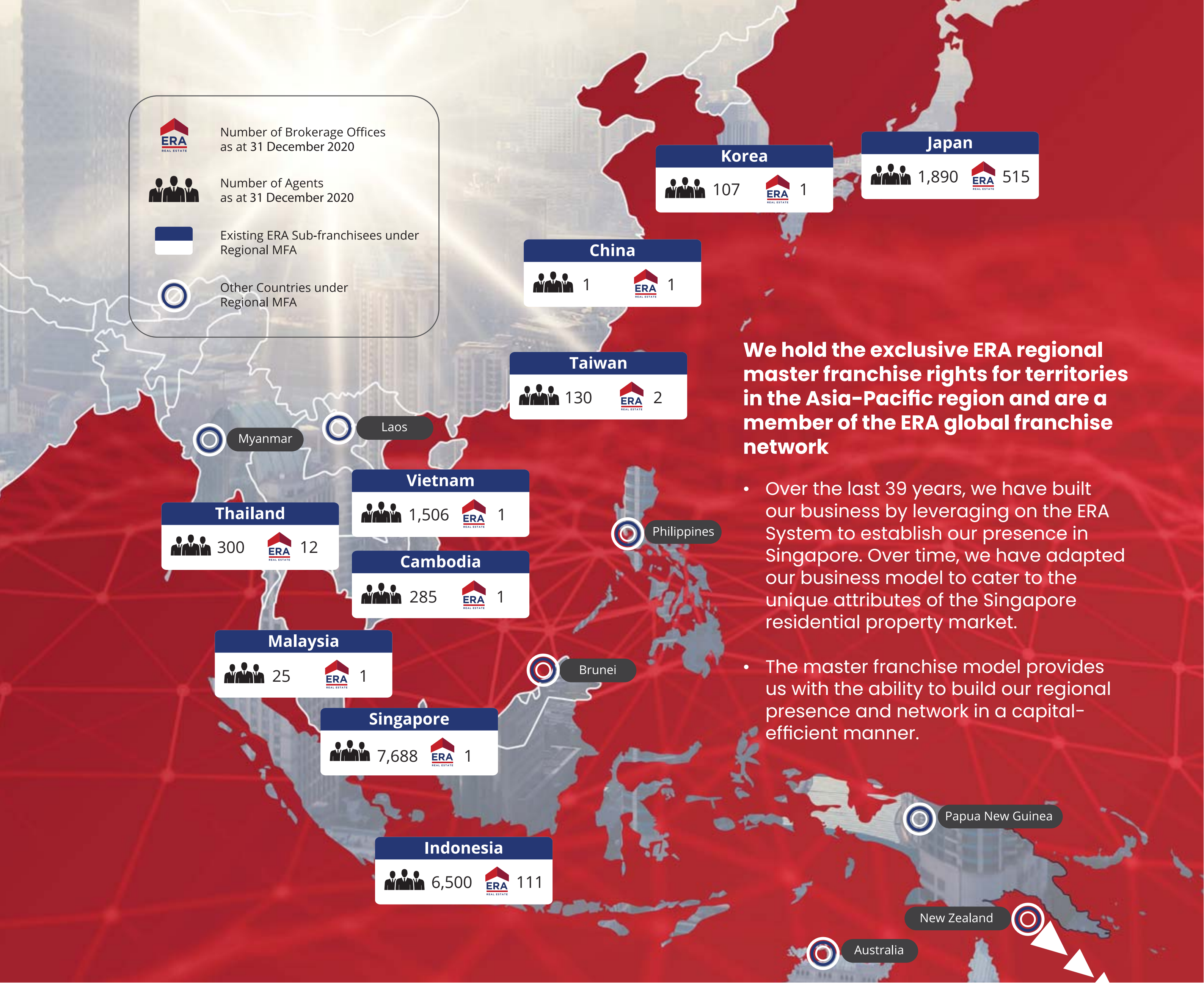
Training, Valuation and Other Ancillary Services

Derives revenue from:

- **Training programmes and courses** for real estate agents in preparation for professional certification exams and as part of meeting continuing professional development regulations
- **Valuation work** undertaken on behalf of clients such as financial institutions, government agencies and property owners
- **Property management services** for real estate developments
- **Auction** for financial institutions and property owners

Robust Business Model





We hold the exclusive ERA regional master franchise rights for territories in the Asia-Pacific region and are a member of the ERA global franchise network

- Over the last 39 years, we have built our business by leveraging on the ERA System to establish our presence in Singapore. Over time, we have adapted our business model to cater to the unique attributes of the Singapore residential property market.
- The master franchise model provides us with the ability to build our regional presence and network in a capital-efficient manner.

Our Strategies for Sustainable Growth

Strengthen and expand our presence in Singapore

- Establish a centralised business centre to facilitate greater synergies between our agents.
- Explore opportunities to grow our agent network in Singapore through recruiting individual agents and/or acquiring agent networks.

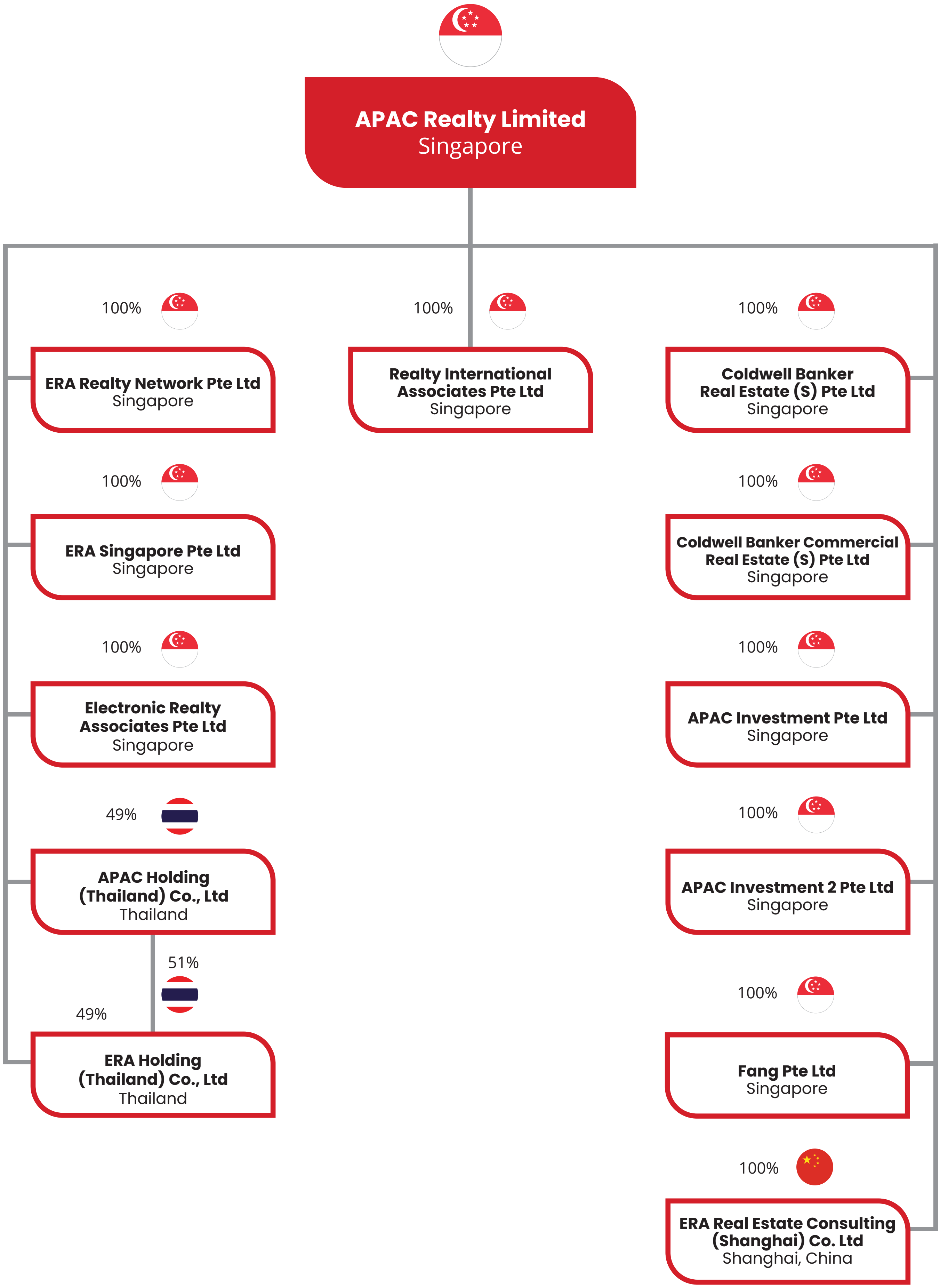
Expand our range of services and geographical presence in the Asia-Pacific region

- Further diversify our business into other real estate related services that offer higher margins, while maintaining our focus on our brokerage business.
- Expand and deepen our existing presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise arrangements with local operators or acquiring an existing agent network.

Enhance our technological capabilities

- Create and/or acquire new tools that enable us to increase our business efficiency and offer better services to our customers and agents, through investments and/or partnerships with third parties.
- Currently, our agents benefit from ERA's innovative proprietary apps and online tools:
  - Mobile applications (iERA, ERApro)
  - Websites (ERA.com.sg, Tech.era.com.sg)
  - A customer relationship and management system(RealtyWatch)
  - An internal portal (myERA) for our agents to facilitate the execution of real estate transactions
  - A platform for customers to submit reviews and ratings (ReviewPropertyAgent.sg) and site for customers to find salespersons relevant to their property requirements (FindPropertyAgent.sg)
  - Integrating UrbanZoom Home Report into iERA
  - Through iERA – ERA Salespersons can also publish their own personal and project marketing websites; with the function to customise their preferred domains. These websites can be used for personal branding as well as new launch project marketing.

Corporate Structure



Developments During the Year

February 2020

- Acquired a 38% stake in ERA Vietnam for S$1.5 million allowing the Group to participate in the leadership and growth of the real estate brokerage business in Vietnam.
- Invested S$0.5 million in Turning-Point Pte Ltd to provide ERA salespersons with a full suite of prospecting tools and solutions.

April 2020

The government announced circuit breaker to contain the spread of COVID-19 in Singapore.

June 2020

- Increase shareholding interest from 15% to 28.7% in associate company - SoReal Prop Pte. Ltd.
- Acquired Fang Pte Ltd for S$0.3 million giving ERA exclusive listing rights to list Singapore properties on Fang.com, a market leading property portal in China with more than 80 million registered users and a monthly visitor count of 14.83 million.

房天下Fang.com

- Resignation of Hee Theng Fong and Tommy Teo Zhi Zhuang as Independent Director.

July 2020

Resignation of Tan Kok Ming Desmond as Independent Director.

August 2020

Increase shareholding interest from 28.7% to 31.7% in associate company - SoReal Prop Pte. Ltd.

October 2020

Appointment of Tan Poh Hong as Non-Executive Independent Director.

November 2020

Appointment of Tan Bong Lin as Lead Independent Director.

December 2020

Relocated corporate office to 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394

Financial Highlights

Key Highlights

39
Years of solid track record in Singapore

18,432
Agents in 646 offices across 10 countries[1]

7,688
Agents in Singapore[1]

33.3%
Market share by transaction value in 2020[2]

S$395.1m
Revenue generated in FY2020

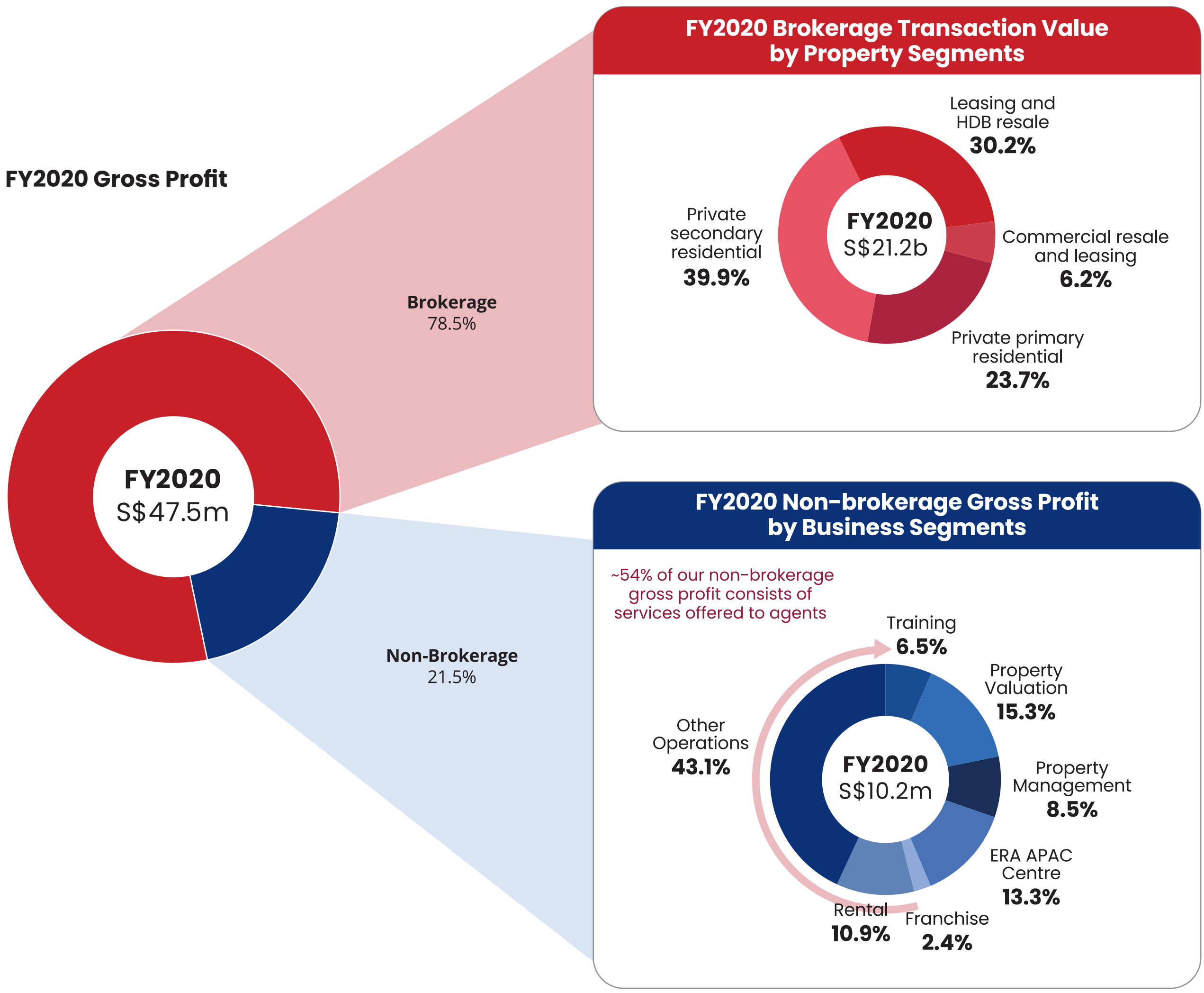
54.3%
Dividend payout for FY2020

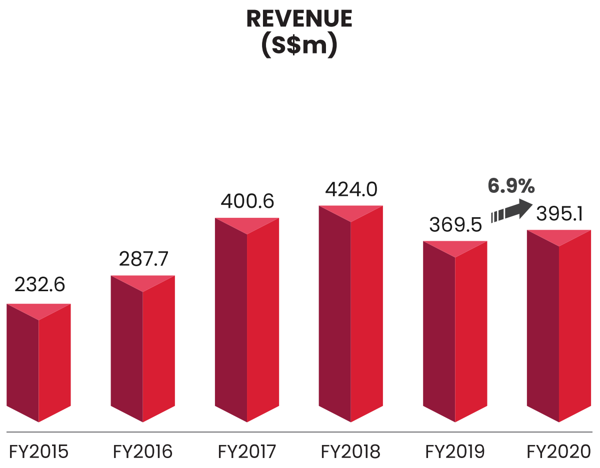
5.88%
Dividend yield[3] for FY2020

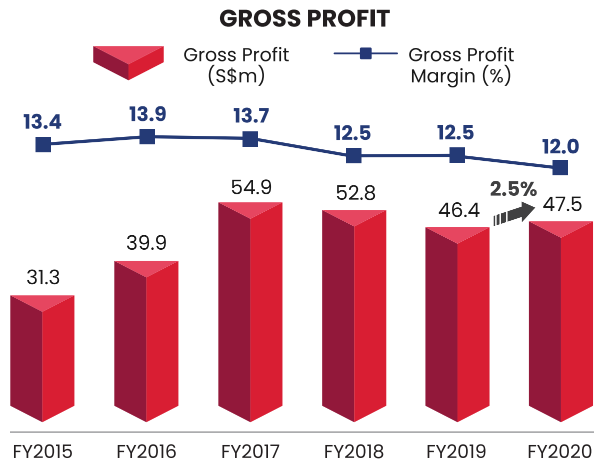
Notes:

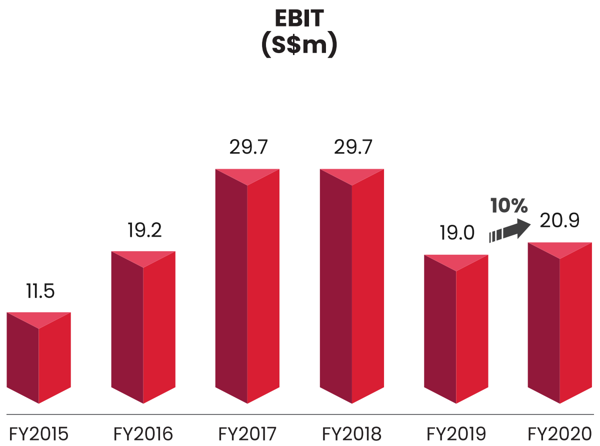
[1] As at 31 December 2020
[2] Based on URA and HDB market data released on 22 January 2021
[3] Based on closing price of S$0.425 per share as at 23 February 2021

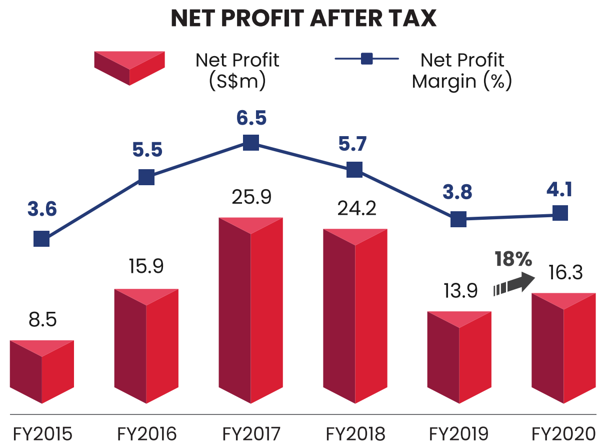
Contribution from Brokerage and Non-Brokerage Business











Group Simplified Financial Position

	FY2016 S$'000	FY2017 S$'000	FY2018 S$'000	FY2019 S$'000	FY2020 S$'000
Assets					
Investment property	-	-	72,800	72,800	**-**
Plant and equipment	1,436	1,223	1,076	1,677	**73,918**
Intangible assets	101,320	100,388	99,455	98,523	**97,719**
Right-of-use assets	-	-	-	5,053	**3,710**
Trade and other receivables including unbilled receivables	49,141	71,725	64,098	81,826	**106,991**
Cash and bank balances including fixed deposits	18,147	62,371	43,419	32,424	**35,519**
Other assets	294	286	2,356	2,838	**3,427**
Total	170,338	235,993	283,204	295,141	**321,284**
Total Equity					
Capital and reserves	78,877	133,026	143,061	145,530	**154,752**
Non-controlling interests	-	-	43	(70)	**(164)**
Liabilities					
Borrowings					
Non-current	12,000	-	54,617	51,717	**48,817**
Current	6,000	-	2,900	2,900	**2,900**
Trade and other payables	62,610	91,516	71,281	81,211	**101,789**
Lease liabilities					
Non-current	-	-	-	3,359	**1,738**
Current	-	-	-	1,680	**1,879**
Taxation					
Deferred	4,672	4,489	4,290	4,190	**4,200**
Current	4,451	4,989	5,172	3,336	**4,159**
Other liabilities	1,728	1,973	1,840	1,288	**1,214**
Total	170,338	235,993	283,204	295,141	**321,284**

Letter from the Executive Chairman and CEO

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present APAC Realty's Annual Report for the year ended 31 December 2020 ("FY2020").

A YEAR OF EXTRAORDINARY EVENTS

Year 2020 was an unprecedented time in which the world had to adjust to numerous life-changing challenges brought about by a global health crisis. The disruption affected economies and businesses across geographies and industries, changing the way we work and live overnight.

Singapore's real estate industry was impacted in the first half of the year, heightened by COVID-19 related social distancing measures and the suspension of real estate business during the government-imposed Circuit Breaker Period from 7 April to 1 June 2020.

Undaunted by the challenging operating environment, we rose to the occasion taking proactive steps to accelerate the digitalisation of our business, enhancing client engagement through innovation and leveraging leading-edge real estate technologies. In true ERA spirit, our salespeople took the opportunity to enhance their knowledge through online skills and technology trainings and seminars, ensuring that they were able to optimise service delivery in the unique market environment. The determination and tenacity of our salespeople paved the way for our positive performance as the market gradually recovered in the second half of the year, driven by pent-up demand and a conducive low-interest rate environment.

As a result, FY2020 revenue increased 6.9% or S$25.6 million to S$395.1 million from S$369.5 million in FY2019. This was primarily due to an increase in brokerage income from resale and rental of properties of 10.7% or S$25.8 million to S$267.4 million in FY2020, partially offset by a decline in brokerage income from new home sales of 1.0% or S$1.2 million to S$116.4 million in FY2020. FY2020 net profit increased 17.8% or S$2.4 million to S$16.3 million from S$13.9 million in FY2019.

DELIVERING STRONG AND CONSISTENT DIVIDEND PAYOUTS

To thank shareholders for their continued support, the Board of Directors has declared a final dividend of 1.75 Singapore cents per share, payable on 12 May 2021. Including the interim dividend of 0.75 cents paid in FY2020, the aggregate dividend of 2.50 cents per share in FY2020 represents a payout of S$8.88 million and a healthy payout ratio of 54.3%. This extends our track record of providing shareholders with an annual dividend payout ratio of at least 50% since our listing in 2017.

ALL NEW ERA

We are conscious that the needs and aspirations of the increasingly sophisticated customer continues to evolve at a digital pace. As a forward-thinking company, we recognise that we have to continually evolve and stay a step ahead of customer expectations. To this end, we are focused on the advancement of our human capital and digital transformation to ensure our market leadership and sustainability of our business in the new era.

OUR PEOPLE ARE OUR FUTURE

Our people play an important role in the long-term success of the Group. Their individual skills, knowledge, and ability to provide quality advice to domestic and international buyers and investors ensures the integrity of the ERA brand promise of being 1st in service, 1st in results and 1st in customer satisfaction. We continue to raise the proficiency of our salespeople through specialised training programmes such as the ERA Ultimate Agent Training Roadmap, and equip them with the latest proptech technologies and applications.

The well-being of our salespeople is of equal importance. We have extended financial support measures to ERA salespersons in the form of commission fee advances, loyalty growth dividends, skills development and subsidies of business costs.

A case in point is the formation of our partnership with LytePay, a Singapore based financial solutions provider, and Rapyd, a global Fintech company in FY2020. Under the partnership, ERA is the first and only real estate agency in Singapore to offer its salespeople the LyteMoney facility, enabling agents to unlock their commissions through a business wallet quickly and smoothen-out their income over a period of time.

OUR DIGITAL TRANSFORMATION

We launched our digital transformation with the Digital Lab initiative in 2019 to transform ERA as the leading digital real estate agency in Asia. To date, we have invested S$2.4 million in proptech companies with proprietary real estate technologies such as Dots Connected which owns and operates UrbanZoom, SoReal Prop, Turning-Point and Fang.

Our investments empower ERA salespersons with digital innovation and technologies, as well as access to proprietary market and data analytics applications to enhance their competitive advantage. This enables every ERA salesperson to raise their level of professionalism and build stronger client relationships.

During the year, we secured exclusive listing rights to list Singapore properties on Fang.com, a market leading property portal in China with more than 80 million registered users and a monthly visitor count of close to 15 million. This platform provides ERA salespersons with an exclusive, secure and reputable online channel to engage mainland Chinese buyers; a group which continues to be active in Singapore's prime property market.

In November 2020, we officially launched the revitalised ERA APAC Centre as our new home and announced a set of digital initiatives to sharpen the competitive edge of our sales teams. This includes the formation of a Global Referral Network, an initiative by our master franchisor ERA Real Estate to automate and track cross-border property buying and selling processes within its global network.

We also developed and implemented ERA Digital Signature in partnership with Dedoco, integrating encrypted blockchain technology to expedite the transaction process with the Sign with SingPass service. We are enthused to be the first private company to integrate this new government initiative into our business process.

To enable instant 24x7 response to customer queries, we introduced Robo Chatbot, an online and mobile application powered by artificial intelligence technology. We will continue to run online events such as the Asia Virtual Property Expo, which was organized in partnership with PropertyGuru to provide a seamless virtual platform to promote cross-border buying and selling of properties.

Enhancing the property viewing experience, we are providing 3D Virtual Viewing & Capture Services, in partnership with Matterport to enable trusted advisors an easy and low-cost access to 3D capabilities and artificial intelligence technology in marketing their properties virtually.

LEADERSHIP IN SINGAPORE

With an established track record and strong brand name, ERA continues to be one of the marketing agents of choice for new home launches in Singapore. Amidst a challenging market, we were appointed marketing agents to 24 quality projects with over 7,200 units launched in FY2020.

According to data released by the government, developers sold 10,940 private residential units (including executive condominiums) in FY2020, giving us an estimated market share of the new homes segment of 28.9%. Based on our continued success, we secured marketing agent mandates for 24 quality residential projects with more than 8,800 new home units launched and to be launched in FY2021. With the Singapore government prohibiting the reissue of options to new home buyers from September 2020, we can see ERA capture a bigger market share in project marketing.

Singapore's private residential resale market recorded sales of 10,927 units, while the HDB resale market remained relatively healthy with 24,748 transactions in FY2020. Based on market data, we closed the year with a commendable 42.9% share of the private residential and HDB resale market in FY2020, an improvement from 40.7% in FY2019.

The outlook for Singapore's residential market continues to be relatively positive in FY2021. Singapore was ranked first by investors in terms of City Investment Prospects in 2021, ahead of Tokyo, Sydney, Seoul and Ho Chi Min City which were ranked 2nd through 5th respectively.

The Singapore government has committed about S$100 billion over five integrated packages to support businesses and stimulate the economy . This will allow the country to transform itself and emerge from the pandemic as a Global-Asia node of technology, innovation, and enterprise, focused on economic resilience and sustainability. This has drawn interest from big technology firms such as Tencent, TikTok and Amazon, which have established offices in Singapore for expansion into the region, driving demand for residential and office space in the country.

Furthermore, the planned development of large-scale infrastructure such as Jurong Lake District, Sentosa-Brani Master Plan, and the revamp of the Orchard Road shopping belt, continue to drive local and foreign real estate investor interest.

The Singapore government forecasts the economy to grow between 4.0% and 6.0% in FY2021, following a contraction of 5.4% in FY2020.

REGIONAL STRATEGY REMAINS IN FOCUS

We have a long-term approach to our regional expansion strategy and investments in Indonesia, Thailand, Vietnam and Malaysia. These markets have been impacted by the pandemic to a greater degree and are expected to take a longer time to recover. We remain positive on the long-term outlook for our investments as each has an established brand name, strong reputation, and knowledgeable and capable sales teams.

Indonesia, Southeast Asia's most populous country with over 270 million residents, approved the landmark Omnibus bill in November 2020 in its bid to evolve into a top five world economy by FY2045. The bill aims to transform Indonesia's economy by improving the ease of doing business and attracting foreign investment. Foreign ownership of Indonesian property is expected to inject between US$5 billion and US$10 billion into the economy every year, benefiting the local real estate industry. The country's economy is expected to rebound strongly with a growth of 4.8% in FY2021 and 6.0% in FY2022, led by strong policy support measures, including increased public investment and COVID-19 vaccine distribution plans, as well as improved global economic and financial conditions.

Thailand's residential property market is expected to stage a recovery in late FY2021 according to the country's Real Estate Information Centre on the back of 2.6% economic growth in FY2021 . ERA Vietnam continues to make good traction since the soft opening of our Da Nang office in late 2020. ERA Vietnam has secured marketing agent mandates at four notable projects in Da Nang and many projects in Ho Chi Minh City by major developers such as Keppel Land and VinGroup, which are expected to be launched in mid-2021. ERA Malaysia opened its Kuala Lumpur and Johor Bahru offices in 4QFY2020. The business continues to position itself for the market upcycle and now has a headcount of approximately 450 salespersons.

We believe that given time, our investments in Indonesia, Thailand, Malaysia and Vietnam will emulate the success of ERA Singapore and start contributing to the Group.

ACKNOWLEDGEMENTS

On behalf of the board, I am delighted to welcome Ms. Tan Poh Hong who joined us as Non-Executive Independent Director on 1 October 2020. Prior to joining us, Ms. Tan was Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017, and Deputy CEO of the Housing and Development Board (HDB) from 2004 to 2009.

I would also like to extend our gratitude and appreciation to Mr. Hee Theng Fong, Mr. Tommy Teo and Mr. Desmond Tan for their past services and invaluable contributions during their time as directors on the Board of APAC Realty Limited.

I would like to thank our employees and ERA salespersons for their unwavering commitment and contributions to the Group during this challenging period. I would also like to extend the board's heartfelt thanks to our customers, and business partners for their support and loyalty. Finally, I would like to thank you, our valued shareholder, for your continued trust and support of management and the Board.

Chua Khee Hak
Executive Chairman and
Chief Executive Officer

Board of Directors

Mr. Chua Khee Hak

Executive Chairman and Chief Executive Officer

Mr. Chua was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018 and 22 April 2019. He joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as the Chief Executive Officer in August 2013 and Chairman in July 2019. Prior to joining our Group, he was with the Public Works Department of Singapore from 1984 to 1990, his last held position being head of building management and building development services. Mr. Chua holds a Bachelor of Science (Building) (Hons) and a Master of Science (Project Management) from the National University of Singapore. He also holds a Diploma in Computer Studies from the National Centre for Information Technology and a Certified Diploma in Accounting & Finance from the Chartered Association of Certified Accountants.

Mr. Tan Choon Hong

Non-Executive Non-Independent Director

Mr. Tan was first appointed to the Board on 15 July 2013, re-appointed on 4 September 2017 and re-elected on 25 April 2018 and 18 June 2020. Mr. Tan is the Chief Executive Officer of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2011, Mr. Tan was a director for special projects at C S Partners Pte. Ltd. from 2007 to 2011 and a vice president at GIC Special Investments Pte Ltd from 2005 to 2007. Earlier, he spent five years doing corporate finance advisory work at Deutsche Bank AG, from 2001 to 2005. He began his career with the Ministry of Trade and Industry as an Assistant Director in 1999. He currently serves on the board of Nera Telecommunications Ltd. Mr. Tan is a Chartered Financial Analyst and holds a Master of Engineering and Bachelor of Arts from Cambridge University.

Mr. Tan Bong Lin

Lead Independent Director

Mr. Tan was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018 and 18 June 2020. Mr. Tan is the Lead Independent Director and Chairman of the Audit Committee of YTL Starhill Global REIT Management Limited and was appointed as the Non-Executive Chairman and Independent Director of RHT Health Trust Manager Pte Ltd on 25 February 2019. Mr. Tan was formerly an Independent Director and Chairman of the Audit Committee of Parkway Life REIT (which is listed on the Mainboard of SGX-ST) from 2007 to 2016, and was also with Citigroup Global Markets Singapore from 1990 to 2007, his last held position being Managing Director. He was also a Member of the Finance Committee of the Singapore Broadcasting Authority from 1997 to 2002. Mr. Tan holds a Bachelor of Accountancy from the University of Singapore.

Mr. Wong Hin Sun, Eugene

Non-Executive Independent Director

Mr. Wong was appointed to the Board on 15 July 2019 and re-elected on 18 June 2020. Mr. Wong founded Sirius Venture Capital Pte Ltd in September 2002 and has been its managing director since its incorporation. He is currently non-executive Chairman of NTUC LearningHub Pte Ltd. He is also the non-executive Vice-Chairman of Japan Foods Holding Ltd, the Lead Independent Director of Alliance Healthcare Group Limited and Non-executive Non-independent director of Jason Marine Group Limited, all listed on SGX-ST. Mr Wong graduated from the National University of Singapore with a bachelor of business administration (first-class honours) and obtained a master of business administration from the Imperial College of Science, Technology and Medicine at the University of London. He also completed the Owners President Management Program from the Harvard Business School. He is a Chartered Financial Analyst, Chartered Director, Chartered Valuer and Appraiser and also a Fellow of the UK Institute of Directors, Singapore Institute of Directors and Australian Institute of Company Directors.

Ms Tan Poh Hong

Non-Executive Independent Director

Ms Tan was appointed to the Board on 1 October 2020. She is an Independent Director of Sheng Siong Limited, Centurion Corporation Limited, Vicom Ltd and AnnAik Limited, which are all listed on the Singapore Stock Exchange. Prior to joining the Group, she was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. Prior to her appointment at AVA, Ms Tan was the Deputy CEO of the Housing and Development Board (HDB) from 2004 to 2009. Ms Tan has also held various headship positions throughout the HDB, with oversight of corporate governance, organisational development and transformation, human resource management, public communications and community engagement. She has extensive experience in policy development and led operations for sales and estate management.

Ms Tan holds a BSc (Hons) in Estate Management from the National University of Singapore (1981), and a Master of Business Administration (with Distinction) from New York University (1988). Ms Tan was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government.

Additional Information On Directors Seeking Re-Election

Mr Chua Khee Hak, Mr Tan Bong Lin and Ms Tan Poh Hong are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 20 April 2021 ("AGM") (collectively, the "Retiring Directors").

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 of the Listing Manual, is as set out below:

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
Date of appointment	4 September 2017	4 September 2017	1 October 2020
Date of last re-appointment	22 April 2019	18 June 2020	Not applicable
Age	60	64	62
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chua as Executive Director and Chief Executive Officer was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chua's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Tan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Tan as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Ms Tan's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive Mr Chua manages the day-to-day business operations of ERA, RIA and Coldwell Banker in Singapore and oversees the growth and development of ERA in the Asia Pacific region.	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Chairman and Chief Executive Officer	• Lead Independent Director • Chairman of Audit Committee • Member of Nominating and Remuneration Committees	• Independent Non-Executive Director • Chairman of Remuneration Committee • Member of Audit and Nominating Committees

Additional Information On Directors Seeking Re-Election

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
Professional qualifications	• Bachelor of Science (Building) (Hons), National University of Singapore • Master of Science (Project Management), National University of Singapore • Diploma in Computer Studies, National Centre for Information Technology • Certified Diploma in Accounting & Finance, Chartered Association of Certified Accountants	• Bachelor of Accountancy, University of Singapore	• Bachelor of Science (Hons) in Estate Management, National University of Singapore • Master of Business Administration (with Distinction), New York University
Working experience and occupation(s) during the past 10 years	1990 – Present: APAC Realty Limited, Chief Executive Officer	2008 – Present: Retired	2018 – Present: Retired 2009 – 2017: Chief Executive Officer, Agri-Food & Veterinary Authority of Singapore
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 60 of this Annual Report		
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Additional Information On Directors Seeking Re-Election

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
Other Principal Commitments* including Directorships# ** "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments* *# These fields are not applicable for announcement of appointments pursuant to Listing Rule 704(9)*	**Past (for the last 5 years)** Directorships • ISend Pte. Ltd. Other Principal Commitments Nil **Present** Directorships • APAC Investment Pte Ltd • APAC Investment 2 Pte Ltd • ERA Realty Network Pte Ltd • ERA Singapore Pte Ltd • Realty International Associates Pte Ltd • Coldwell Banker Real Estate (S) Pte Ltd • Coldwell Banker Commercial Real Estate (S) Pte Ltd • Realty Partners Investments Pte Ltd • Fang Pte Ltd • IBuild Pte Ltd • IReal Holdings Pte Ltd Other Principal Commitments • Chief Executive Officer of APAC Realty Limited	**Past (for the last 5 years)** Directorships • Parkway Trust Management Limited Other Principal Commitments Nil **Present** Directorships • YTL Starhill Global REIT Management Limited • RHT Health Trust Manager Pte Ltd Other Principal Commitments Nil	**Past (for the last 5 years)** Directorships • Agrifood Technologies Pte Ltd Other Principal Commitments • Chief Executive Officer of Agri-Food & Veterinary Authority of Singapore **Present** Directorships • AnnAik Limited • Vicom Ltd • Centurion Corporation Limited • Barramundi Asia Pte Ltd • Jilin Food Zone Pte Ltd • Sheng Siong Group Ltd Other Principal Commitments Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of	No	No	No

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?			
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c. Whether there is any unsatisfied judgment against him?	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

Additional Information On Directors Seeking Re-Election

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement	No	No	No

Additional Information On Directors Seeking Re-Election

	CHUA KHEE HAK	TAN BONG LIN	TAN POH HONG
that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Management Team

Marcus Chu | Chief Operating Officer

Mr. Marcus Chu first joined the Group in 1996 as a budding salesperson and quickly established stellar records as the Top Sales Achiever in ERA Singapore and ERA International in the 90's. After being inducted into the League of Honour for his astounding sales performance – the highest accolade for a top producer achieving breakthrough sales figures consistently, Marcus built on his revolutionary vision of creating a dual career path in sales and team building for salespersons and helped shaped the industry's remuneration scheme as seen today. His unwavering vision has helped solidify the Group's status as the largest international real estate agency in Singapore with over 7,900 salespersons.

Having acquired over two decades of real estate experience under his belt, Marcus is seen as a consummate mentor to the ERA leadership team. He plays an active role to lead over 300 ERA Division Directors who are leading successful sales teams serving different segments of the market.

As the chief operating officer, Marcus helms the daily operations of ERA and is responsible for the Group's strategic direction and core functions such as Associate Human Resource, Recruitment, Training, Corporate Communications, Research and Innovation teams within ERA. He has spearheaded numerous innovations for consumers and salespersons. Among these initiatives are the latest CRM tech tool - RealtyWatch by ERA, iERA super app, FindPropertyAgent.sg and the Agent Review Portal.

Doris Ong | Chief Operating Officer

Ms. Doris Ong joined the Group in 1991. She is in-charge of project marketing, overseeing a team that has planned and executed marketing launches for over 200 international and local residential projects. She was responsible for ERA's venture into project marketing. Together with the Chief Executive Officer, they successfully brought ERA to become the first real estate agency to clinch projects from developers. Capitalizing on this momentum, ERA was established as the leading project marketing real estate agency. Doris has many years of experience in project marketing and is intimately familiar with the inner workings of a project launch. The project marketing team works closely with developer clients from the project's land acquisition stage, through design, launch, and after sales stages. Doris holds a Bachelor of Science (Hons) in Estate Management from National University of Singapore, is a licensed appraiser and a member of the Singapore Institute of Surveyors and Valuers.

Eugene Lim | Key Executive Officer

Mr. Eugene Lim first joined the Group in 1991 before returning in 2003. He ensures that all agents' business dealings are in compliance with the Estate Agents Act and the relevant subsidiary legislation. He oversees the legal and compliance team which is the first point of contact that investigates any customer feedback. Eugene is a well-respected real estate opinion leader. His professional views on the real estate market and its pertinent issues are frequently sought by the press and media. Eugene appears regularly on television and radio and is often quoted by various print and online media. A highly regarded leader in real estate industry, Eugene is a member of the Council for Estate Agencies' Professional Development Committee and is also an Executive Committee Member of the Singapore Estate Agents Association. Eugene has over 30 years' experience in the real estate industry, seven of which were with publicly listed property developers such as DBS Land and CapitaLand. Eugene holds a Bachelor of Science (Hons) in Estate Management and a Master of Science (Real Estate) from the National University of Singapore.

Management Team

Poh Chee Yong | Chief Financial Officer

Mr. Poh Chee Yong joined the Group in 2011. He heads the finance and commission teams, and is responsible for financial management and implementing controls to safeguard assets, integrity of data and financial information. He was also appointed as the Data Protection Officer ("DPO") for the group when the data protection laws came into effect in Singapore in 2014. Prior to joining our Group, he was a Financial Controller at Raffles Education Corporation Limited from 2003 to 2011, and an auditor at KPMG Singapore from 2000 to 2003. Chee Yong is a Chartered Accountant of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy (Hons) from the Nanyang Technological University. He is also a Certified Information Privacy Manager (IAPP member) since December 2014.

Raymond Loke | Executive Vice President, Project Marketing

Mr. Raymond Loke joined the Group in 2006. He is responsible for the marketing of new developments and executing project launches, as well as exploring new business opportunities overseas. Prior to joining the Group, Raymond worked in other real estate consultancy firms and was involved in residential and investment sales. With more than 23 years of experience in the real estate industry, he was involved in the marketing of new developments both locally and in overseas markets such as China, Hong Kong and Indonesia. He holds a Bachelor of Science (Hons) in Estate Management from National University of Singapore.

Paul Ho | Director, Valuation

Mr. Paul Ho joined the Group in 2004 and now heads the Valuation Department. Paul has over 36 years of experience as a licensed appraiser with the expertise to handle valuation for all purposes and all types of properties. Prior to joining the Group, he was with CKS Property Consultants Pte Ltd back in 1995 as the Head and Director of Valuation. While in CKS, he developed Singapore's first internet valuation services, CQValue, with the support of IDA. Paul holds the Bachelor of Science in Estate Management from National University of Singapore. He is also a member of Singapore Institute of Surveyor and Valuers and a licensed appraiser.

Jackson Ong | Senior Vice President, Property Management

Mr. Jackson Ong joined the Group in 1995. He has more than 23 years' experience in real estate management, electrical engineering and project management. Jackson is responsible for overseeing the team that provides professional managing agent service to 20 MCST currently. Prior to joining the Group, Jackson worked as a Project Engineer with a private electrical contractor firm for three years. Jackson holds a Bachelor of Science (Hons) in Real Estate Management from Oxford Brookes University of UK. He is also a qualified Licensed Electrical Worker (LEW) with Energy Market Authority, a Certified Facility & Property Manager with SISV-AFPM and a registered Fire Safety Manager with Singapore Civil Defence Force.

Management Team

David Seah | Senior Vice President, Information Technology

Mr. David Seah joined the Group in 2009 and has accumulated more than 18 years' experience in the IT industry. He oversees the IT department and is responsible for aligning technology with the Group's business strategic plans. At the level of core information technology, David has pushed for ERA to adopt latest technologies that facilitated greater efficiencies and cost effectiveness in information processing, data management and network access. Prior to joining the Group, he has managed IT projects with publicly listed companies such as CapitaLand. David holds a Bachelor of Information Technology from Monash University.

Bernard Lee | Senior Vice President, Asia Pacific Development

Mr. Bernard Lee joined the Group in 2018. He oversees the development of the regional franchises in Indonesia, Malaysia, Thailand and Vietnam. Currently, Bernard also heads the training department, and is responsible for renewing ERA's training roadmap and delivery to ensure that it stays relevant to the changes in the industry. Prior to joining, Bernard was with Huttons Real Estate Group from 2011 to 2018 as Director (Business and Research) and eventually also as CEO (International Partnerships). Before that, he spent 3 years with UOB Commercial Banking, 5 years with the Ministry of Trade and Industry, and 2 years with the Ministry of Finance. Bernard is a Public Service Commission (PSC) Overseas Merit Scholar and holds a Master of Engineering from the Massachusetts Institute of Technology, US, and a Bachelor of Engineering (Hons) from the University of Bristol, UK.

Jason Teo | Financial Controller

Mr. Jason Teo joined the Group in 2020. With over 10 years of experience in auditing and commercial accounting, he assists the CFO in the supervision of the accounting staff and helps ensure smooth daily operations within the finance department. Jason holds a Bachelor of Business and Commerce from Monash University. He is a Chartered Accountant of the Institute of Singapore Chartered Accountants and is a member of CPA Australia.

Operating and Financial Review

OPERATING REVIEW

Despite the on-going Covid-19 pandemic and the suspension of real estate business during the circuit breaker period from 7 April to 1 June 2020, the Group has performed better for FY2020 as compared to FY2019, with an increase in revenue from real estate brokerage fees and related services by approximately $24.3 million or 6.7% year-on-year. The Group's results was backed by an increase in transaction volume of residential properties in the second half of 2020, which was driven mainly by local buyers and HDB upgraders amid the low interest rate environment.

For the year 2020, developers sold 10,940 private residential units (including ECs), an increase of 5% from 10,417 units in 2019. The private residential resale market recorded sales of 10,927 units, an increase of 18.3% from 9,238 units a year ago. The HDB resale market also reported an increase of 4.4% to 24,748 units in 2020 from 23,714 units in 2019.

As of 31 December 2020, there were 26,426 unsold units (including ECs). The vacancy rate of completed private residential units has increased to 7.0% as at 31 December 2020, from 5.5% a year ago. Apart from the 26,426 unsold units (including ECs) with planning approval as at 31 December 2020, there is a potential supply of 4,700 units (including ECs) from Government Land Sales (GLS) sites that have not been granted planning approval yet.

Recognised as a preferred marketing agent for new launches amongst leading developers, ERA was appointed marketing agent to 24 projects with more than 7,200 new home units launched during 2020. ERA has also secured marketing agent mandates for 24 quality residential projects with more than 8,800 new home units launched and to be launched in FY2021.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its investments in Indonesia, Thailand, Vietnam and Malaysia given the prevailing Covid-19 pandemic and is cautiously optimistic on the recovery of their respective economies as each country's vaccination progammes are being carried out in 2021.

PROJECTS LAUNCHED IN 1Q 2021

Midtown Modern

D7, Tan Quee Lan Street | 558 units
Guoco Midtown II Pte Ltd & Midtown Modern Pte Ltd (A joint venture between GuocoLand Ltd, Hong Leong Holdings Ltd and Hong Realty (Pte) Ltd)

Normanton Park

D5, Normanton Park | 1,862 units
Kingsford Huray Development Pte Ltd

Parc Central Residences (EC)

D18, Tampines Street 86 | 700 units
Hoi Hup Sunway Tampines J.V. Pte Ltd (A joint venture between Hoi Hup Realty Pte Ltd and Sunway Developments Pte Ltd)

The Atelier
D9, Makeway Avenue | 120 units
Bukit Sembawang Land Pte Ltd (Bukit Sembawang Estates Ltd)

The Reef at King's Dock
D4, Harbourfront Avenue | 429 units
HarbourFront Three Pte Ltd (A joint venture between Mapletree Investments Pte Ltd and Keppel Land Ltd)

UPCOMING PROJECTS IN 2Q 2021

Grange 1866
D10, Grange Road | 60 units
Grange 1866 Pte Ltd

Irwell Hill Residences
D9, Irwell Hill | 540 units
CDL Perseus Pte Ltd (City Developments Ltd)

One Bernam
D2, Bernam Street | 351 units
HY-MCC (Bernam) Pte Ltd (A joint venture between Hao Yuan Investment Pte Ltd and MCC Land Pte Ltd)

One-North Eden
D5, Slim Barracks Drive | 165 units
One North Development Pte Ltd (TID Pte Ltd)

Park Nova
D10, Tomlinson Road | 54 units
Shun Tak Cuscaden Residential Pte Ltd (Shun Tak Holdings Ltd)

Peak Residence
D11, Thomson Road | 90 units
TSRC Novena Pte. Ltd. (Tuan Sing Holdings Ltd)

Provence Residence (EC)
D27, Canberra Crescent | 413 units
MCC Land (Canberra) Pte. Ltd (MCC Land Pte Ltd)

Operating and Financial Review

FINANCIAL REVIEW

INCOME STATEMENT REVIEW

Revenue derived from our real estate brokerage services include brokerage income from the brokerage of (a) resale and rental of residential, commercial and industrial properties and (b) new home sales. Revenue from real estate related services include merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees and rental income from investment property. Other revenue refers to interest income, rental income from office spaces and workstations, business conference income, referral fee income and sundry income.

	FY 2020 $'000	FY 2019 $'000	Change (%)
Total revenue	395,125	369,524	6.9
Cost of services	347,610	323,157	7.6
Gross Profit	47,515	46,367	2.5
Gross Profit Margin	12.0%	12.5%	

REVENUE

Revenue from real estate brokerage fees and related services increased by approximately $24.3 million or 6.7%, from $365.1 million in FY2019 to $389.4 million in FY2020. This was mainly due:

a. increase in brokerage income from resale and rental of properties of $25.8 million or 10.7%, from $241.6 million in FY2019 to $267.4 million in FY2020; partially offset by
b. decrease in brokerage income from new home sales of $1.2 million or 1.0%, from $117.6 million in FY2019 to $116.4 million in FY2020.

Other revenue increased by approximately $1.3 million or 29.1%, from $4.4 million in FY2019 to $5.7 million in FY2020 mainly due to the recognition of government grant income under Job Support Scheme of $1.9 million partially offset by a decrease in professional indemnity income of $0.9 million in FY2020.

COST OF SERVICES

Cost of services increased by approximately $24.4 million or 7.6%, from $323.2 million in FY2019 to $347.6 million in FY2020, in line with the increase in total revenue.

GROSS PROFIT

Gross profit increased by approximately $1.1 million or 2.5%, from $46.4 million in FY2019 to $47.5 million in FY2020. This was largely attributed to the increase in contribution from the resale and rental of properties.

OPERATING EXPENSES

Personnel cost was approximately $13.0 million for both FY2020 and FY2019. The increase in provision for leave entitlement of approximately $0.2 million was offset by lower directors' remuneration in FY2020.

Marketing and promotion expenses decreased by approximately $0.3 million or 11.0%, from $3.2 million in FY2019 to $2.9 million in FY2020. The decrease was mainly due to less marketing activities carried out in FY2020.

Depreciation of property, plant and equipment was approximately $0.6 million for both FY2020 and FY2019.

Depreciation of right-of-use assets was approximately $1.7 million in FY2020 and $1.6 million in FY2019. The increase of $0.1 million was due to additions of right-of-use assets in FY2020.

Amortisation of intangible assets was approximately $0.9 million for both FY2020 and FY2019.

Allowance for doubtful debts provided (trade) increased by approximately $0.4 million or 20.1%, from $2.0 million in FY2019 to $2.4 million in FY2020 mainly due to slower collections and full provision made for one outstanding debt of $0.1 million.

Finance costs decreased by approximately $0.7 million or 40.0%, from $1.8 million in FY2019 to $1.1 million in FY2020. The decrease was in line with the lower bank borrowings in FY2020 due to loan repayments and lower bank interest rates ranging from 1.05% to 2.65% p.a. in FY2020 (FY2019: 2.55% to 2.83%).

Other operating expenses decreased by approximately $0.9 million or 15.2%, from $5.9 million in FY2019 to $5.0 million in FY2020. This was mainly due to the following:

a. absence of recruitment expenses in FY2020 (FY2019: $1.4 million);
b. lower rental expenses, legal and professional fees, and general expenses of a total of $0.5 million; and
c. partially offset by the write off of other investments and investment in associate for a total of $1.1 million in FY2020 (FY2019: Nil).

Overall, total operating expenses decreased by approximately $1.4 million or 4.9%, from $29.1 million in FY2019 to $27.7 million in FY2020.

PROFIT BEFORE TAX

As a result of the foregoing, profit before tax increased by approximately $2.4 million or 14.1%, from $17.2 million in FY2019 to $19.6 million in FY2020.

TAX EXPENSE

Tax expense was approximately $3.3 million in both FY2020 and FY2019.

PROFIT FOR THE YEAR

As a result of the foregoing, profit for the year increased by approximately $2.4 million or 17.8%, from $13.9 million in FY2019 to $16.3 million in FY2020.

FINANCIAL POSITION REVIEW

NON-CURRENT ASSETS

The Group's total non-current assets amounted to approximately $179.2 million and $179.5 million as at 31 December 2020 and 31 December 2019 respectively. The decrease of approximately $0.3 million was mainly due to the following:

a. depreciation of right-of-use assets and property, plant and equipment of $1.7 million and $0.6 million respectively in FY2020; and
b. amortisation of intangible assets of $0.9 million; offset by
c. net investment in associates of $2.5 million and additions to right-of-use assets of $0.4 million in FY2020.

In addition, the Group transferred its leasehold building that was previously held as investment property to property, plant and equipment as the Group has commenced the relocation of its corporate head office from Mountbatten Square to ERA APAC Centre at Toa Payoh in December 2020.

CURRENT ASSETS

Trade receivables amounted to approximately $79.6 million and $57.2 million as at 31 December 2020 and 31 December 2019 respectively. The increase in trade receivables is in line with the increase in revenue from real estate brokerage fees and related services for FY2020 as compared to FY2019.

Other receivables amounted to approximately $11.4 million and $11.0 million as at 31 December 2020 and 31 December 2019 respectively. The increase of approximately $0.4 million was mainly due to interest receivable and unrealised exchange gain recorded in FY2020, on the grant of loans in FY2019 to PT Realti Jaya Abadi.

Unbilled receivables amounted to approximately $10.0 million and $10.8 million as at 31 December 2020 and 31 December 2019 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately $2.5 million and $1.8 million as at 31 December 2020 and 31 December 2019 respectively. The increase of $0.7 million was mainly due to higher CEA (Council for Estate Agencies) registration fees for 2021 which was prepaid in Q42020.

Operating and Financial Review

Cash and bank balances increased by approximately $3.1 million or 9.7%, from $32.0 million as at 31 December 2019 to $35.1 million as at 31 December 2020.

As a result of the foregoing, total current assets increased by approximately $26.4 million or 22.8%, from $115.7 million as at 31 December 2019 to $142.1 million as at 31 December 2020.

NON-CURRENT LIABILITIES

The Group's total non-current liabilities decreased from $59.3 million as at 31 December 2019 to $54.8 million as at 31 December 2020. The decrease of $4.5 million or 7.6% was mainly due to the repayment of bank loan and lease liabilities in FY2020.

CURRENT LIABILITIES

Trade payables and accruals amounted to approximately $90.9 million and $71.9 million as at 31 December 2020 and 31 December 2019 respectively. The increase in trade payables and accruals is in line with the increase in trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately $10.9 million and $9.3 million as at 31 December 2020 and 31 December 2019 respectively. The increase of approximately $1.6 million or 17.1% was mainly due to an increase in revenue for 2H2020 (as compared to 2H2019) resulting in an increase in GST payable as at 31 December 2020.

Deferred income amounted to approximately $1.2 million and $1.3 million as at 31 December 2020 and 31 December 2019 respectively. The deferred income as at 31 December 2020 will be recognised as other income in FY2021.

Lease liabilities of $1.9 million represent the current portion of the lease obligations as at 31 December 2020.

Provision for taxation was approximately $4.2 million and $3.3 million as at 31 December 2020 and 31 December 2019 respectively. The increase of approximately $0.9 million or 24.7% was mainly due to provision of income taxes of $3.3 million partially offset by $2.5 million of income taxes paid in FY2020.

As a result of the foregoing, total current liabilites increased by approximately $21.5 million or 23.8%, from $90.4 million as at 31 December 2019 to $111.9 million as at 31 December 2020.

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The equity attributable to the owners of the Company increased by approximately $9.3 million or 6.3%, from $145.5 million as at 31 December 2019 to $154.8 million as at 31 December 2020. The increase was mainly attributed to the profit of $16.3 million for FY2020 offset by dividend payment of $7.1 million in FY2020.

CASH FLOW REVIEW

Net cash generated from operating activities was approximately $20.0 million in FY2020 as compared to approximately $17.0 million in FY2019. The increase of $3.0 million was mainly due to lower payments made for income taxes and interest expense of $2.8 million and $0.7 million respectively, partially offset by a decrease in cash flows from operations of $0.5 million in FY2020.

Net cash used in investing activities was approximately $4.9 million in FY2020 as compared to approximately $11.7 million in FY2019. The decrease of $6.8 million was mainly due to the absence of advances to PT Realti Jaya Abadi in FY2020 (FY2019: $9.4 million), partially offset by investment in associates and loan to an associate of $2.2 million and $1.0 million respectively.

Net cash used in financing activities was approximately $12.0 million in FY2020 as compared to approximately $16.3 million in FY2019. The decrease of $4.3 million in FY2020 was mainly due to lower dividends of $4.4 million paid in FY2020 as compared to FY2019.

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately $3.1 million in FY2020 as compared to a net decrease of approximately $11.0 million in FY2019.

Cash and cash equivalents as at 31 December 2020 stood at $35.1 million.

Sustainability Report

STATEMENT BY CHAIRMAN AND CEO

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

APAC Realty Limited (hereafter referred to as "APAC Realty", and collectively with its subsidiaries, "the Group") is committed to develop sustainable practices and operations in our Group. We believe that incorporating sustainability in our business has benefited our stakeholders and the environment. We have achieved notable results in our sustainability performance in FY2020, and will continue to engage with our stakeholders to ensure that our policies and practices reflect their interests.

In FY2020, the Novel Coronavirus ("COVID-19") emerged and resulted in a formidable outbreak which evolved into a global pandemic. During these unsettling times, we stay committed to prioritising the safety of our employees. We comply strictly with the local COVID-19 safety measures to minimise risks of transmission among employees, ERA salespersons and clients.

For more details on our environmental and social sustainability performance, please refer to the Sustainability Report section in this Annual Report.

ABOUT THIS REPORT

APAC Realty Limited presents its annual Sustainability Report (the "Report") which covers the Group's performance from 1 January 2020 to 31 December 2020 (the "reporting period").

The Report provides information about APAC Realty's key sustainability topics, management policies and sustainability performance across all operations. The Group has chosen the Global Reporting Initiative ("GRI") Standards which represent the global best practices for reporting on economic, environmental and social topics.

The Report is prepared in accordance with the GRI Standards' "Core" option and incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

The Group's material topics are identified based on its impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report. The Group's Sustainability Task Force has assessed that external assurance is not required.

GOVERNANCE AND STATEMENT OF THE BOARD

At APAC Realty, sustainability is prioritised at the board level. We have established a Sustainability Task Force to implement and manage the Group's sustainability measures. The Task Force is chaired by the Chief Financial Officer and comprises employees from the Finance, Human Resource, Compliance, Corporate Communications and Property Management departments.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board approves the material environmental, social and economic factors identified by the Sustainability Task Force, and ensures that the factors identified are well-managed and monitored by the Task Force.

Sustainability Report

OUR SUSTAINABILITY STORY

Sustainability Targets And Performance

The Group shall adopt a prudent approach in managing its business and continue to encourage diversity in its workforce in terms of gender, race and age groups.

For environmental topics, the Group shall continue to maintain and uphold its energy saving standards in all offices. The Group will continue to monitor and analyse its energy consumption patterns with the aim to lower the energy intensity ratio and greenhouse gas emissions.

A summary table of the Group's sustainability targets and performance during the reporting period is shown below.

Environmental Performance for FY2020	
FY2020 Target	Performance Update
Undertake further initiatives to promote environmental sustainability	The Group has moved its headquarters to ERA APAC Centre and have installed energy-efficient appliances and lights during the renovation phase.
Environmental Targets for FY2021	
FY2021 Target	Action Plan
Undertake further initiatives to promote environmental sustainability	The Group will explore and consider various initiatives such as purchasing more energy efficient appliances, motion sensors for lights etc.
Zero incidents of environmental non-compliance	Comply strictly with all local environmental laws and regulations

Social Performance for FY2020	
FY2020 Target	Performance Update
Training and Development of ERA salespersons	Close to **7,600** ERA salespersons fulfilled their Continuing Professional Development ("CPD") hours and managed to renew their Council for Estate Agencies ("CEA") licences for 2020.
Zero disciplinary actions from CEA against ERA salespersons	**3** disciplinary actions from CEA against salespersons
Social Targets for FY2021	
FY2021 Target	Action Plan
Training and Development of ERA salespersons	Continue to provide ERA in-house training and CPD courses under RIA School of Real Estate for all ERA Salespersons.
Zero disciplinary actions from CEA against ERA salespersons	Educate all ERA salespersons to act in strict compliance with CEA regulations
Zero incidents of non-compliance with local COVID-19 safety measures	Comply strictly with all local COVID-19 safety measures
Zero incidents of non-compliance with laws and regulations in the social and economic aspects	Comply strictly with all local environmental and social laws and regulations

KEY STAKEHOLDERS ENGAGEMENT

The Group engages with all of its stakeholders through a variety of channels to update them about the Group's business and operational developments and gather their feedback. Stakeholders are identified as groups that have an impact, or have the potential to be impacted by the Group's business, as well as external organisations that have expertise in topics that is considered material. The feedback received from all stakeholders helps the Group to determine the material topics and identify the focus areas as the following:

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees and ERA Salespersons	• Remuneration and benefits • Training and development • Ethics and conduct • Diversity • COVID-19 Safety Measures	• Annual performance appraisal • Ongoing communication	Our People, Our Assets
Clients	• Corporate social responsibility • Environmental compliance • Compliance with local marketing and labelling regulations • COVID-19 Safety Measures	• Feedback	Environmental Responsibility, Our People, Our Assets
Communities	• Social development	• Community service engagement	Community Engagement
Government and regulatory bodies	• Regulatory and industrial requirements (MOM) • Protection of personal data (PDPC) • Anti-money laundering (MAS) • License, regulation and professionalism (CEA)	• SGX announcements • Annual reports • Sustainability reports • Ongoing dialogues • Trainings for ERA salespersons	Environmental Responsibility, Our People, Our Assets
Shareholders and investors	• Anti-corruption • Financial performance	• Annual reports • Investor relations management	Ethics and Integrity, Financial Highlights

MATERIAL TOPICS AND BOUNDARIES

The Group's material topics are determined based on the principle of materiality to its internal and external stakeholders, as outlined in the Key Stakeholders Engagement section.

Material Topics	Boundaries (where the impacts occur)
ECONOMIC	
GRI 205: Anti-corruption	Group-wide
ENVIRONMENTAL	
GRI 302: Energy	Group-wide
GRI 305: Emissions	
GRI 307: Environmental Compliance	

SOCIAL	
GRI 401: Employment	Group-wide
GRI 403: Occupational Health and Safety	
GRI 404: Training and Education	ERA
GRI 405: Diversity and Equal Opportunity	Group-wide
GRI 406: Non-discrimination	
GRI 413: Local Communities	
GRI 417: Marketing and Labelling	ERA
GRI 418: Customer Privacy	Group-wide
GRI 419: Socioeconomic Compliance	

ETHICS AND INTEGRITY

GRI 205-1, 205-2, 205-3

The Group has a set of Company Rules and Regulations which requires all employees to act in accordance with the highest standards of personal and professional integrity in their work. All employees of the Group are required to read, understand and comply with the purposes and provisions of the Company Rules and Regulations when they are on-boarded.

The Group takes a strong stance against corruption and does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. To achieve the highest standards of integrity and accountability, the Group developed a Whistle Blowing Policy ("WB Policy") to provide a framework to promote responsible and secure whistleblowing without fear of adverse consequences. Employees and outside parties, such as suppliers, customers, contractors and other stakeholders, may through the while blowing channels of the Group report any concerns or complaints regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. All concerns reported through the channel are directed to the Audit Committee Chairman. Employees and external parties are assured that there will be no reprisal, discrimination or adverse consequences for concerns reported in good faith. The WB Policy has been circulated to all employees and there were no reports received through the whistle blowing mechanism in FY2020.

All ERA salespersons have access to CEA's Practice Guidelines ("PG01-19") on the Prevention of Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT"). Briefings are conducted by the Key Executive Officer ("KEO") and updates are communicated via email to all ERA salespersons. Training materials and resources on AML/CFT are also available to all ERA salespersons via the internal portal ("MyERA"). There is also a designated email address for internal enquiries and clarifications on matters concerning AML/CFT maintained by the KEO and the team of designated compliance officers. The Company has subscribed to SentroWeb-DJ for its front office administration support team to conduct due diligence on its clients on behalf of ERA salespersons.

There have been no incidents of corruption and no major public legal cases brought against the Group, ERA salespersons or the employees during the reporting period. The Company will continue to be vigilant in ensuring its employees and ERA salespersons conduct themselves with the highest integrity.

ENVIRONMENTAL RESPONSIBILITY

Energy and Emissions Management

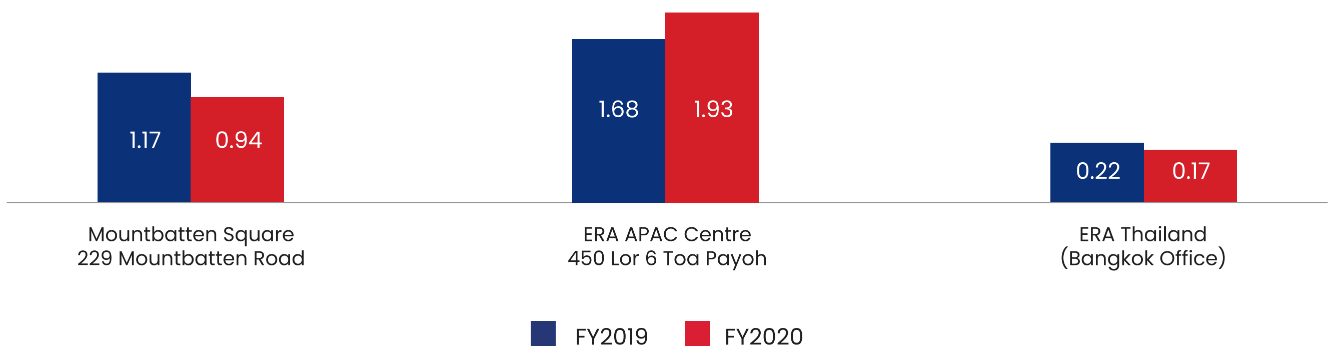
GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

The Group strives to operate sustainably by reducing the carbon footprint in all its offices. The only source of energy is the electricity purchased for consumption. As such, the Group has implemented energy-saving policies to ensure energy efficiency and proper management of its greenhouse gas emissions.

Location	Country	FY2019 Average Monthly Energy Consumption (kWh)	FY2019 Area (Sqft)	FY2020 Average Monthly Energy Consumption (kWh)	FY2020 Area (Sqft)
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	Singapore	46,520	39,923	37,699	39,923
ERA APAC Centre at 450 Lor 6 Toa Payoh	Singapore	51,553	30,600[1]	59,147	30,600[1]
C.P. Tower 3 Building A, 11th floor, Unit No. A11-3 No. 34 Phaya Thai Road, Thung Phaya Thai Sub-district, Ratchathewi district, Bangkok (ERA Thailand)	Thailand	529[2]	2,410	413[2]	2,410

[1] Total gross floor area is 44,362 Sqft and total lettable floor area (including circulation) is 30,600 Sqft
[2] Air-conditioning provided by landlord

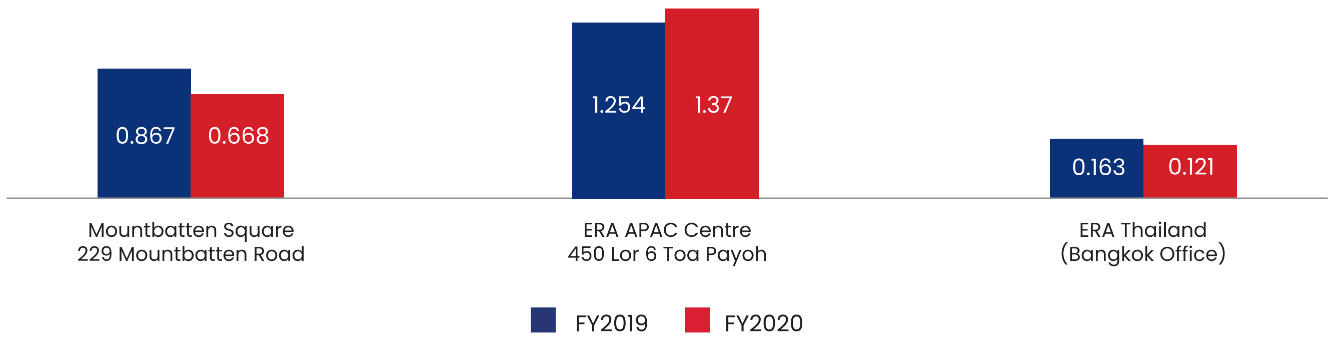
Average Monthly Energy Intensity Ratio (kWh/Sqft)



The following table shows the greenhouse gas (GHG) emissions of APAC Realty in FY2019 and FY2020.

Location	Country	FY2019 Average Monthly CO2 Emission (Kg)	FY2019 Area (Sqft)	FY2020 Average Monthly CO2 Emission (Kg)	FY2020 Area (Sqft)
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	Singapore	34,620	39,923	26,655	39,923
ERA APAC Centre at 450 Lor 6 Toa Payoh	Singapore	38,366	30,600	41,819	30,600
C.P. Tower 3 Building A, 11th floor, Unit No. A11-3 No. 34 Phaya Thai Road, Thung Phaya Thai Sub-district, Ratchathewi district, Bangkok	Thailand	394	2,410	292	2,410

Average Monthly GHG Emission Intensity Ratio (Kg/Sqft)



The Group adopts continuous energy saving initiatives by ensuring environmental friendly and sustainable materials are used for its office setup and using 100% energy efficient LED lights in its offices. The air-conditioning is set at a comfortable temperature of 24 degree Celsius and automatic timers are configured to cut off power supply to air-conditioners after office hours. The Group conducts monthly monitoring and analysis of its energy consumption patterns to ensure that the energy intensity ratio is below the targets set as follows:

	Targeted Average Monthly Energy Intensity		Targeted Average Monthly GHG Emission Intensity	
	For office area 10,000 Sqft and below	For office area above 10,000 Sqft	For office area 10,000 Sqft and below	For office area above 10,000 Sqft
Air-conditioning provided by Landlord	0.5 kWh/Sqft		0.372 kg/Sqft	
Air-conditioning not provided by Landlord	2.0 kWh/Sqft	1.5 kWh/Sqft	1.488 kg/Sqft	1.116 kg/Sqft

The Group achieved the energy and emissions intensity targets at the Mountbatten Square office and Bangkok office but not at ERA APAC Centre. The Group will explore and consider various energy-saving initiatives in FY2021 to reduce the energy consumption for ERA APAC Centre.

Environmental Compliance

GRI 307-1

The Group complies strictly with local environmental laws and regulations where we operate, and there was no incident of environmental non-compliance during the reporting period. We will strive to maintain zero environmental non-compliance in FY2021.

OUR PEOPLE, OUR ASSETS

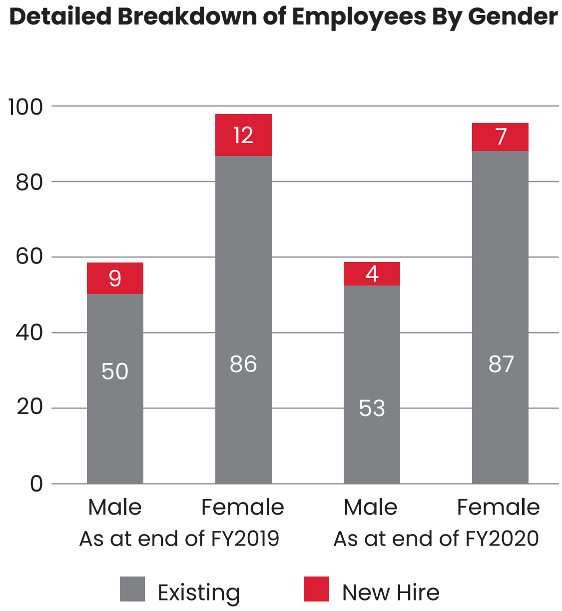
The Group recognises that people are one of its greatest assets which are key to the long-term viability of its business. The Group values the contributions of all staff and compensate them fairly, regardless of age or gender.

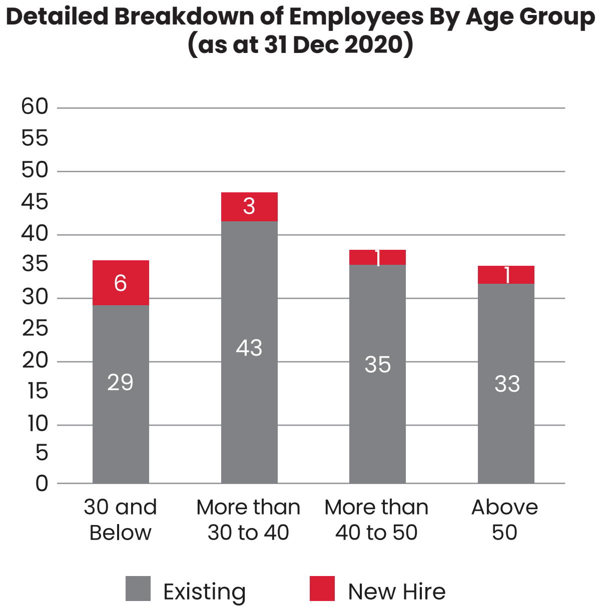
Employee Diversity

GRI 401-1, 405-1, 405-2, 406-1

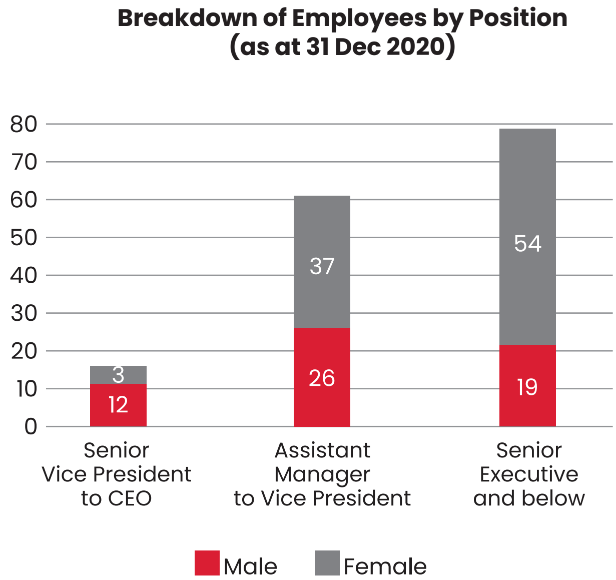
At APAC Realty, we believe that workforce diversity drives innovation and stimulates our growth. As such, we do not discriminate our employees based on any aspects, including gender, race, religion or age.

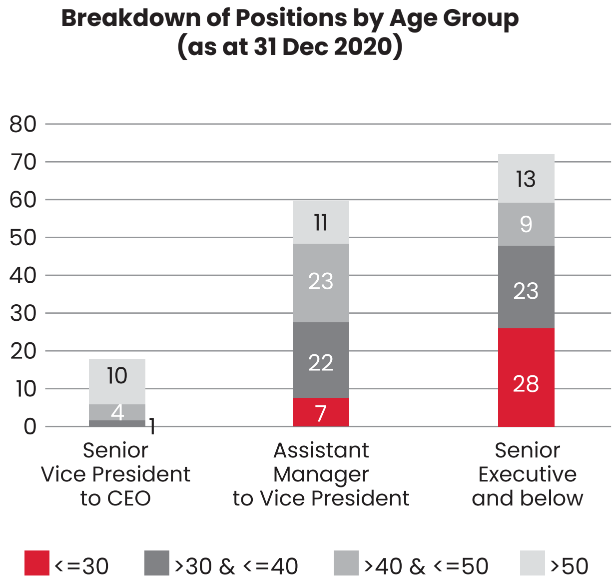
Singapore





In FY2020, our new hires from both genders were quite balanced and we continue to hire employees from different age groups. In addition, the Group has a good gender ratio and a diversified workforce across all age groups.



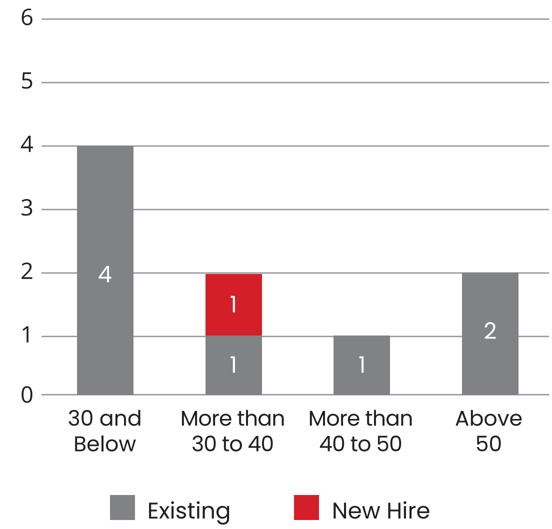


Sustainability Report

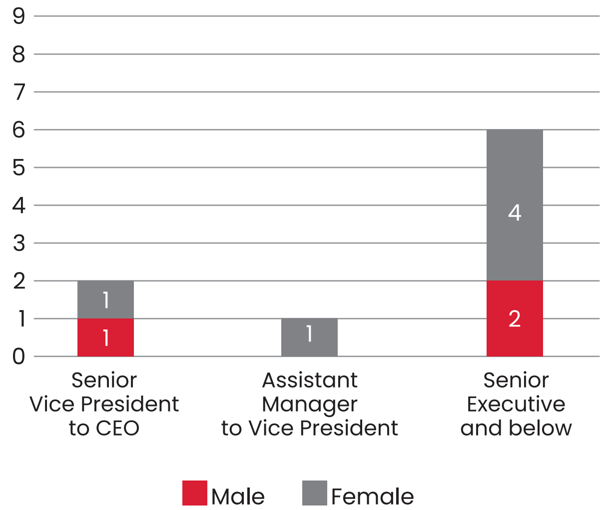
Thailand

Detailed Breakdown of Employees By Gender

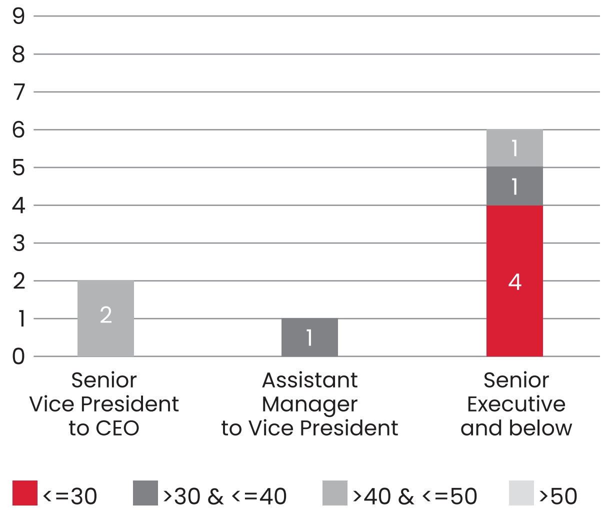
Detailed Breakdown of Employees By Age Group (as at 31 Dec 2020)



Breakdown of Employees by Position (as at 31 Dec 2020)



Detailed Breakdown of Positions by Age Group (as at 31 Dec 2020)



The employees of the Group are treated with respect and are entitled to a range of benefits. There were no reported cases of discrimination in FY2020.

With employees from diverse backgrounds, the Group aligns its goals with those of its employees and builds a capable team through continuous training.

Employee Benefits and Development
GRI 401-1, 401-2, 401-3

The Group recognises that commitment by its employees to the Group and their work is vital in supporting the Group's operations and growth. Hence, the focus is on building an environment of welfare and provide employees with a range of benefits including leaves, claims, insurance and gifts. The Group believes that the employees' welfare has a direct impact on its business and is of utmost importance. The Group promotes a healthy workforce and have included dental claims and insurance coverage as part of employees' benefits.

Annual Leave
Medical Leave
Hospitalisation Leave
Marriage Leave
Maternity Leave
Paternity Leave
Childcare Leave
Extended Childcare Leave
Compassionate Leave

Group Hospital & Surgical Insurance Plans & Benefits

Medical Claim
Dental Claim
Mobile Claim
Transport Claim

Hamper for hospitalized employees
Hamper for new born of employees
Wreath for condolences

The Group fully complies with Singapore's Ministry of Manpower ("MOM") labour regulations and support the government's pro-family policies. In FY2020, all 32 employees (except for 1) based in Singapore who were entitled to childcare leave had fully utilised their entitlements.

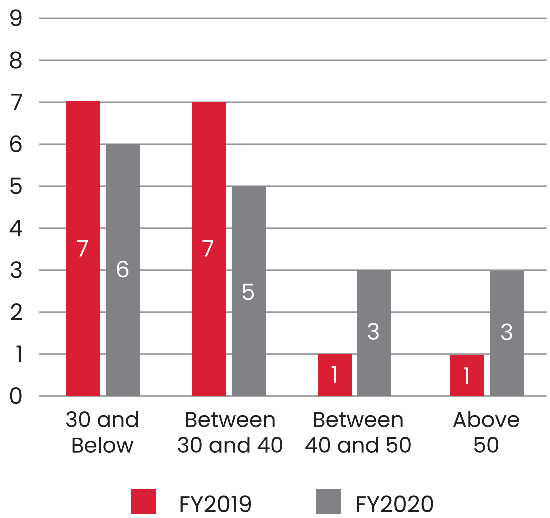
Leave Type	No. of Entitled Staff	No. of Days Entitled	No. of Days Taken	Utilization
Childcare	4	2	2	100%
Enhanced Childcare	12	6	6	100%
	1	6	2.5	42%
Extended Childcare Leave	15	2	2	100%

The Group endeavours to build a high-retention workplace that is conducive for all employees to learn and grow. The Group implements and adheres to best practices regarding employee engagement, including fair remuneration, employee benefits, training and development programs, performance and career development reviews.

Singapore

Breakdown of Staff Attrition (By Gender)

Breakdown of Staff Attrition (By Age Group)

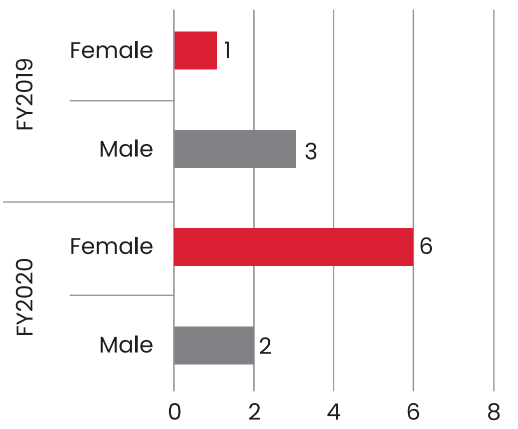


Sustainability Report

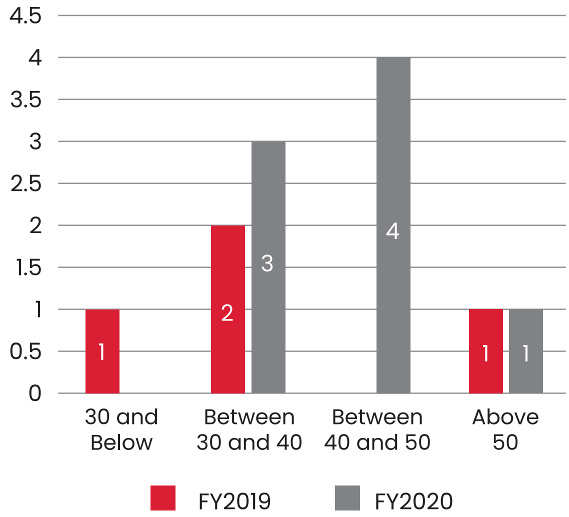
In FY2020, the Group managed to keep its staff turnover low and attrition consistent with FY2019.

Thailand

Breakdown of Staff Attrition (By Gender)



Breakdown of Staff Attrition (By Age Group)



COVID-19 Safety Measures
GRI 403-1, 419-1

In FY2020, the COVID-19 outbreak resulted in a global pandemic which posed a safety risk to our employees. The Group recognises that its salespersons face an elevated risk of COVID-19 infection due to the client-facing nature of their work. During these unsettling times, we stay committed to prioritising their safety. We have implemented safe management measures ("SMM") at our offices and are in strict compliance with local COVID-19 safety measures and regulations, such as safety distancing measures and frequent disinfection of our premises, especially areas with high contact points. All employees are briefed on the SMM and are required to comply strictly. This helps us to minimise the risk of transmission amongst salespersons or clients.

In FY2020, there was no incident of non-compliance with local COVID-19 regulations and no transmission of COVID-19 amongst employees.

COMPLIANCE WITH SOCIAL AND ECONOMIC LAWS AND REGULATIONS
GRI 419-1

The Group adheres to labour standards and takes a serious view on compliance with local laws. The Group encourages open communication among employees, compliance with the Group's policies and procedures, uphold true and fair accounting and reporting, practices non-discrimination and avoid situations of conflict.

There was no incident of non-compliance with laws and regulations in the social and economic aspects in FY2020. The Group endeavours to maintain this in FY2021 by continuing the implementation of our best practices where the Group operates, including Indonesia, Malaysia, Thailand and Vietnam.

To provide better guidance to ERA salespersons and manage potential breaches, the Group has implemented internal processes on complaints handling, review of marketing collaterals and on-going training.

Internal Process for Complaints Received
GRI 418-1

The Group has implemented an internal complaint handling process for complaints received against ERA salespersons from CEA on possible breach of the Estate Agents Act (including the Code of Ethics and Professional Client Care). The process is overseen by the KEO and includes internal investigation, counselling and coaching by ERA's compliance officers. A formal report detailing the investigation will be submitted to the CEA within 2 weeks from the date the complaint is received. In cases where the respondent salesperson is found to have fallen short of the expected professional standard, a Letter of Advice will be served as warning.

In 2020, there were 23 CEA disciplinary cases involving real estate salespersons pertaining to dishonest or unethical behaviour on the part of the salesperson and minor regulatory infringements. Below is a summary of the real estate agencies with CEA disciplinary cases in 2020.

Name of Real Estate Agency	Number of CEA Cases
ERA Realty Network Pte Ltd ("ERA")	3
Propnex Realty Pte Ltd	7
Huttons Asia Pte Ltd	1
OrangeTee & Tie Pte Ltd	2
KF Property Network Pte Ltd	1
SRI Pte Ltd	1
Savills (Singapore) Pte Ltd	2
6 other agencies	6
Total	**23**

ERA will strive for zero CEA disciplinary case for FY2021.

For complaints received by Personal Data Protection Commission ("PDPC") on possible breaches of the Personal Data Protection Act ("PDPA"), investigations will be conducted by the Data Protection Officer ("DPO"). All employees and ERA salespersons are guided by the Information Security Policy which has an objective to protect client information within the employees'/salespersons' possession. They are also guided by the Do Not Call ("DNC") Policy in running any telemarketing/sales campaign and making calls to prospects. The Group also maintains an internal DNC registry to manage unsubscribe requests from the public and communicates PDPA updates and concerns to ERA salespersons through e-mail regularly. In addition, the Group invests in processes, systems and its people to ensure PDPA compliance and mitigate the risks of PDPA breaches.

Process	System	People
Engagement of an external consultant to review all policies to ensure that compliance with DNC by 2 January 2014 and PDPA by 2 July 2014. Regular review of policies to ensure relevance and timely updates.	The Group uses "SpiderGate", a DNC checking solution provided by an outsourced vendor to screen calls made from the offices against the National DNC Registry and ERA's internal DNC registry.	The DPO is trained and is a Certified Information Privacy Manager ("CIPM").

For FY2020, there was no data breach or fine from PDPC. Complaints pertaining to DNC were received from PDPC and satisfactorily resolved.

Guide to ERA Salespersons on Marketing Collaterals
GRI 417-1, 417-3

All ERA salespersons are guided by CEA Practice Guidelines on Ethical Advertising ("CEA Guidelines") which requires all salespersons to comply with the relevant requirements in the Estate Agents Act ("EAA") and the Estate Agents ("Estate Agency Work") Regulations 2010. ERA salespersons are also guided by CEA's e-learning module on the subject matter.

To ensure compliance with the CEA Guidelines, all advertising materials including flyers, pamphlets, banners, advertisements to be placed in classified ads are required to be reviewed by the Compliance Team for potential non-conformance to the CEA Guidelines. The Compliance Team will also advise on the necessary changes to be made before granting an approval code for the marketing collateral to be used. The Group is compliant with the CEA Guidelines.

Sustainability Report

Trainings for Our ERA Salespersons

GRI 404-1

APAC Realty provides training for ERA salespersons through RIA School of Real Estate under Realty International Associates Pte Ltd (a wholly-owned subsidiary of APAC Realty). The school is an Approved Course Provider ("ACP") appointed by CEA providing Real Estate Salesperson ("RES") and CPD Courses. The standards of the school are aligned with the objective of CEA, which is to prepare the estate agents and ERA salespersons to meet the higher standards of CEA's licensing and registration framework.

The CPD progress of each ERA salesperson is reflected on an online dashboard that CEA has provided and is accessible for monitoring purposes by ERA's KEO. ERA salespersons who do not meet the required CPD attendances will be contacted for follow-up actions by the Human Resources team.

Community Engagement

GRI 413-1

Corporate social responsibility ("CSR") is deeply rooted in the Group's corporate culture. The Group believes in the importance of sustained donations and partners closely with community partners Under ERA Loves – ERA actively involves its network of salespersons and staff in giving back to the community and has put in place an umbrella of CSR initiatives to empower the underprivileged in our society.

Community Chest AWARD SHARE ACHIEVER

Community Chest

ERA is a long-time Platinum Award contributor to the Community Chest since 1999 and has been a recipient of the SHARE Achiever Award at the Community Chest Awards 2019 – recognition for organisations with employees on SHARE for their high participation rate.

Aligning with its ethos that everyone can play a part in giving back, ERA provides dollar-for-dollar matching donation, through its monthly giving programme with staff committing a portion of their monthly salary meaningfully and voluntarily. The year-round efforts help generate funds to support children with special needs, adults with disabilities, relationships of families and the elderly.

ERA Scholarship

In keeping with our spirit of rising by raising others, ERA became the first and only real estate agency to launch a scholarship initiative in 2016 aimed at grooming potential talents in the real estate industry. This scholarship aims to support and encourage ERA's family of employees, salespersons and even customers to pursue further studies in local institutions.

The first ERA Scholarship recipient, Mr Seow Chze Kuan, joined ERA in 2016 to earn and save for university school fees after National Service. With the scholarship, Chze Kuan is able to further his studies in Real Estate at National University of Singapore while balancing his real estate career. In 2018, Chze Kuan managed to earn his first career award – ERA Million Dollar Club – for accumulating $5 million worth of property transacted or earned $100,000 commission.

Children For Children

Since 2008, Children for Children has reached out to 1,000 children from financially disadvantaged families to celebrate Children's Day at one of Singapore's iconic attractions. For the 2021 Children for Children event, students from Convent of the Holy Infant Jesus (Kellock) and talents from The Business Times Budding Artists Fund will put up an online music-theatre production to share messages of encouragement and resilience with all children in Singapore as we live in our new normal beyond the pandemic. ERA will raise $20,000 to give each of the 1,000 students a goodie bag to bring along with his/her parent or guardian during his/her trip to the attraction.

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	Key Stakeholders Engagement Community Engagement
2	Policies, Practices and Performance	Ethics and Integrity Our People, Our Assets
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	About this Report

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Structure, Our Business
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Corporate Structure
102-5	Ownership and legal form	Corporate Structure
102-6	Markets served	Corporate Structure
102-7	Scale of the organisation	Corporate Structure
102-8	Information on employees and other workers	Employee Diversity
102-9	Supply chain	Our Business
102-10	Significant changes to the organisation and its supply chain	Statement by Chairman and CEO, Operating and Financial Review
102-11	Precautionary Principle or approach	Operating and Financial Review
102-12	External initiatives	Operating and Financial Review
102-13	Membership of associations	Board of Directors, Management Team
102-14	Statement from senior decision-maker	Statement by Chairman and CEO
102-15	Key impacts, risks, and opportunities	Statement by Chairman and CEO, Community Engagement
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Corporate Structure
102-40	List of stakeholder groups	Key Stakeholders Engagement
102-42	Identifying and selecting stakeholders	Key Stakeholders Engagement
102-43	Approach to stakeholder engagement	Key Stakeholders Engagement
102-44	Key topics and concerns raised	Key Stakeholders Engagement
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	About this Report, Material Topics and Boundaries

GRI Standards	Disclosure Content	Section Reference
102-47	List of material topics	Material Topics and Boundaries
102-50	Reporting period	About this Report
102-51	Date of most recent report	About this Report
102-52	Reporting cycle	About this Report
102-53	Contact point for questions regarding the report	Corporate Information
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About this Report
201-1	Direct economic value generated and distributed	Financial Statements
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training on anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
302-1	Energy consumption within the organisation	Energy and Emissions Management
302-3	Energy Intensity	Energy and Emissions Management
302-4	Reduction of energy consumption	Energy and Emissions Management
305-2	Energy Indirect Greenhouse Gas Emissions (Scope 2)	Energy and Emissions Management
305-4	Greenhouse Gas Emissions Intensity	Energy and Emissions Management
305-5	Reductions in GHG Emissions	Energy and Emissions Management
401-1	New employee hires and employee turnover	Employee Diversity, Employee Benefits and Development
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits and Development
401-3	Parental Leave	Employee Benefits and Development
403-1	Occupational health and safety management system	COVID-19 Safety Measures
404-1	Average hours of training per year per employee	Training for our ERA Salespersons
405-1	Diversity of governance bodies and employees	Employee Diversity
406-1	Incidents of discrimination and corrective actions taken	Employee Diversity
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
417-1	Requirement for product and service information and labelling	Guide to ERA Salespersons on Marketing Collaterals
417-3	Incidents of non-compliance concerning marketing communications	Guide to ERA Salespersons on Marketing Collaterals
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Internal Process for Complaints Received
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Social and Economic Laws and Regulations

Corporate Information

DIRECTORS
Mr. Chua Khee Hak (Executive Chairman and Chief Executive Officer)
Mr. Tan Choon Hong (Non-Executive Director)
Mr. Tan Bong Lin (Lead Independent Director)
Mr. Wong Hin Sun, Eugene (Non-Executive Independent Director)
Ms. Tan Poh Hong (Non-Executive Independent Director)

COMPANY SECRETARY
Ms. Ngiam May Ling, LLB (Hons)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
450 Lorong 6 Toa Payoh
#03-01 ERA APAC Centre
Singapore 319394

COMPANY REGISTRATION NUMBER
201319080C

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS
Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ms. Lee Lai Hiang, Chartered Accountant
(Appointed since reporting year ended 31 December 2019)

BANKS
DBS Bank Ltd.
12 Marina Boulevard
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Singapore 018982

RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

INVESTOR RELATIONS
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60 Paya Lebar Road
#07-54 Paya Lebar Square
Singapore 409051
For enquiries, please email to ir@apacrealty.com.sg

Corporate Governance Report

The Board of Directors (the "Board") and Management of APAC Realty Limited (the "Company") and, together with its subsidiaries (the "Group"), are committed to maintaining good corporate governance to enhance and safeguard the interests of the Company's shareholders.

This report describes the corporate governance framework and practices adopted by the Company for the financial year ended 31 December 2020 ("FY2020"), with reference to the updated principles and provisions in the revised Code of Corporate Governance 2018 (the "Code").

The Company's governance framework and processes has complied with the Code's principles of corporate governance and also substantially, with the provisions underlying the principles of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Principle Duties of the Board

The principal functions of the Board are to:

- Supervise the management of the business and affairs of the Group;
- Approve the Group's strategic plans, key operational initiatives, major investments, disposals and funding decisions;
- Identify the Group's business risks and ensure the implementation of appropriate systems to manage these risks;
- Monitor and review the Group's financial performance;
- Review Management's performance;
- Approve the nominations and re-election of Directors to the Board and the appointment of key management personnel ("KMP") as defined in the Code to mean the Chief Executive Officer ("CEO") and other persons having authority and responsibility for planning, directing and controlling the activities of the Company; and
- Assume responsibility for corporate governance.

Conflict of Interest

Directors, as fiduciaries, are required to discharge their duties and responsibilities objectively at all times. Each Director is expected to act in good faith and in the best interests of the Company in the discharge of his or her duties and exercise of his or her powers as a Director, and is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as such conflicts become apparent. In any situation that involves a conflict of interest with the Group, the Director who face conflicts of interest would recuse himself from discussions and decisions involving the issues of conflict.

Board Approval

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include, amongst others, approval of the Group's strategic plans, major investment and funding proposals, review of annual budget and financial performance of the Group and appointment of Directors and KMP.

The Board has put in place financial authorisation limits for operating and capital budgets, bank signatory and procurement of goods and services. Approval sub-limits are also provided at the Management level to facilitate operational efficiency. Matters requiring Board approval are clearly communicated to Management in writing. Matters that are specifically reserved for the Board's decisions include, in particular, interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material price-sensitive nature requiring announcement under the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Board, based on the AC's recommendation, approves the half-year and full year financial results for release on SGXNET.

Directors' Orientation and Training

In FY2020, the newly appointed Independent Director, Tan Poh Hong, was given a comprehensive orientation programme, including meeting with the CEO and Chief Financial Officer ("CFO") to familiarise herself with the affairs of the Group's operations and businesses. Upon appointment, the new Director was provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual.

Under the Listing Manual, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST. Based on this criteria, Tan Poh Hong is not required to attend such training as she has prior experience as a director of companies which are listed on the SGX-ST.

Directors are encouraged to attend training to update themselves on the relevant new laws, regulations and changing commercial risks, from time to time. Such expenses are borne by the Company.

Directors are also regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), and changes in accounting standards, either during Board meetings or via electronic mail.

Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the Listing Manual) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors.

Board and Board Committees Meetings

Three Board Committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") have been constituted with written terms of reference approved by the Board to assist the Board in discharging its responsibilities. The day-to-day management functions are performed by Management, headed by the Chairman and CEO.

On 14 April 2020, the Company announced that it will not be performing quarterly reporting of its financial results as it is not required to do so in view of the amendments to the Listing Rules, which came into effect on 7 February 2020.

Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarter of the financial year to receive updates on significant business activities and the overall business environment, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full year results respectively. Ad-hoc meetings will be held as and when required to address any significant issues that may arise.

The constitution of the Company (the "Constitution") provides for meetings of directors to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously. Non-Executive Directors are also encouraged to communicate amongst themselves, and with the Company's auditors and legal advisors without the presence of the Executive Director(s) and management.

In order to ensure that the Board is able to make informed decisions and fulfil its responsibilities, Management provides Directors with periodic updates of the latest developments in the Group, management accounts, reports and other financial information. Detailed board papers are provided to the Directors before the scheduled meetings to enable them to make informed decisions. In respect of budgets, any material variance between the projections and actual results is reviewed by the Board, with Management providing explanations and further details as required.

At each quarterly Board meeting, the Executive Director and Management brief the Non-Executive Directors on the state of the Group's business, finance and risks. The Non-Executive Directors are also briefed on the key developments in the real estate agency industry.

The Directors are informed and are aware that they may take independent professional advice at the Company's expense, where necessary, in furtherance of their duties.

All Directors have unrestricted access to the Company's records and information. They also have separate and independent access to senior Management and the Company Secretary at all times. The Company Secretary had also attended the Board and Board Committee meetings and is responsible to ensure that established procedures and all relevant statues and regulations which are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The attendance of Directors at general meeting, Board and Board Committee meetings held in FY2020 are as follows:

	Annual General Meeting	Board Meetings	AC Meetings	NC Meetings	RC Meetings
No. of meetings held	**1**	**4**	**3**	**2**	**1**
Name of Directors		**No. of meetings attended in FY2020**			
Chua Khee Hak ("Jack Chua")	1	4	–	–	–
Tan Choon Hong*	1	4	2	2	1
Tan Bong Lin	1	4	3	2	1
Wong Hin Sun, Eugene	1	4	3	2	–
Tan Poh Hong#	–	1	1	–	–
Tommy Teo Zhi Zhuang@	1	2	1	–	–
Hee Theng Fong@	1	2	1	1	1
Tan Kok Ming DesmondΩ	1	2	–	–	1

* Appointed as member of AC on 30 June 2020
\# Appointed to the Board on 1 October 2020
@ Resigned from the Board on 30 June 2020
Ω Resigned from the Board on 27 July 2020

With the review by NC, the Board is satisfied that the Directors with multiple board representations and other principal commitments, have been able to devote sufficient time and attention to the affairs of the Group to adequately and satisfactorily discharge his or her duties as director of the Company, notwithstanding their multiple appointments and commitments in FY2020.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Independence

The Board comprises five Directors, one of whom is an Executive Director and of the four Non-Executive Directors, three are Independent Directors. The Independent Directors made up the majority of the Board.

Memberships of the Board Committees are as follows:

Board Composition Table

Name	Date of Appointment	Board Membership	AC	NC	RC
Jack Chua	4 September 2017	Executive Chairman and CEO	–	–	–
Tan Choon Hong	4 September 2017	Non-Executive, Non-Independent	Member	Member	Member
Tan Bong Lin	4 September 2017	Non-Executive, Lead Independent	Chairman	Member	Member
Wong Hin Sun, Eugene	15 July 2019	Non-Executive, Independent	Member	Chairman	Member
Tan Poh Hong	1 October 2020	Non-Executive, Independent	Member	Member	Chairman

The independence of each Independent Non-Executive Director is assessed at least annually by the NC, adopting the Code's and the SGX-ST Listing Manual's definitions. All the Independent Directors are considered to be independent, with each individual Director concerned abstaining from the review of his own independence.

Under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under the Listing Manual, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the current or any of the past three financial years, and whose remuneration is or was determined by the Company's Remuneration Committee.

The Directors complete an annual declaration of independence, whereby they are required to assess their independence, after taking into account the above requirements, which is then put to the NC for review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgement may be impaired, but are not in themselves conclusive, and they are also required to disclose any relationship with the Company, its related corporations or its officers which may interfere with, the exercise of their independent business judgement in the best interests of the Company, or would otherwise deem them to be not independent. As the above provisions in the Code and listing rules in the Listing Manual do not apply to the Non-Executive Directors, and based on their annual declaration of independence, Tan Bong Lin, Wong Hin Sun, Eugene and Tan Poh Hong are considered independent.

The Non-Executive Directors constructively challenge and participate in setting strategies and goals for the Company and review as well as monitor Management performance in the implementation of the agreed strategies and goals. Where necessary, the Non-Executive Directors will have meetings amongst themselves without the presence of Management.

Board Diversity and Composition

Annually, the NC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity. The Board has adopted a board diversity policy which requires the NC to take into consideration diversity in skills, knowledge, experience, gender, age and other distinguishing qualities of the Directors. The board diversity policy is published on the Company's website. In its annual review, NC was satisfied that the objectives of the board diversity policy continue to be met. The Board agreed that the board diversity policy served its objective of bringing to the Board different perspectives, experiences and competencies.

During the financial year under review, the Company announced the resignation of Tommy Teo Zhi Zhuang as Non-Executive Non-Independent Director, resignations of Hee Theng Fong and Tan Kok Ming Desmond as Non-Executive Independent Directors, and appointment of Tan Poh Hong as Non-Executive Independent Director. With the guidance of the board diversity policy, the new Director is able to replace the skillsets of the outgoing directors and brings different perspectives to the Board.

All Directors are professionals in their own fields, together they bring to the Board multiple skill sets, relevant competencies, and attributes to discharge the functions of the Board and Board Committees and respond to the demands facing the Group.

The Board, through the NC, is of the view that the current board size of five members is considered appropriate for the Company, taking into account the nature and scope of the Company's operations. In addition, the Board believes that the current composition provides an appropriate balance of skills, experience and knowledge which facilitates effective decision-making. The Directors hold core competencies such as accounting and finance, business and management as well as industry knowledge.

Chairman and Chief Executive Officer

Principal 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Jack Chua is both the Chairman and CEO of the Company. As Chairman of the Company, he sets the tone of the Board meetings to encourage participation and constructive discussions on the agenda topics. He leads the Board in its discussions and deliberations, facilitates effective contribution by Directors and ensures the timeliness of information flow between the Board and Management.

As the CEO of the Company, Mr Jack Chua plays an instrumental role in setting the strategic direction of the Group and ensuring that its organisational objectives are achieved. He oversees the day-to-day management of the Group with the support of Management.

Although the roles and responsibilities for both Chairman and CEO are vested in Mr Jack Chua, the Company believes that it has effective independent non-executive directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. Individually and as a group, the Non-Executive Independent Directors express individual viewpoints, debate issues, objectively scrutinise the development of strategic proposals and constructively challenge Management. In addition, the Non-Executive Directors assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

Independent Lead Director

Taking cognisance that the Chairman of the Board is also the CEO and thus not independent, the Board has designated a Lead Independent Director who serves as a sounding board for the Chairman and also as an intermediary between the independent non-executive directors and the Chairman. When necessary, the Independent Directors, led by the Lead Independent Director will have discussions among themselves without the presence of Management.

On 12 November 2020, the Board had appointed Tan Bong Lin as the Lead Independent Director to coordinate and to lead the Non-Executive Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is available to shareholders should they have concerns that cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels of the Chairman or the Management.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Composition and Role

The NC comprises four Directors, all of whom are non-executive and the majority of whom, including the NC Chairman, are independent, and the Lead Independent Director is a member of NC:

Wong Hin Sun, Eugene (Chairman)
Tan Bong Lin
Tan Choon Hong
Tan Poh Hong

The NC convened two meetings during the financial year.

Based on the written terms of reference, the principal functions of the NC are:

- establishing a formal and transparent process for the appointment and re-appointment of Directors to the Board and assessing annually the effectiveness of the Board as a whole and the Board Committees, and the contribution of each Director to the effectiveness of the Board;

- making recommendations to the Board on relevant matters relating to:

  (i) the review of Board succession plans for the Directors and KMP;
  (ii) the review of training and professional development programmes for the Board; and
  (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

- identifying candidates, reviewing and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of Board committees (including the AC, the RC and the NC), as well as appraise the qualifications and experience of any proposed new appointments to the Board and to recommend to the Board whether the nomination should be supported;

- ensuring that the Board and the Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, taking into account, among other things, the future requirements of the Group and the guidelines recommended under the Code;

- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the director's number of listed company board representations and other principal commitments.

In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills required to support the Company's business activities and strategies as well as qualification, experience and attributes of prospective candidate.

When necessary, the NC may seek the help of external consultants in the search process. In selecting suitable candidates, the Board, in consultation with the NC, will consider the Group's strategic goals, business direction and needs. The Board will also consider gender diversity requirements in seeking any new appointment to the Board. The NC will conduct interviews with the candidates and nominate the candidate deemed most suitable for appointment to the Board.

Re-election of Directors

In recommending a Director for re-election to the Board, the NC considers, inter alia, his or her performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). The Company's Constitution requires that newly appointed Directors by the Board retire at the next Annual General Meeting ("AGM") following his appointment. One-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is to retire from office by rotation at every subsequent AGM. The Directors to retire by rotation shall be those longest in office since their last re-election or appointment.

The Directors standing for re-election at the forthcoming AGM are Jack Chua, Tan Bong Lin and Tan Poh Hong, who will retire pursuant to the Constitution. Upon assessing these Directors' performance and contributions to the Board, the NC recommended them for re-appointment to the Board for consideration and the Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM. These Directors have offered themselves for re-election.

No member of the NC participated in deliberations or decisions on recommendations for his own re-nomination to the Board.

Directors' Commitments

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company and, as part of its review process, the NC decides whether or not a Director is able to do so and whether he has been adequately carrying duties as a Director of the Company. The Board has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The guideline provides that, as a general rule, each Director should hold no more than five directorships in public listed companies. However, the Board recognises that the individual circumstances and capacity of each Director are different and there may be circumstances in which a different limit on board appointments is appropriate. The guideline also provides that (i) in support of their candidature for directorship or re-election, Directors are to provide the NC with details of other commitments and an indication of the time involve, and (ii) non-executive Directors should consult the Chairman or chairman of the NC before accepting any new appointments as Directors.

The Company does not have any alternate director.

Key Information of Directors

The key information (includes the listed company directorships and principal commitments) of the Directors is as set out on pages 10 and 11 of this Annual Report.

Additional information on Jack Chua, Tan Bong Lin and Tan Poh Hong, being the Directors who have been nominated for re-election, required under Appendix 7.4.1 of the Listing Manual are set out on pages 12 to 18 of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Evaluation Process

The NC has formulated an evaluation process for assessing the effectiveness of the Board as a whole and its Board Committees.

The assessment parameters include, amongst others, Board and Board Committees size and composition, board independence, board processes, board information and accountability, attendance at meetings of the Board and Board Committees, contributions and participation at meetings and ability to make informed decisions.

The primary objective of the assessment is to create a platform for the Board and Board Committees members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

Each Director is required to complete assessment forms to evaluate the Board, individual Directors and its Board Committees. The Company Secretary collates the forms and prepares a consolidated report for the Chairman of the NC. The NC discusses the report and concludes the performance results during the NC meeting before tabling the same to the Board. In consultation with the NC, the Chairman of the Board will act on the results of the performance evaluation with a view to strengthening the Board with new members and/or seeking the resignation of Directors where appropriate, and enhancing the effectiveness of the Board as a whole, and the Board Committees.

Performance of individual Directors is observable through devotion of their contributions and participation at meetings, and time and attention devoted to the affairs of the Company. The NC will also consider other contributions by a Director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships and the Director's accessibility to Management outside of formal Board and/or Board Committee meetings.

The performance evaluation process is performed annually.

For FY2020, based on the completed assessment forms submitted by all Directors, the Board is of the view that the Board, individual Directors and the Board Committees have fared well against the performance criteria and satisfied with the performance of the Board, individual Directors and the Board Committees and each director is contributing to the overall effectiveness of the Board. No external facilitator was involved in the performance evaluation process in FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

RC Composition and Role

The RC comprises four directors, all of whom are non-executive and the majority of whom, including the RC Chairman, are Independent:

Tan Poh Hong (Chairman)
Tan Bong Lin
Tan Choon Hong
Wong Hin Sun, Eugene

The RC convened one meeting during the financial year.

Based on the written terms of reference, the principal functions of the RC are:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, for endorsement:

  (i) a general remuneration policy framework for the Board and KMP; and
  (ii) the specific remuneration packages for each of the Directors and KMP; and
  (iii) succession planning;

- ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;

- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of an Executive Director or KMP's service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and

- proposing, for adoption by the Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the KMP, Directors and of the Board as a whole.

The RC shall also ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Group and should be appropriate, to attract, retain and motivate (a) the Directors to provide good stewardship of the Group and (b) KMP to successfully manage the Group, as well as ensure accountability of the Group.

If a member of the RC has an interest in a matter being reviewed or considered by the RC, he will abstain from voting on that matter.

Remuneration Policy

The Group's remuneration policy is to provide competitive remuneration packages to reward, retain and motivate high levels of performance. In setting remuneration packages for employees including the Executive Director and KMP, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

Only the Executive Director has entered into a service agreement with the Company. The service agreement, which was entered into on 12 January 2017 (supplemented on 24 August 2017) does not have a fixed term and contains termination provisions, pursuant to which either party to the agreement may terminate his employment at any time by giving not less than six months' prior written notice. The RC reviews the service agreement of the CEO annually and any revisions are subject to its approval.

Only Non-Executive Directors receive directors' fees for their services as the Executive Director is remunerated as an executive employee. Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. Comparisons are made periodically against directors' fees of other listed companies with similar market capitalisation as the Company to ensure that the Directors' fees are within market norms and commensurate with responsibilities of the Non-Executive Directors. No Director is involved in deciding his own remuneration package. The Directors' fees will only be paid upon approval by the shareholders at the AGM. These measures serve to assure that the independence of the Non-Executive Directors is not compromised by their compensation.

Where necessary, the RC could seek external professional advice on remuneration matters of Directors and KMP. The RC did not engaged any external remuneration consultant to assist in the review of compensation and remuneration for the FY2020.

The remuneration mix of the CEO and KMP comprises fixed and variable components. The fixed component includes base salary, fixed allowances, compulsory employer contribution to the Central Provident Fund, and other benefits as applicable. The variable component includes annual bonus which is dependent on Company and individual performance. This is to align with the interests of shareholders and other stakeholders and promotes long-term success of the Group.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from the CEO and KMP in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The RC is of the view that such claw back provisions are not necessary because the variable components of their remuneration package are moderate.

The Company does not have any share-based incentive schemes for employees. The RC will consider a suitable scheme for executive employees as and when it deems necessary. For the present, the RC is of the view that share-based incentives are not needed as motivational tools to encourage retention of the Executive Director and KMP.

Remuneration Disclosure

The breakdown of remuneration paid to or accrued to each Director of the Company for FY2020 is as follows:

Directors	Salary* %	Fees %	Bonus %	Other Benefits %	Variable or Performance-related Income/Bonus %	Total %
Between S$1,250,000 to S$1,500,000						
Jack Chua	46	–	23	1	30	100

	Salary* S$	Fees S$	Bonus S$	Other Benefits S$	Variable or Performance-related Income/Bonus S$	Total S$
Director Fees						
Tan Bong Lin	–	65,250	–	–	–	65,250
Tan Choon Hong	–	–	–	–	–	–
Wong Hin Sun, Eugene	–	59,000	–	–	–	59,000
Tan Poh Hong	–	15,750	–	–	–	15,750
Hee Theng Fong#	–	31,500	–	–	–	31,500
Tommy Teo Zhi Zhuang#	–	22,500	–	–	–	22,500
Tan Kok Ming Desmond@	–	30,500	–	–	–	30,500

* Refer to basic salary and CPF contribution by employee
\# Resigned from the Board on 30 June 2020
@ Resigned from the Board on 27 July 2020

The aggregate remuneration received by the top five KMP (who are not Directors or the CEO) for FY2020 was S$926,000. The Company has not fully disclosed the remuneration of the Executive Director and KMP as the Board is of the view that it is not in the best interests of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information and it may lead to poaching of executives within a highly competitive industry. The various components of the remuneration of the Group's KMP (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits %	Total %
Below S$250,000				
Poh Chee Yong	83	17	–	100
Eugene Lim Tong Weng	54	4	42	100
Paul Ho Chi Chew	74	6	20	100
Ong Boo Choon (Jackson)	83	12	5	100
Seah Yung Wei (David)	84	16	–	100

No employee of the Group was a substantial shareholder of the Company, or is an immediate family member of a Director, the CEO or a substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risks and the overall internal control framework. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Company's strategic objectives.

Management is responsible to the Board for the design, implementation and monitoring of the Company's risk management and internal control systems and to provide the Board with a basis to determine the Company's level of risk exposure, risk tolerance and risk policies.

The AC reviews with the external auditor, as part of their statutory audit, the adequacy and effectiveness of the Company's internal controls relevant to the preparation of financial statements.

Annual Assurance

The Board had received written assurance from the CEO and CFO at the Board meeting on 23 February 2021 that:

- the financial records had been properly maintained and the financial statements give a true and fair view of the Group's financial condition, results of operations, cash flows and finances for the period covered by the report;

- the Group had established and maintained an adequate and effective systems of internal controls and risk management for FY2020; and

- there was no other matter that the CEO and CFO were aware of which could lead them to believe that the financial statements for FY2020 are false or misleading or that the systems of internal controls and risk management are inadequate or ineffective.

Based on the internal control policies and procedures established and maintained by the Group, works performed by the external and internal auditors and reviews performed by Management as well as assurance from the CEO and CFO, the Board with the concurrence of the AC, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2020 to address the financial, operational, information technology and compliance risk which the Group considers relevant and material to its operations. The Board and the AC did not identify any material weaknesses in the internal controls and risk management systems of the Group.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board has been working closely with Management in monitoring challenges posed by the COVID-19 pandemic. Issues reviewed by the Board in the face of the COVID-19 pandemic (include changes to business fundamentals, the significant risks facing the Group as a result of the pandemic and the acceleration of digitisation efforts within the Group).

During the course of the year under review, the Board was promptly informed of the Company's COVID-19 business continuity plan which was implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the COVID-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the Board. The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving COVID-19 situation.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

AC Composition and Role

The AC comprises four directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent:

Tan Bong Lin (Chairman)
Tan Choon Hong
Wong Hin Sun, Eugene
Tan Poh Hong

The AC convened three meetings during FY2020.

The Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. Collectively, the AC members have extensive experience in the accounting, financial and investment fields. Reasonable resources have been made available to the AC to enable them to discharge their duties. The AC members also take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at trainings and updates by professionals and external auditor.

None of the AC members was a former partner or director of the Company's existing external auditor, Ernst & Young LLP ("EY"), within the previous two years or has any financial interest in the firm.

Based on the written terms of reference, the principal functions of the AC are:

- assisting the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;
- reviewing and recommending to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing the external auditor's audit plan and audit reports, and the external auditor's evaluation of the system of internal accounting controls, with the external auditor, as well as the assistance given by Management to the external auditor;
- reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and IT controls;
- monitoring and reviewing the implementation of the external auditor's recommendations for internal control weaknesses, if any;
- reviewing and approving all hedging policies and types of hedging instruments to be implemented by the Company, if any;
- reviewing any interested person transactions as defined in the Listing Manual;
- reviewing the scope and results of the internal audit procedures and Management's response and follow-up actions, and, at least annually, the adequacy and effectiveness of the Company's internal audit function;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board, exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary;
- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the Company's controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts; and
- reviewing and resolving all conflicts of interest matters referred to it.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditor on the scope and results of the external audit, and through their discussions with the external auditor.

The AC had met once in FY2020 with the external and internal auditors, without the presence of Management.

External Audit

The AC has undertaken a review of the independence and objectivity of EY, through discussions with EY as well as reviewing the non-audit services that are provided by EY and is satisfied that the provision of such services has not affected the independence of EY. The audit and non-audit fees that are charged to the Group by EY for FY2020 amounted to S$184,000 and S$18,000 respectively.

EY confirmed that the firm and audit team members have complied with the independence requirements in the Code of Professional Conduct and Ethics of the Singapore Accountants (Public Accountants) Rules.

The AC also has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY at the firm level and on the audit engagement level. Consideration is also given to the experience of the engagement partner and key team members in handling the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis above, the AC is of the opinion that EY is independent for the purpose of the Group's statutory audit and satisfied with the standard and quality of work performed by EY. The AC has recommended to the Board the nomination of EY for re-appointment as the Company's external auditor at the forthcoming AGM.

The Group has complied with Rules 712 and 715 of the Listing Manual on the appointment of auditing firms for the Company and the entities in the Group.

Internal Audit

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. The Company's internal audit function has been outsourced to RSM Risk Advisory Pte Ltd. The internal auditor reports directly to the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has adequate resources to perform their functions.

The annual internal audit plan is prepared in consultation with, but independent of Management, and submitted to the AC for approval. The AC ensures that the internal audit function has appropriate standing within the Company. The findings and recommendations made by the internal auditor have been adequately followed through and implemented by Management in the financial year. The AC participates in and approves the hiring, removal, evaluation and compensation of the internal audit function. The internal auditor is given unfettered access to all company documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditor are properly implemented, and (iii) the effectiveness and independence of the internal auditor. In doing so, the AC takes into consideration the service level, attentiveness, professionalism and calibre of the assigned personnel who carried out the internal audit activities during the financial year. The AC is satisfied that the internal audit function was independent, adequately resourced and effective in FY2020.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the requisite experience and relevant skill sets to perform its function effectively and the internal auditor has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Key Audit Matters

In the review of the financial statements, the AC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The AC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for FY2020 were reviewed and discussed by the AC with Management and the external auditor:

- Impairment assessment of goodwill;
- Transfer of leasehold building from investment property to property, plant and equipment;
- Impairment assessment of trade receivables; and
- Revenue recognition.

Following the review and discussions, the AC was satisfied with the approach and appropriateness of methodologies used by Management, as adopted and disclosed in the financial statements, and recommendation was made by the AC to the Board to approve the financial statements.

Whistleblowing Policy

The Company has put in place a whistleblowing framework (the "Whistleblowing Policy") endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured e-mail address has been set up to allow whistleblowers to contact the AC Chairman directly.

Details of the Whistleblowing Policy are made available to all employees of the Group and can be found on the Company's intranet and website. The AC ensures that independent investigations and appropriate follow-up actions are carried out.

SHAREHOLDER RIGHTS AND RESPONSBILITIES

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Disclosure of information on timely basis

The Group's corporate governance practices promote fair and equitable treatment of all the Company's shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET, in particular, information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practice selective disclosure. Financial results and annual reports are announced or issued within the mandatory period. In addition, information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET. The Company also maintains a corporate website at http://www.apacrealty.com.sg where the public can access investor-related information of the Group such as analysts' reports, sign up for e-mail alerts to receive announcements and press releases released by the Company on SGXNET.

Conduct of General Meetings

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company. The Company's Constitution allows each shareholder to appoint not more than two proxies to vote and attend general meetings on his behalf, with the exception that shareholders such as nominee companies which provide custodial services for securities are able to appoint more than two proxies.

All resolutions are voted by poll. Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia.

An independent scrutineer is also appointed to count and validate the votes cast at the general meetings. Shareholders and proxies in attendance at the general meetings are informed of the rules, including voting procedures, that govern general meetings. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET.

Directors, including the chairman of the Board and Board Committees, and senior Management are present at the annual general meetings to answer shareholders' questions. The external auditor will also be present to assist the Directors in addressing any relevant queries by shareholders.

Every matter requiring approval is proposed as a separate resolution unless they are interdependent and linked, and the reasons and material implications are explained. The Company Secretary prepares the minutes of general meetings which include substantial and relevant comments or queries from shareholders and the corresponding responses from the Board and Management. Minutes of general meetings of shareholders are published on SGXNET and the Company's website as soon as practicable after such meetings.

In light of the COVID-19 pandemic, the forthcoming AGM of the Company to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including 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 AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

Investor Relations Practices

The Company holds briefings to present its financial results for the media and analysts, when requested. Outside of the financial announcement periods, when necessary and appropriate, Management will meet investors and analysts who like to seek a better understanding of the Group's business and operations. This also enables the Group to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

Enquiries and/or views from the stakeholders such as shareholders, analysts and the press are handled by specifically designated members of senior Management together with Eko Advisors Pte Ltd, which was appointed in FY2019 to assist the Company in all investor relations matters.

Dividend Policy

On 12 November 2020, the Board had adopted a dividend policy which provided that the distribution of dividend shall be at least 30% of the Group's net profit after tax. In fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt / equity position and the importance of balancing growth with prudent capital management.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

The Company has adopted a Code of Best Practices on Securities Transactions by the Company and its Officers (the "Best Practices Guide") to provide guidance to Officers (as defined in the Best Practices Guide) of the Group with regard to the dealing in securities based on the best practices recommendations of the SGX-ST. The internal compliance code set out a code of conduct to provide guidance for the Company and the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading.

The Company has advised its Directors and all Officers not to deal in the Company's securities during the period commencing two weeks prior to the announcement of the Company's financial results for the first three quarters of the financial year, one month prior to the announcement of half-year and full-year results and ending on the date of the announcement of the results. The Company is also subject to the same dealing restrictions. The Company has also reminded its Directors and Officers not to deal in the Company's securities on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares. Thereafter, the Company Secretary updates the Register of Directors' Shareholdings and makes the necessary announcements on SGXNET.

In FY2020, the Company and its Directors and Officers have complied with the guidance in respect of the dealing in the Company's securities as set out in the Best Practices Guide.

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S$100,000 or more in value were entered into in FY2020.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual.

MATERIAL CONTRACTS

Rule 1207(8) of the Listing Manual

Save for the service agreement between the Company and the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which were still subsisting as at 31 December 2020.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

Rule 1207(20) of the Listing Manual

The net proceeds from the IPO ("Net Proceeds") was approximately S$27.0 million.

The following table sets out the breakdown of the use of net proceeds from the IPO as at the date of this Annual Report:

Purpose	Allocation of Net Proceeds (as disclosed in the Prospectus) (S$'000)	Revised Allocation of Net Proceeds (S$'000)	Net Proceeds Utilised as at the date of this Annual Report (S$'000)	Balance of Net Proceeds as at the date of this Annual Report (S$'000)
Strengthening and expanding presence in Singapore	10,000	10,000	(10,000)	–
Expanding range of services and geographical presence in the Asia-Pacific region	10,000	10,000	(10,000)	–
Enhancing technological capabilities	5,000	5,750	(1,768)	3,982
Refurbishment of ERA APAC Centre	–	1,250	–	1,250
General corporate and working capital purposes	2,000	–	–	–
	27,000	27,000	(21,768)	5,232

The Company will continue to make announcements on the utilisation of the balance of the Net Proceeds as and when such Net Proceeds are materially disbursed.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2020.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Tan Choon Hong
Chua Khee Hak
Tan Bong Lin
Wong Hin Sun, Eugene
Tan Poh Hong (Appointed on 1 October 2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and its ultimate holding company as stated below:

	Holdings registered in the name of director		Deemed interest	
Name of director	At beginning of year	At end of the year	At beginning of year	At end of the year
Ultimate Holding Company				
Tan Choon Hong	3	3	–	–
Company				
Tan Choon Hong	–	–	255,040,674	255,040,674
Chua Khee Hak	20,000	80,000	–	–

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50.

Details regarding the AC are disclosed in the Corporate Governance Report.

AUDITORS

Ernst & Young LLP has expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Chua Khee Hak
Director

Tan Choon Hong
Director

Singapore
26 March 2021

Independent Auditor's Report

To the members of APAC Realty Limited
For the financial year ended 31 December 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of goodwill

As at 31 December 2020, the carrying value of goodwill is $75 million, which represents 23% of the Group's total assets. The goodwill was allocated to the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs were determined based on value-in-use calculations using the CGU's expected future cash flows. We considered the audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable amounts involved significant management judgement and are based on assumptions that are affected by expected future market and economic conditions. There has also been an increase in the level of estimation uncertainty and judgement arising from the changes in market and economic conditions due to COVID-19 pandemic.

We evaluated management's cash flow forecasts and the process by which they were determined, including checking that the forecasts were consistent with the latest financial budget prepared by management. We checked the mathematical accuracy of the underlying calculations. We assessed the reasonableness of key assumptions used in determining the recoverable amounts of each CGU, in particular the forecast revenue, revenue growth rates, discount rates and terminal growth rates, We assessed the reasonableness of forecast revenue and revenue growth rates by comparing them to historical results and published industry research with further consideration of the potential impact that COVID-19 has on the Group's operations. We also involved our internal valuation specialists to assist us in assessing the reasonableness of the discount rates and terminal growth rates by comparing them to third party information, the Group's cost of capital and relevant risk factors. We reviewed management's analysis of the sensitivity of the value-in-use calculations to a reasonably possible change in the key assumptions. We also reviewed the adequacy of disclosures on goodwill in Note 7.

Key Audit Matters (cont'd)

Transfer of leasehold building from investment property to property, plant and equipment

As disclosed in Note 4 and Note 5 to the financial statements, on 1 December 2020, the Group transferred its Toa Payoh leasehold building from investment property carried at fair value to property, plant and equipment under cost model due to a change in use of the building. The deemed cost of the building as a property, plant and equipment is based on the property's fair value at the date of transfer. Management has carried out a valuation using income capitalisation method and direct comparison method to determine the fair value of the leasehold building at the date of change in use. The determination of the fair value of the leasehold building at the date of transfer is significant to our audit due to its magnitude and the high dependency on a range of estimates made by management such as rental value and capitalisation rates. As such, we considered this to be a key audit matter.

We evaluated the appropriateness of the valuation methodologies used against those applied by valuation specialists for similar property types. We assessed the reasonableness of the capitalisation rate used by comparing it to available industry data, taking into consideration comparability and prevailing market conditions. We also assessed the property related data used in the projected cash flows by comparing them to the supporting leases and making reference to market data. We further compared the fair value determined by management against recent transacted prices, taking into consideration comparability and other publicly available information of the property industry. We inquired and obtained explanations from management of the valuation adjustments made to the key assumptions in response to the heightened level of estimation uncertainty. We also performed sensitivity analysis on certain key assumptions used in the valuations of the property after considering the current market and economic conditions. We further assessed the adequacy of disclosures in Note 4.

Impairment assessment of trade receivables

As at 31 December 2020, the gross balance of trade receivables amounted to $83 million, against which allowance for impairment amounted to $4 million. Trade receivable balances are significant to the Group as they represent 56% of the total current assets and 51% of net assets. Management assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery is doubtful. Management determined the expected credit losses of trade receivables by making debtor-specific assessment for long overdue debts and used a provision matrix that is based on the historical observed default rates, adjusted for current and forward-looking information. The assessment of the expected credit losses requires significant management estimates and judgement. There are also higher levels of judgement required due to the heightened level of estimation uncertainty associated with current market and economic conditions. As such, we considered this to be a key audit matter.

We assessed the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We performed audit procedures, amongst others, requesting for trade receivable confirmations for selected debtors and checked for evidence of receipts from debtors after year end. We had discussions with management on the recoverability of long outstanding debts. We assessed the reasonableness of the loss allowance by comparing the actual loss trends against loss rate applied to the different age band. We assessed the reasonableness of the adjustments made to loss rates applied, to incorporate current conditions of the debtors, including management's consideration of the potential impact that COVID-19 pandemic has on the recoverability of the Group's trade receivables. In addition, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 13 and the related risks such as credit risk in Note 31(c).

Key Audit Matters (cont'd)

Revenue recognition

For the year ended 31 December 2020, the Group recognised revenue arising from brokerage fees from resale, rental and new home of $384 million. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on the legal completion of the home sales, where the sale & purchase agreement between the developers and the customers are executed. Judgement is required in determining the point of revenue recognition for brokerage fees arising from new home sales, which is based on management's estimates on the timing on when the sale transactions and the legal completion have taken place. These are significant estimates and hence we considered this to be a key audit matter.

We assessed the Group's accounting policy for revenue recognition and evaluated the reasonableness of key assumptions used, in particular the cancellation rate and expected legal completion date. We assessed the cancellation rate used by management by comparing to historical results. We assessed the reasonableness of the duration of the expected legal completion date based on industry trend as well as other publicly available information. We further assessed the adequacy of disclosures in Note 3.2.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 of 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 directors 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 directors 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 directors, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2021

Balance Sheets
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Non-current assets					
Investment property	4	–	72,800	–	–
Property, plant and equipment	5	73,918	1,677	–	–
Right-of-use assets	6	3,710	5,053	–	–
Intangible assets	7	97,719	98,523	2,102	2,338
Investment in subsidiaries	8	–	–	190,236	190,001
Investment in associates	9	2,427	–	2,661	–
Other investments	10	1,000	1,000	1,000	1,000
Fixed deposits	11	400	400	400	400
		179,174	179,453	196,399	193,739
Current assets					
Convertible loan	12	3,587	2,786	–	–
Trade and other receivables	13	90,938	68,228	609	598
Unbilled receivables	13	10,002	10,812	–	–
Amounts due from subsidiaries	13	–	–	14,142	12,898
Amount due from an associate	13	–	45	–	–
Tax recoverable		–	31	24	31
Prepaid operating expenses		2,464	1,762	22	12
Cash and bank balances	14	35,119	32,024	4,058	7,693
		142,110	115,688	18,855	21,232
Total assets		321,284	295,141	215,254	214,971
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals	15	90,887	71,901	403	410
Other payables	15	10,902	9,310	24	–
Amount due to a subsidiary	15	–	–	55,131	56,440
Deferred income	16	1,214	1,288	2	–
Lease liabilities	17	1,879	1,680	–	–
Loan and borrowing	18	2,900	2,900	–	–
Provision for taxation		4,159	3,336	–	–
		111,941	90,415	55,560	56,850
Net current assets/(liabilities)		30,169	25,273	(36,705)	(35,618)
Non-current liabilities					
Lease liabilities	17	1,738	3,359	–	–
Loan and borrowing	18	48,817	51,717	–	–
Deferred taxation	19	4,200	4,190	–	–
Net assets		154,588	145,460	159,694	158,121
Equity attributable to owners of the Company					
Share capital	20	98,946	98,946	98,946	98,946
Foreign currency translation reserve		(114)	(2)	–	–
Accumulated profits		55,920	46,586	60,748	59,175
		154,752	145,530	159,694	158,121
Non-controlling interests	21	(164)	(70)	–	–
Total equity		154,588	145,460	159,694	158,121

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Income Statement

For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue			
Real estate brokerage fees and related services	22	389,429	365,112
Other revenue	23	5,696	4,412
Total revenue		395,125	369,524
Items of expense			
Cost of services		347,610	323,157
Personnel costs	24	13,074	13,041
Marketing and promotion expenses		2,860	3,212
Depreciation of property, plant and equipment	5	615	590
Depreciation of right-of-use assets	6	1,722	1,596
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets:			
– Trade receivables	13	2,384	1,985
– Amount due from an associate	13	–	54
Other operating expenses	23	5,049	5,952
Finance costs	25	1,069	1,783
		375,315	352,302
Operating profit		19,810	17,222
Share of results of associates		(161)	–
Profit before tax		19,649	17,222
Income tax expense	26	(3,307)	(3,345)
Profit for the year		16,342	13,877
Attributable to:			
Owners of the Company		16,438	14,012
Non-controlling interests		(96)	(135)
		16,342	13,877
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	27	4.63	3.94

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For financial year ended 31 December 2020

	Group	
	2020 $'000	2019 $'000
Profit for the year	16,342	13,877
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(110)	1
Other comprehensive income for the year, net of tax	(110)	1
Total comprehensive income for the year	16,232	13,878
Total comprehensive income attributable to:		
Owners of the Company	16,326	14,013
Non-controlling interests	(94)	(135)
	16,232	13,878

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Share Capital (Note 20) $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company						
2020							
Opening balance at 1 January 2020	98,946	(2)	46,586	46,584	145,530	(70)	145,460
Profit/(loss) for the year	–	–	16,438	16,438	16,438	(96)	16,342
Other comprehensive income							
– Foreign currency translation	–	(112)	–	(112)	(112)	2	(110)
Total comprehensive income for the year	–	(112)	16,438	16,326	16,326	(94)	16,232
Total contributions by and distributions to owners							
– Dividends on ordinary shares (Note 28)	–	–	(7,104)	(7,104)	(7,104)	–	(7,104)
Closing balance at 31 December 2020	98,946	(114)	55,920	55,806	154,752	(164)	154,588
2019							
Opening balance at 1 January 2019	98,946	(3)	44,118	44,115	143,061	43	143,104
Profit/(loss) for the year	–	–	14,012	14,012	14,012	(135)	13,877
Other comprehensive income							
– Foreign currency translation	–	1	–	1	1	–	1
Total comprehensive income for the year	–	1	14,012	14,013	14,013	(135)	13,878
Total changes in ownership interests in subsidiaries							
– Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	–	22	22
Total contributions by and distributions to owners							
– Dividends on ordinary shares (Note 28)	–	–	(11,544)	(11,544)	(11,544)	–	(11,544)
Closing balance at 31 December 2019	98,946	(2)	46,586	46,584	145,530	(70)	145,460

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit before tax		19,649	17,222
Adjustments for:			
Depreciation of property, plant and equipment	5	615	590
Depreciation of right-of-use assets	6	1,722	1,596
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets	13	2,384	2,039
Bad debts recovered	23	(67)	(27)
Loss on disposal of plant and equipment	23	53	–
Write off of plant and equipment	23	49	46
Write off of other investments	23	500	–
Write off of investment in associate	23	619	–
Fair value loss in other investment	23	–	9
Write back of investment in JV on disposal		–	(17)
Share of results of associates		161	–
Interest expense	25	1,069	1,783
Interest income	23	(520)	(556)
Operating cash flows before working capital changes		27,166	23,617
Changes in working capital			
Increase in trade receivables, other receivables and unbilled receivables		(24,814)	(9,739)
Increase in trade and other payables		20,504	9,377
Cash flows from operations		22,856	23,255
Interest income received		520	556
Interest paid		(874)	(1,531)
Income taxes paid		(2,473)	(5,312)
Net cash flows generated from operating activities		20,029	16,968
Cash flows from investing activities			
Purchase of plant and equipment		(161)	(1,237)
Proceeds from disposal of plant and equipment		3	–
Acquisition of subsidiary, net of cash acquired	8	(268)	–
Proceeds received from shares issued to non-controlling interest		–	22
Investment in associates		(2,207)	–
Investment in joint venture		–	17
Investment in convertible loan		(801)	–
Investment in other investment		(500)	(1,000)
Loan extended to an associate	9	(1,000)	–
Advance extended to third party		–	(9,354)
Advance extended to an associate		–	(105)
Net cash used in investing activities		(4,934)	(11,657)
Cash flow from financing activities			
Repayment of lease liabilities	17	(1,996)	(1,862)
Repayment of loan and borrowing	18	(2,900)	(2,900)
Payment of dividends		(7,104)	(11,544)
Net cash flows used in financing activities		(12,000)	(16,306)
Net increase/(decrease) in cash and cash equivalents		3,095	(10,995)
Net cash and cash equivalents at beginning of year		32,024	43,019
Net cash and cash equivalents at end of year	14	35,119	32,024

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

APAC Realty Limited (the "Company") is public company limited by shares incorporated and domiciled in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The immediate holding company is Asia Pacific Realty Holdings Ltd., which was incorporated in Cayman Islands, and the ultimate holding company is PGA Realty Partners Ltd. which was incorporated in British Virgin Islands.

The registered office of the Company and its principal place of business are located at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394.

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the "ERA Real Estate" brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the subsidiaries are stated in Note 8 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policies and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The Directors expect the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 *Investment property*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land and building	–	48 years (remaining lease period)
Computers	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Electrical installation and fittings	–	5 years
Renovation	–	5 years
Motor vehicles	–	7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.9 *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets include the ERA Regional Master franchise right for certain countries in the Asia Pacific region, ERA Subfranchise right in Singapore and Coldwell Banker franchise right in Singapore arising from a business combination in 2013. The useful lives of these intangible assets are finite. They are stated at cost and amortised on a straight line method over their estimated useful lives of 16, 37 and 15 years respectively, representing the remaining period of the franchise agreement in which the Group was granted the exclusive right of use of the franchise brand names.

If the franchise agreement can be renewed, the useful life of the intangible asset include the renewal period only if there is evidence to support the renewal by the Group without significant cost. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The amortisation expense on intangible assets is recognised in the profit or loss.

The carrying values of intangible assets are reviewed for impairment whenever there is an indication that the intangible asset may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 *Associates*

An associate is an entity over which the Group has power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 *Financial instruments* (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets – Office space of 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in Note 2.10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 *Leases* (cont'd)

(a) *As lessee* (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its funding cost at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Real estate brokerage fees and related services*

Revenue from real estate brokerage services, property valuation, property management, training and related services is recognised when these services have been rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 *Revenue* (cont'd)

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Other revenue*

Rental income from arising from operating leases on investment properties, workstations, lockers and furniture are recognised on a straight line basis over the lease period.

Incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income, are recognised over the period to which the contract relates.

2.21 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”.

2.22 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investment in subsidiaries and investment in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 *Taxes* (cont'd)

(b) *Deferred tax* (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investment in subsidiaries and investment in associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.23 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgement made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill

As disclosed in Note 7 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 7 to the financial statements.

The carrying amount of the goodwill as at 31 December 2020 is $75,121,000 (2019: $74,993,000).

Transfer of leasehold building to property, plant and equipment

As disclosed in Note 5 to the financial statements, the Group transferred its leasehold building from investment property to property, plant and equipment as there is a change in use to owner-occupied. The Group engaged valuation specialist to assess the fair value at the date of transfer. The fair value of investment property was determined by independent real estate valuation experts using recognised valuation techniques. The key assumptions used to determine the fair value of the investment property is provided in Note 4.

The carrying amount of the leasehold building as at 31 December 2020 is $72,675,000 (2019: $72,800,000).

Allowance for expected credit losses of trade receivables

The Group uses an allowance matrix to calculate ECLs for trade receivables. The allowance rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The allowance matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 31(c).

The carrying amount of trade receivables as at 31 December 2020 is $79,568,000 (2019: $57,242,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 *Key sources of estimation uncertainty* (cont'd)

Revenue recognition

The Group is in the business of providing real estate brokerage and consultancy services. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on its legal completion of the home sales. Judgement is required in determining point of revenue recognition, which is based on management's estimates on the timing on when the sale transactions and the legal completion have taken place.

The Group assessed the expected legal completion date and cancellation rate based on industry trend as well as other publicly available information. Estimates of the expected legal completion date and cancellation rate are sensitive to changes in circumstances and the Group's past experience regarding the timing of legal completion of home sales may not be representative of the actual legal completion date in the future. For the year ended 31 December 2020, the Group recognised revenue from brokerage fees from resale, rental and new home of $383,791,000 (2019: $359,215,000).

4. INVESTMENT PROPERTY

	Group	
	2020 $'000	2019 $'000
As at 1 January	72,800	72,800
Transfer to property, plant and equipment (Note 5)	(72,800)	–
Fair value as at 31 December	–	72,800
Consolidated income statement:		
Rental income derived from investment property	1,362	1,169
Less: Direct operating expenses (excluding other expenses and finance cost) generating rental income	(1,294)	(798)
	68	371

In prior year, the Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Transfer to property, plant and equipment

On 1 December 2020, the Group transferred its leasehold building that was held as investment property to property, plant and equipment. This is due to a change in use of the leasehold building to owner-occupied property where the deemed cost for subsequent accounting is the fair value at the date of change in use. The fair value at the date of transfer was $72,800,000 and this was determined based on valuation performed as at 1 December 2020. The valuation techniques used includes income capitalisation method and direct comparison method, where the capitalisation rate used is 3%.

Valuation of investment property

In 2019, investment property was stated at fair value, which has been determined based on valuation performed as at 31 December 2019. The valuation was performed by Savills Valuation and Professional Services (S) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. Details of valuation techniques and inputs used are disclosed in Note 32(c).

The investment property held by the Group as at 31 December 2019 was as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
ERA APAC Centre at 450 Lorong 6 Toa Payoh Singapore 319394: a 4-storey commercial building	Shops/offices and auditoriums	Leasehold	49 years

5. PROPERTY, PLANT AND EQUIPMENT

Group	Land and building $'000	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Electrical installation and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Cost:								
At 1 January 2019	–	612	1,519	415	329	19	35	2,929
Additions	–	29	470	126	414	198	–	1,237
Disposal/write-off	–	(440)	(62)	(125)	(134)	–	–	(761)
At 31 December 2019 and 1 January 2020	–	201	1,927	416	609	217	35	3,405
Additions	–	66	24	63	11	–	–	164
Transfer from investment property (Note 4)	72,800	–	–	–	–	–	–	72,800
Disposal/write-off	–	(100)	(66)	(110)	(48)	(28)	–	(352)
Translation difference	–	–	–	(1)	–	(2)	–	(3)
At 31 December 2020	72,800	167	1,885	368	572	187	35	76,014
Accumulated depreciation:								
At 1 January 2019	–	459	954	208	199	19	14	1,853
Charge for the year	–	78	330	88	65	20	9	590
Disposal/write-off	–	(437)	(45)	(116)	(117)	–	–	(715)
At 31 December 2019 and 1 January 2020	–	100	1,239	180	147	39	23	1,728
Charge for the year	125	68	197	68	110	38	9	615
Disposal/write-off	–	(100)	(20)	(72)	(48)	(7)	–	(247)
Translation difference	–	–	–	–*	–	–*	–	–*
At 31 December 2020	125	68	1,416	176	209	70	32	2,096
Net carrying amount:								
At 31 December 2019	–	101	688	236	462	178	12	1,677
At 31 December 2020	72,675	99	469	192	363	117	3	73,918

* Less than $1,000

Transfer from investment property

As disclosed in Note 4, the leasehold building was transferred from investment property to property, plant and equipment due to the change in use to owner-occupied property.

Security

As at 31 December 2020, the property of the Group with carrying amount of $72,675,000 (2019: $72,800,000) is mortgaged to secure a bank loan (Note 18).

6. RIGHT-OF-USE ASSETS

The Group has a lease contract for the use of office space, with a lease term of 5 years (2019: 6 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group's leases also include restrictions on assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the year:

Group	Office space $'000
Cost:	
At 1 January 2019, 31 December 2019 and 1 January 2020	6,649
Additions	379
At 31 December 2020	7,028
Accumulated amortisation and impairment:	
Charge for the year and at 1 January 2020	1,596
Charge for the year	1,722
At 31 December 2020	3,318
Net carrying amount:	
At 31 December 2019	5,053
At 31 December 2020	3,710

The minimum lease payments recognised as an expense in the consolidated income statement for the financial years are reconciled as follows:

	Group	
	2020 $'000	2019 $'000
Expense relating to leases of low-value assets (included in other operating expenses)	273	464
Interest on lease liabilities (included in finance costs)	195	252
Depreciation of right-of-use assets	1,722	1,596
	2,190	2,312

The Group had total cash outflows of leases of $1,996,000 in 2020 (2019: $2,326,000).

7. INTANGIBLE ASSETS

Group	Goodwill $'000	Franchise rights $'000	Total $'000
Cost:			
At 1 January 2019, 31 December 2019, 1 January 2020	75,575	29,473	105,048
Additions	128	–	128
At 31 December 2020	75,703	29,473	105,176
Accumulated amortisation and impairment:			
At 1 January 2019	582	5,011	5,593
Charge for the year	–	932	932
At 31 December 2019 and 1 January 2020	582	5,943	6,525
Charge for the year	–	932	932
At 31 December 2020	582	6,875	7,457
Net carrying amount:			
At 31 December 2019	74,993	23,530	98,523
At 31 December 2020	75,121	22,598	97,719

Company	Franchise rights $'000
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	3,816
Accumulated amortisation:	
At 1 January 2019	1,241
Charge for the year	237
At 31 December 2019 and 1 January 2020	1,478
Charge for the year	236
At 31 December 2020	1,714
Net carrying amount:	
At 31 December 2019	2,338
At 31 December 2020	2,102

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being “ERA” and “Coldwell Banker”.

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2020, the carrying amount of the ERA franchise right in Asia Pacific region is $2,102,000 (2019: $2,338,000) and has remaining amortisation period of 9 years (2019: 10 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 31 December 2020, the carrying amount of the ERA Singapore Subfranchise right is $20,494,000 (2019: $21,191,000) and has remaining amortisation period of 30 years (2019: 31 years).

7. INTANGIBLE ASSETS (cont'd)

Franchise rights (cont'd)

In addition, the Group has the Coldwell Banker franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreement for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2020, the carrying amount of the Coldwell Banker Franchise right is $1,000 (2019: $1,000) and has remaining amortisation period of 8 years (2019: 9 years).

The carrying amount of goodwill allocated to each CGU as follows:

Group	2020 $'000	2019 $'000
Real estate brokerage income	61,345	61,345
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	582	582
Others	128	–
	75,703	75,575
Less: Impairment loss	(582)	(582)
	75,121	74,993

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections for the remaining useful life, including financial budgets approved by management covering a one-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the one-year period are as follows:

	2020	2019
Growth rate	1.2% – 1.7%	1.2% – 1.5%
Discount rate	9% – 10%	9% – 10%

Amortisation expenses

The amortisation of intangible assets is disclosed as a separate line in the consolidated income statement.

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to its cash-generating units ("CGU"), for impairment testing.

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Market and market share assumptions – These assumptions are important because, as well as using industry data for market growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the real estate brokerage and related services to be stable over the budget period.

Growth rates – The forecasted revenue growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

7. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the above CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 $'000	2019 $'000
Unquoted shares, at cost	191,135	190,868
Less: Impairment losses	(899)	(867)
	190,236	190,001

Composition of the Group

Details of the subsidiaries at the end of the financial year are as follows:

Name	Effective interest		Principal activities (Place of business)	Cost of investments carried by the Company	
	2020 %	2019 %		2020 $'000	2019 $'000
Held by the Company					
ERA Realty Network Pte Ltd	100	100	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Singapore)	99,420	99,420
ERA Singapore Pte Ltd	100	100	Master franchisee of the "ERA Real Estate" franchise for the territory of Singapore to grant membership of the "ERA" franchise to housing agents. (Singapore)	13,317	13,317
Realty International Associates Pte Ltd	100	100	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals. (Singapore)	4,311	4,311
Electronic Realty Associates Pte Ltd	100	100	Real estate brokerage and related services. (Singapore)	136	136

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name	Effective interest 2020 %	Effective interest 2019 %	Principal activities (Place of business)	Cost of investments carried by the Company 2020 $'000	Cost of investments carried by the Company 2019 $'000
Held by the Company					
Coldwell Banker Real Estate (S) Pte Ltd	100	100	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	800	800
Ω Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	–*	–*
APAC Investment Pte Ltd ("AIP")	100	100	Rental of Investment Property. (Singapore)	72,800	72,800
APAC Investment 2 Pte Ltd	100	100	Investment holding. (Singapore)	–*	–*
Fang Pte Ltd	100	–	Advertising activities and those relating to research and experimental development on IT.	267	–
@ APAC Holding (Thailand) Co. Limited[(1)]	49	49	Investment holding. (Thailand)	42	42
@ ERA Holding (Thailand) Co. Limited[(1)]	49	49	Investment holding. (Thailand)	42	42
# ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	–*	–*
				191,135	190,868

* Investment cost less than $1,000
# Audited by Shanghai Xinyun Certified Public Accountants
@ Audited by Winplus Audit and Associate Company Limited.
Ω Not required to be audited as the company is dormant

All other subsidiaries are audited by Ernst & Young LLP, Singapore

[(1)] The Group holds 49% shareholding in the foreign subsidiary but has control based on the voting rights allocated under the Cooperation Agreement signed by all the shareholders of the foreign subsidiary.

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisitions in 2020

In June 2020, the Group acquired 100% of the shares in Fang Pte Ltd, a private company in Singapore. The fair value of the identifiable assets and liabilities of Fang Pte Ltd as of date of acquisition were:

	Fair value recognised on acquisition $'000
Assets	
Other receivables	140
Cash and cash equivalents	–
Total assets	140
Total identifiable net assets at fair value	140
Goodwill on acquisition	128
Purchase consideration transferred, settled in cash	268

The transaction costs of $1,000 incurred in connection with the acquisition has been expensed off and included in "other operating expenses".

Impairment testing of investment in subsidiaries

The movement in impairment losses is as follows:

	Company	
	2020 $'000	2019 $'000
At beginning of year	867	715
Impairment losses recognised	32	152
At end of year	899	867

During the current financial year, management performed an impairment test for the investment in Coldwell Banker Real Estate (S) Pte Ltd as the subsidiary had been persistently making losses. An additional impairment loss of $32,000 was recognised to impair the investment in Coldwell Banker Real Estate (S) Pte Ltd for the year ended 31 December 2020 to its recoverable amount. The recoverable amount of this investment has been determined based on fair value less costs to sell.

In 2019, management performed an impairment test for the investments in Electronic Realty Associates Pte Ltd and Coldwell Banker Real Estate (S) Pte Ltd as these subsidiaries had been persistently making losses. An impairment loss of $136,000 for the full value of the investment were recognised for Electronic Realty Associates Pte Ltd and an additional impairment loss of $16,000 were recognised for Coldwell Banker Real Estate (S) Pte Ltd for the year ended 31 December 2019 to its recoverable amount. The recoverable amount of these investments have been determined based on fair value less costs to sell.

9. INVESTMENT IN ASSOCIATES

The Group's and the Company's material investment in associates are summarised below:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
ERA Vietnam*	2,324	–	2,500	–
Other associates	103	–	161	–
	2,427	–	2,661	–

* Investments in ERA Vietnam Realty Limited Company and Eurocapital Joint Stock Company, collectively known as "ERA Vietnam"

Included in the investment in associate ERA Vietnam is a loan of $1,000,000 denominated in Singapore Dollar. The loan is unsecured, bears interest at 1.5% per annum and is to be settled in cash.

Details of the material associate at the end of the financial year is as follows:

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2020 %	2019 %
ERA Vietnam[1]	Strategic partner for real estate brokerage & consultancy services in Vietnam	Vietnam	38	–

[1] Audited by Ernst & Young LLP, Vietnam

During the year, the Group invested:

- $0.6 million by way of subscription of new ordinary shares in SoReal Prop Pte Ltd ("SoReal"). This amount was fully written off as at 31 December 2020 as SoReal was at a net liability position.
- $1.5 million by way of subscription of new ordinary shares in ERA Vietnam Realty Limited Company and Eurocapital Joint Stock company. The subscription represents 38% of the enlarged issued share capital of both companies.
- $0.2 million by way of subscription of new ordinary shares in ERA Real Estate Group (Malaysia) Sdn Bhd. The subscription represents 49% of the enlarged issued share capital of the company.

Aggregate information about the Group's investment in associates that are not individually material are as follows:

	Group	
	2020 $'000	2019 $'000
Loss after tax, representing total comprehensive income	(119)	–

9. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information of ERA Vietnam Realty Limited Company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised balance sheet	**2020 $'000**
Current assets	4,544
Non-current assets	345
Total assets	4,889
Current liabilities	(2,739)
Non-current liabilities	–
Total liabilities	(2,739)
Net assets	2,150
Proportion of the Group's ownership	38%
Group's share of net assets	817
Goodwill	507
Loan	1,000
Carrying amount of the investment	2,324
Summarised statement of comprehensive income	
Loss after tax, representing total comprehensive income	(270)

10. OTHER INVESTMENTS

(1) On 10 June 2019, the Group and Company invested $1 million by way of a convertible subscription agreement with Dots Connected Pte Ltd. The Group's fair value of this investment at the end of the reporting period was $0.5 million (2019: $1 million) as $0.5 million was written off during the year.

(2) On 13 August 2020, the Group and the Company invested $0.5 million by way of subscription of new ordinary shares in Turning-Point Pte Ltd. The Group's fair value of this investment at the end of the reporting period was $0.5 million.

11. FIXED DEPOSITS

Fixed deposits in 2020 and 2019 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and earned interest rate of 0.5% (2019: 0.5% to 1.0%) per annum.

12. CONVERTIBLE LOAN

In November 2018, the Group entered into a convertible loan agreement with a company incorporated in Indonesia. The convertible loan with a fair value of $3,587,000 (2019: $2,786,000) bears interest rate of 4.5% per annum and is secured against shares pledged by the borrowers. The loan is convertible into ordinary shares of the loan issuer at any time upon the Group issuing a demand for repayment at a conversion price stipulated in the convertible loan agreement.

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	79,568	57,242	75	54
Other receivables				
Deposits	891	716	532	543
Advances in relation to a proposed acquisition	9,660	9,123	–	–
Other advances	428	231	–	–
Sundry receivables	391	916	2	1
	11,370	10,986	534	544
Trade and other receivables	90,938	68,228	609	598
Unbilled receivables	10,002	10,812	–	–
Add:				
Amounts due from subsidiaries	–	–	14,142	12,898
Amount due from an associate	–	45	–	–
Total trade and other receivables	100,940	79,085	14,751	13,496
Less:				
Advances	(10,088)	(9,354)	–	–
Unbilled receivables	(10,002)	(10,812)	–	–
Add:				
Fixed deposits (Note 11)	400	400	400	400
Cash and bank balances (Note 14)	35,119	32,024	4,058	7,693
Total financial assets carried at amortised cost	116,369	91,343	19,209	21,589

Trade receivables

Trade receivables are non-interest bearing and are generally settled on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020 $'000	2019 $'000
Movement in allowance accounts:		
At beginning of year	3,295	2,708
Charge for the year	2,384	1,985
Written off	(1,927)	(1,398)
At end of year	3,752	3,295

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES (cont'd)

Other receivables

Other receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables that are impaired

Other receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment in other receivables are as follows:

	Group	
	2020 $'000	2019 $'000
Other receivables – nominal amount	12	12
Less: Allowance for impairment	(12)	(12)
	–	–
Movement in allowance accounts:		
At beginning and end of year	12	12

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Deposits

These amounts relate to security deposits placed with lessors to secure commercial leases on certain properties.

Amounts due from subsidiaries/associate

The amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

Amount due from an associate that is impaired at the end of the reporting period and the movement of the allowance account used to record the impairment in amount due from an associate are as follows:

	Group	
	2020 $'000	2019 $'000
Amount due from an associate – nominal amount	–	290
Less: Allowance for impairment	–	(245)
	–	45

The movement in allowance for expected credit losses of amount due from an associate is as follows:

Expected credit losses

	Group	
	2020 $'000	2019 $'000
Movement in allowance accounts:		
At beginning of year	245	191
Charge for the year	–	54
Utilised during the year	(245)	–
At end of year	–	245

14. CASH AND BANK BALANCES

Cash and bank balances, representing cash and cash equivalents in the consolidated statement of cash flows, comprise the following:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at banks and on hand	35,119	32,024	4,058	7,693

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2020 for the Group and the Company were 0.01% to 0.80% (2019: 0.01% to 0.68%) per annum.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables and accruals	90,887	71,901	403	410
Other payables				
Deposits	265	471	–	–
GST payable	8,680	6,754	5	–
Sundry payables	1,957	2,085	19	–
	10,902	9,310	24	–
Amount due to a subsidiary	–	–	55,131	56,440
Total trade and other payables	101,789	81,211	55,558	56,850
Less: GST payable	(8,680)	(6,754)	(5)	–
Add: Lease liabilities (Note 17)	3,617	5,039	–	–
Add: Loan and borrowing (Note 18)	51,717	54,617	–	–
Total financial liabilities carried at amortised cost	148,443	134,113	55,553	56,850

Trade payables/Other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30-90 day terms.

Amount due to a subsidiary

The amount is non-trade in nature, unsecured, interest-free and repayable upon demand in cash. The Company is reasonably confident that the subsidiary will not demand payment unless the cashflow of the Company permits.

16. DEFERRED INCOME

Deferred income relates to amounts received for rental of properties, workstations, lockers and furniture, business conference, professional indemnity insurance and miscellaneous items and will be recognised in the consolidated income statement in accordance with the revenue recognition criteria set out in Note 2.20(c).

17. LEASE LIABILITIES

	Group	
	2020 $'000	2019 $'000
As at 1 January	5,039	6,649
Accretion of interest	195	252
Additions	379	–
Payments	(1,996)	(1,862)
As at 31 December	3,617	5,039
Representing:		
Current	1,879	1,680
Non-Current	1,738	3,359

18. LOAN AND BORROWING

	Maturity	Group	
		2020 $'000	2019 $'000
Current:			
SGD loan at Compounded SORA + 1.15% p.a.	2021	2,900	2,900
Non-current:			
SGD loan at Compounded SORA + 1.15% p.a.	2021 – 2023	48,817	51,717
Total		51,717	54,617

SGD bank loan at Compounded SORA + 1.15% per annum

The loan bears interest at the prevailing 3-month Compounded SORA plus 1.15% per annum for the first 3 years and 3-month Compounded SORA plus 4.00% per annum thereafter (2019: 1-month SIBOR plus 0.9% per annum for the first 2 years and 1-month SIBOR plus 2.0% per annum thereafter) effective from 19 October 2020. The loan is repayable over 59 equal monthly instalments of $241,667 per month with a final bullet principal payment of $43,741,647 on the final maturity date, 19 October 2023. The first monthly instalment repayment of the loan was on 19 November 2018.

The loan is secured by way of a first legal mortgage over the Group's leasehold property at 450 Lorong 6 Toa Payoh, Singapore 319394 (Note 5) and a corporate guarantee from the Company.

18. LOAN AND BORROWING (cont'd)

SGD bank loan at Compounded SORA + 1.15% per annum (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2020 $'000	Cash flows $'000	Non-cash flows Reclassification $'000	Others $'000	31.12.2020 $'000
Interest bearing loan and borrowing					
– Current	2,900	(2,900)	2,900	–	2,900
– Non-current	51,717	–	(2,900)	–	48,817
Lease liabilities					
– Current	1,680	(1,996)	2,000	195	1,879
– Non-current	3,359	–	(2,000)	379	1,738
Total	59,656	(4,896)	–	574	55,334

	1.1.2019 $'000	Cash flows $'000	Non-cash flows Reclassification $'000	Others $'000	31.12.2019 $'000
Interest bearing loan and borrowing					
– Current	2,900	(2,900)	2,900	–	2,900
– Non-current	54,617	–	(2,900)	–	51,717
Lease liabilities					
– Current	1,628	(1,862)	1,662	252	1,680
– Non-current	5,021	–	(1,662)	–	3,359
Total	64,166	(4,762)	–	252	59,656

19. DEFERRED TAXATION

	Group	
	2020 $'000	2019 $'000
The deferred tax liabilities arises as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	218	187
Fair value adjustment on acquisition of franchise	3,851	4,003
Others	131	–
	4,200	4,190

20. SHARE CAPITAL

	Group and Company			
	2020		2019	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	355,198	98,946	355,198	98,946

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. NON-CONTROLLING INTERESTS

Non-controlling interests relates to the 51% shareholding in foreign subsidiaries not held by the Group but which the Group has control based on the voting rights allocated under the Cooperation Agreement signed by all the shareholders of the foreign subsidiary.

22. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Major product or service lines						
Brokerage fees from resale, rental and new home	383,791	359,215	–	–	383,791	359,215
Others	–	–	5,638	5,897	5,638	5,897
	383,791	359,215	5,638	5,897	389,429	365,112
Timing of transfer of goods or services						
At a point in time	383,791	359,215	3,756	4,834	387,547	364,049
Over time	–	–	1,882	1,063	1,882	1,063
	383,791	359,215	5,638	5,897	389,429	365,112

23. OTHER REVENUE AND OTHER OPERATING EXPENSES

Other revenue and other operating expenses included the following for the year ended 31 December:

	Group	
	2020	2019
	$'000	$'000
Other revenue		
Rental of properties, workstations, lockers and furniture	1,112	1,360
Professional indemnity insurance fees	204	1,062
Incentives, referral and administrative fees	699	553
Government grants	1,919	–
Business conference income	–	310
Interest income from cash at bank and fixed deposits	520	556
Bad debts recovered	67	27
Sundry income	1,175	544
	5,696	4,412

	Group	
	2020	2019
	$'000	$'000
Other operating expenses		
Audit fees:		
– Auditors of the Company	184	172
– Other auditors	1	2
Non audit services:		
– Auditors of the Company	18	18
– Other auditors	6	6
Expense relating to leases of low-value assets and short term leases	273	464
Electricity and water	197	212
Entertainment and F&B expenses	119	165
Legal and professional fees	267	516
Photocopy charges	115	145
Property tax	263	260
Printing and stationery	75	116
Secretarial services	74	62
Telephone charges	164	267
Travel and transport expenses	90	196
Upkeep of computers and office equipment	413	321
Loss on disposal of plant and equipment	53	–
Write off of plant and equipment	49	46
Write off of other investments	500	–
Write off of investment in associate	619	–
Donations	11	55
Repair and maintenance	426	358
Fair value loss on other investment	–	9
Recruitment related expenses	–	1,228
Other administrative expenses	1,132	1,334
	5,049	5,952

24. PERSONNEL COSTS

	Group 2020 $'000	Group 2019 $'000
Directors:		
– Directors of the Company		
Directors' fees	253	208
– Directors of subsidiaries		
Salary, bonus and incentive	1,865	2,173
Central Provident Fund	40	40
	2,158	2,421
Staff:		
Salary and bonus	9,484	9,339
Central Provident Fund	1,147	1,125
Provision for leave entitlement	206	18
Grant income from Special Employment Credit	(12)	(11)
	10,825	10,471
Other related expenses	91	149
	13,074	13,041

25. FINANCE COSTS

	Group 2020 $'000	Group 2019 $'000
Interest expense on loan and borrowing	874	1,531
Interest on lease liabilities	195	252
	1,069	1,783

26. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 December are:

	Group 2020 $'000	Group 2019 $'000
Tax expense recognised in respect of profit for the year		
Current tax	3,389	3,368
(Over)/Under provision in respect of previous years	(93)	77
	3,296	3,445
Deferred tax provided		
Origination and reversal of temporary differences	11	(100)
Income tax expense	3,307	3,345

26. INCOME TAX EXPENSE (cont'd)

A reconciliation of the statutory tax rate of the Group's effective tax rates applicable to profit before taxation for the year ended 31 December are as follows:

	Group	
	2020 $'000	2019 $'000
Profit before tax	19,649	17,222
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	3,327	2,910
Adjustments:		
Non-deductible expenses	530	433
Effect of partial tax exemption and tax relief	(457)	(75)
(Over)/under provision in respect of previous years	(93)	77
Income tax expense	3,307	3,345

The reconciliation is prepared by aggregating separate reconciliations of each national jurisdiction.

The tax rates applicable to entities in Singapore, China and Thailand are 17%, 25% and 20% respectively.

27. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December:

	2020 $'000	2019 $'000
Profit for the year attributable to owners of the Company	16,438	14,012

	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

28. DIVIDENDS PAID

	Group and Company	
	2020	2019
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2019: 1.25 cents per share (2018: 2.5 cents)	4,440	8,880
– Interim exempt (one-tier) dividend for 2020: 0.75 cents per share (2019: 0.75 cents)	2,664	2,664
	7,104	11,544
Proposed but not recognised as a liability as at 31 December 2020:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2020: 1.75 cents per share (2019: 1.25 cents)	6,216	4,440
	6,216	4,440

29. RELATED PARTY TRANSACTIONS

Significant transactions, in addition to those disclosed elsewhere in the financial statements, entered with intercompanies, related parties and interested parties and the effect of these transactions on the basis determined between the parties at arm's length are as follows:

(a) *Revenue and expenses*

	Company	
	2020	2019
	$'000	$'000
Subsidiaries		
Dividend income	9,500	10,000
Membership fees received	524	514

	Group	
	2020	2019
	$'000	$'000
Fellow subsidiaries		
Training fees	297	209

The Group provided brokerage services to one of its directors during the financial year:

	Group	
	2020	2019
	$'000	$'000
Real estate brokerage fees	10	9

The provision of brokerage services in connection with the sale, purchase and/or rental of residential properties to the director were on an arm's length basis and on normal commercial terms.

(b) *Compensation of key management personnel*

	Group	
	2020	2019
	$'000	$'000
Remuneration (including commission and incentives) of the 5 key management personnel	926	1,044

30. COMMITMENTS

(a) *Operating lease commitments – as a lessor*

The Group has entered into commercial property leases on its investment property. These non-cancellable leases have remaining lease terms of between 1 month and 32 months. The rental rate is fixed for the duration of the lease terms.

Total rental received from the non-cancellable leases recognised as income in the consolidated income statement for the financial year ended 31 December 2020 amounted to $1,362,000 (2019: $1,063,000).

	Group	
	2020 $'000	2019 $'000
Within one year	442	1,413
Later than one year but not later than five years	289	1,646
	731	3,059

(b) *Other commitments*

In 2017, one of the subsidiaries implemented a Loyalty Growth Dividend Scheme for their full-fledged Division Directors where they are entitled to a gratitude bonus based on 0.1% to 0.5% of the team's performance growth rate. The gratitude bonus is payable in 2 tranches: 50% is due after 1 year and the remaining amount is due 5 years later. The gratitude bonus will be forfeited if the person ceases to be the Division Director of the entity. The future minimum payments for gratitude bonus are as follows:

	Group	
	2020 $'000	2019 $'000
Later than one year but not later than five years	844	855
More than five years	105	480
	949	1,335

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board continuously monitors the policies for managing each of these risks. It is, and has been throughout the financial year under review, the Group's policy that no trading in derivatives financial instrument shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages or measures the risks.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to the Group's and the Company's borrowings from financial institutions. The Group's and the Company's policy is to obtain the most favourable interest rates available for its borrowings.

Surplus funds are placed with reputable banks.

Information relating to the Group's and the Company's interest rate exposure is also disclosed in the notes on borrowings from a financial institution.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 25 (2019: 25) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $129,000 (2019: $140,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loan.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

At the end of the reporting period approximately 5.6% (31 December 2019: 5.0%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) *Liquidity risk* (cont'd)

Group	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2020				
Financial assets				
Fixed deposits	–	402	–	402
Convertible loan (Note 12)	3,587	–	–	3,587
Trade and other receivables (Note 13)	80,850	–	–	80,850
Cash and bank balances (Note 14)	35,119	–	–	35,119
Total undiscounted financial assets	119,556	402	–	119,958
Financial liabilities				
Trade and other payables (Note 15)	93,109	–	–	93,109
Lease liabilities (Note 17)	1,996	1,774	–	3,770
Loan and borrowing (Note 18)	3,543	49,883	–	53,426
Total undiscounted financial liabilities	98,648	51,657	–	150,305
Total net undiscounted financial assets/(liabilities)	20,908	(51,255)	–	(30,347)
2019				
Financial assets				
Fixed deposits	–	404	–	404
Convertible loan (Note 12)	2,786	–	–	2,786
Trade and other receivables (Note 13)	58,919	–	–	58,919
Cash and bank balances (Note 14)	32,024	–	–	32,024
Total undiscounted financial assets	93,729	404	–	94,133
Financial liabilities				
Trade and other payables (Note 15)	74,457	–	–	74,457
Lease liabilities (Note 17)	1,861	3,457	–	5,318
Loan and borrowing (Note 18)	4,453	57,126	–	61,579
Total undiscounted financial liabilities	80,771	60,583	–	141,354
Total net undiscounted financial assets/(liabilities)	12,958	(60,179)	–	(47,221)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) *Liquidity risk* (cont'd)

Company	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2020				
Financial assets				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 13)	14,751	–	–	14,751
Cash and bank balances (Note 14)	4,058	–	–	4,058
Total undiscounted financial assets	18,809	402	–	19,211
Financial liabilities				
Trade and other payables (Note 15)	55,553	–	–	55,553
Total undiscounted financial liabilities	55,553	–	–	55,553
Total net undiscounted financial (liabilities)/assets	(36,744)	402	–	(36,342)
2019				
Financial assets				
Fixed deposits	–	404	–	404
Trade and other receivables (Note 13)	13,496	–	–	13,496
Cash and bank balances (Note 14)	7,693	–	–	7,693
Total undiscounted financial assets	21,189	404	–	21,593
Financial liabilities				
Trade and other payables (Note 15)	56,850	–	–	56,850
Total undiscounted financial liabilities	56,850	–	–	56,850
Total net undiscounted financial (liabilities)/assets	(35,661)	404	–	(35,257)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables, amount due from associate and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) *Credit risk* (cont'd)

(i) Financial assets at amortised cost

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Group	Financial assets at amortised cost 2020 $'000	Financial assets at amortised cost 2019 $'000
As at 1 January	3,552	2,914
Loss allowance measured at:		
12-month ECL	(245)	54
Lifetime ECL		
– Trade amounts (Simplified approach)	457	584
As at 31 December	3,764	3,552

The gross carrying amount of financial assets at amortised cost is as follows:

Group		2020 $'000	2019 $'000
12-month ECL	Financial assets at amortised cost	12	1,891
Lifetime ECL	Financial assets at amortised cost	84,602	60,538
	Total	84,614	62,429

The gross carrying amount of trade and other receivables of the Group are disclosed in Note 13.

(ii) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern. The loss allowance provision as at 31 December 2020 and 2019 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by the following:

Brokerage income from real estate services:

31 December 2020	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	71,060	5,272	2,884	1,405	2,067	82,688
Loss allowance provision	83	81	87	1,352	2,067	3,670

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) *Credit risk* (cont'd)

(ii) Trade receivables (cont'd)

Rental income:

31 December 2020	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	140	19	27	7	–	193
Loss allowance provision	–	19	27	7	–	53

Others:

31 December 2020	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	370	30	10	29	–	439
Loss allowance provision	–	–	–	29	–	29

Brokerage income from real estate services:

31 December 2019	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	50,332	3,187	2,035	2,661	1,991	60,206
Loss allowance provision	45	36	46	1,163	1,991	3,281

Rental income:

31 December 2019	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	43	–	–	–	–	43
Loss allowance provision	–	–	–	–	–	–

Others:

31 December 2019	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	274	–	–	–	–	274
Loss allowance provision	–	–	–	–	–	–

Information regarding loss allowance movement of trade receivables are disclosed in Note 13.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) *Credit risk* (cont'd)

Credit risk concentration profile

At the end of the reporting period, almost all the Group's financial assets were due from customers located in Singapore.

The Group has no significant concentration of credit risk with any single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit rating and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13.

32. FAIR VALUES OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

32. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Group 2020 Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Equity securities at fair value through profit or loss					
– Equity shares (unquoted)	10	–	–	1,000	1,000
Financial assets as at 31 December 2020		–	–	1,000	1,000

	Note	Group 2019 Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Equity securities at fair value through profit or loss					
– Equity shares (unquoted)	10	–	–	1,000	1,000
Financial assets as at 31 December 2019		–	–	1,000	1,000
Non-financial assets:					
Investment property	4	–	–	72,800	72,800
Non-financial assets as at 31 December 2019		–	–	72,800	72,800

32. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2019 $	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment property:				
ERA APAC Centre at Toa Payoh Singapore	72,800,000	Income Capitalisation Method	Capitalisation Rate	Retail: 4.25% Office: 3.50%
		Direct Comparison Method	Direct Comparison	N.A.
		Cost Method	Land cost per sqm per plot ratio (psm/PR)	$18,837 psm/PR

For equity instruments (unquoted), a significant increase/decrease in the fair value of underlying assets of the investment would result in a significant higher/lower fair value measurement.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

There is no movement in Level 3 assets and liabilities measured at fair value in 2020.

The movement in Level 3 assets and liabilities measured at fair value in 2019 is as follows:

	Group 2019 Fair value measurements using significant unobservable inputs (Level 3)		
Description	Equity instruments (unquoted) $'000	Investment property ERA APAC Centre $'000	Total $'000
Total gains and losses for the period included in			
Profit or loss:			
Other expenses	9	–	9

32. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

(c) *Level 3 fair value measurements* (cont'd)

(iii) *Valuation policies and procedures*

The Chief Financial Officer ("CFO") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and amounts due from/to subsidiaries/associates based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

Loan and borrowing carries interest which approximates market interest rate. Accordingly, their notional amounts approximate their fair value.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The fixed deposits classified within non-current assets are pledged to secure bankers' guarantee and thus have no terms of maturity. Accordingly, management is of the view that the fair values of these deposits cannot be determined reliably as the timing of the future cash flows arising from the deposits cannot be estimated reliably.

33. SEGMENT INFORMATION

Analyses by segment

Management has identified the Group's operating segments as follows:

I. Real estate brokerage income – relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties and new residential projects for sale by various developers.

II. Rental income – relates to rental income generated from properties, workstations, lockers and furniture.

III. Others – relate to incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes and finance costs are managed on a group basis and are not allocated to operating segments. The Group did not disclose operating segment assets and liabilities as such measures are not monitored.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

33. SEGMENT INFORMATION (cont'd)

	Real estate brokerage income $'000	Rental income $'000	Others $'000	Eliminations $'000	Total $'000
2020					
Revenue:					
Real estate brokerage fees and related services	383,791	3,424	4,276	(2,062)	389,429
Other revenue	87	1	5,608	–	5,696
Total revenue	**383,878**	**3,425**	**9,884**	**(2,062)**	**395,125**
Segment results	19,027	1,296	36	–	20,359
Share of results of associates					(161)
Interest income					520
Finance costs					(1,069)
Profit before tax					**19,649**
Income tax expense					(3,307)
Profit for the year					**16,342**
Others:					
Bad debts recovered	67	–	–	–	67
Impairment losses on financial assets					
– trade	(2,315)	(49)	(20)	–	(2,384)
Depreciation and amortisation	(2,282)	(19)	(968)	–	(3,269)
2019					
Revenue:					
Real estate brokerage fees and related services	359,215	1,169	4,834	(106)	365,112
Other revenue	103	3	4,306	–	4,412
Total revenue	**359,318**	**1,172**	**9,140**	**(106)**	**369,524**
Segment results	16,568	243	1,638	–	18,449
Interest income					556
Finance costs					(1,783)
Profit before tax					**17,222**
Income tax expense					(3,345)
Profit for the year					**13,877**
Others:					
Bad debts recovered	27	–	–	–	27
Impairment losses on financial assets (provided)/written back					
– trade	(2,045)	–	60	–	(1,985)
– non-trade	–	–	(54)	–	(54)
Depreciation and amortisation	(2,379)	(7)	(732)	–	(3,118)

Geographical information

The Group operates mainly in Singapore with revenue predominantly generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loan and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company. The management will continue to review and monitor the gearing ratio to be in line with the Group's policy.

No changes were made to the objectives, policies or processes during the years ended 31 December 2020 and 2019.

	2020 $'000	2019 $'000
Loan and borrowing (Note 18)	51,717	54,617
Trade and other payables (Note 15)	101,789	81,211
	153,506	135,828
Less: Cash and bank balances (Note 14)	(35,119)	(32,024)
	118,387	103,804
Equity attributable to the owners of the Company	154,752	145,530
Capital and net debt	273,139	249,334
Gearing ratio	43%	42%

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 26 March 2021.

SHARE CAPITAL

Issued and Fully Paid-Up Capital	:	S$98,946,000
Class of Shares	:	Ordinary share
Number of issued and paid-up shares	:	355,197,700
Voting Rights	:	One vote per share

The Company does not hold any treasury shares or subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	4	0.16	163	0.00
100 – 1,000	214	8.81	175,447	0.05
1,001 – 10,000	1,271	52.33	6,690,352	1.88
10,001 – 1,000,000	930	38.29	48,476,827	13.65
1,000,001 and above	10	0.41	299,854,911	84.42
Total	**2,429**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS Nominees (Private) Limited	278,926,807	78.53
2	Phillip Securities Pte Ltd	6,865,700	1.93
3	Raffles Nominees (Pte.) Limited	3,130,800	0.88
4	HSBC (Singapore) Nominees Pte Ltd	2,536,900	0.71
5	Tan Tai Wei	2,103,000	0.59
6	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,441,104	0.41
7	Maybank Kim Eng Securities Pte. Ltd	1,348,900	0.38
8	Liew Yeow Weng	1,250,000	0.35
9	OCBC Nominees Singapore Private Limited	1,223,100	0.34
10	United Overseas Bank Nominees (Private) Limited	1,028,600	0.29
11	iFAST Financial Pte. Ltd.	955,800	0.27
12	Lam Kong Yin Patrick	808,600	0.23
13	Lim & Tan Securities Pte Ltd	706,300	0.20
14	Lum Chin Weng	681,800	0.19
15	Teo Kee Bock	680,000	0.19
16	Citibank Nominees Singapore Pte Ltd	637,706	0.18
17	Tan Kwang Hwee	609,800	0.17
18	OCBC Securities Private Limited	552,900	0.16
19	UOB Kay Hian Private Limited	547,500	0.15
20	Gary Lau Kok Hong	544,233	0.15
	Total	**306,579,550**	**86.30**

Statistics of Shareholdings

As at 12 March 2021

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Names of substantial shareholders	No. of Shares	%	No. of Shares	%[4]
Asia Pacific Realty Holdings Ltd	–	–	255,040,674[1]	71.80
PGA Realty Partners Ltd	–	–	255,040,674[2]	71.80
Tan Choon Hong	–	–	255,040,674[3]	71.80

[1] Asia Pacific Realty Holdings Ltd's deemed interest is held by DBS Nominees (Private) Limited.

[2] PGA Realty Partners Ltd is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.

[3] Tan Choon Hong is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.

[4] "%" is based on 355,197,700 issued shares as at 12 March 2021.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 28.18% of the issued share capital of the Company was held by the public as at 12 March 2021. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of APAC Realty Limited ("**APAC Realty**" or the "**Company**") will be convened and held by electronic means on Tuesday, 20 April 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report.

   (Resolution 1)

2. To declare a one-tier tax-exempt second and final dividend of 1.75 Singapore cents per share for the financial year ended 31 December 2020. (2019: 1.25 Singapore cents per share)

   (Resolution 2)

   [See Explanatory Note (i)]

3. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:

(a)	Mr Chua Khee Hak	(Retiring under Article 94)	**(Resolution 3)**
(b)	Mr Tan Bong Lin	(Retiring under Article 94)	**(Resolution 4)**
(c)	Ms Tan Poh Hong	(Retiring under Article 100)	**(Resolution 5)**

   [See Explanatory Note (ii)]

   Mr Chua Khee Hak will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company and will be considered non-independent.

   Mr Tan Bong Lin will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

   Ms Tan Poh Hong will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent.

4. To approve the payment of Directors' fees of S$224,500 for the financial year ended 31 December 2020 (2019: S$237,500).

   (Resolution 6)

5. To re-appoint Ernst & Young LLP as the Auditor of the Company for the ensuing year and to authorise the Directors of the Company to fix its remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modifications as Ordinary Resolutions:

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 8)

[See Explanatory Note (iii)]

8. **Renewal of the Share Buy-back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) (each an "**On-Market Share Buy-back**") transacted on the SGX-ST through the SGX-ST's trading system; and/or

(ii) off-market purchase(s) (each an "**Off-Market Equal Access Share Buy-back**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;

(ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; and

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Company in a general meeting; and

(c) in this Resolution:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares were recorded before the day of the On-Market Share Buy-back or, as the case may be, the day of the making of the offer pursuant to the Off-Market Equal Access Share Buy-back, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy-back;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the listing rules of the SGX-ST as amended, modified or supplemented from time to time));

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (in the case of both an On-Market Share Buy-back and an Off-Market Equal Access Share Buy-back) 105% of the Average Closing Market Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 9)

[See Explanatory Note (iv)]

By Order of the Board

Ngiam May Ling
Secretary

Singapore
29 March 2021

Explanatory Notes:

(i) For the financial year ended 31 December 2019, the Company paid an interim dividend of 0.75 Singapore cents per share and a second and final tax-exempt dividend of 1.25 Singapore cents per share. For the financial year ended 31 December 2020, the Company has paid an interim dividend of 0.75 Singapore cent per share and will be paying an additional second and final tax-exempt dividend of 1.75 Singapore cents per share, if approved by the members at this Annual General Meeting.

(ii) Resolutions 3 to 5 are for the re-election of Mr Chua Khee Hak, Mr Tan Bong Lin and Ms Tan Poh Hong, Directors of the Company who retire by rotation at the Annual General Meeting. For more information on the Directors, please refer to pages 12 to 18 in the Annual Report.

(iii) Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro rata basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(iv) Resolution 9, if passed, will empower the Directors of the Company effective until the earliest of: (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier; (ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; and (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Company in a general meeting, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 are set out in greater detail in the Letter to Shareholders attached.

Notes:

(1) Shareholders may access a copy of the Annual Report 2020 and the Letter to Shareholders at the Company's website at the URL https://www.apacrealty.com.sg/agm, or the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(2) The AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This notice of AGM will be published on the Company's website at the URL https://www.apacrealty.com.sg/agm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(3) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 29 March 2021. The announcement may be accessed at the Company's website at the URL https://www.apacrealty.com.sg/agm and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(4) **A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The proxy form will be published on the Company's website at the URL https://www.apacrealty.com.sg/agm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS operators to submit their votes by **10.00 a.m. on 9 April 2021**.

(5) The Chairman of the AGM, as proxy, need not be a member of the Company.

(6) The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's registered office at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394; or

(b) if submitted electronically, be submitted via email to ir@apacrealty.com.sg,

in either case, at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(7) A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to ir@apacrealty.com.sg notify the Company of the withdrawal, at least 72 hours before the time for holding the AGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

APAC REALTY LIMITED
(Company Registration No. 201319080C)
(Incorporated in the Republic of Singapore)

Proxy Form

IMPORTANT:

1. This Annual General Meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to shareholders of APAC Realty ("**Shareholders**"). Instead, the Notice of AGM and this Proxy Form will be sent to Shareholders by electronic means via publication on the SGXNet and APAC Realty's website at *https://www.apacrealty.com.sg/agm*.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and video webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Notice of AGM and the accompanying announcement dated 29 March 2021. This announcement may be accessed at the SGXNet and APAC Realty's website at *https://www.apacrealty.com.sg/agm*.
3. This Proxy Form is not valid for use by investors holding shares in APAC Realty ("**Shares**") through relevant intermediaries ("**Investors**") (including investors holding through Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, no later than 10.00 a.m. on 9 April 2021, to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by **10.00 a.m.** on **9 April 2021**, being 7 working days before the date of the AGM to submit his/her vote.
4. **Personal Data Privacy:** By submitting this Proxy Form, a Shareholder accepts and agrees to the personal data terms set out in the Notice of AGM dated 29 March 2021.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We (Name) ____________________ (NRIC/Passport/UEN No.) ____________________

of (Address) ____

being a shareholder/shareholders of APAC Realty Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy to attend, speak and vote (whether to vote in favour of, against, or to abstain from voting) on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on Tuesday, 20 April 2021 at 10.00 a.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	Number of Votes For[(1)]	Number of Votes Against[(1)]	Number of Votes Abstaining[(1)]
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Payment of one-tier tax-exempt second and final dividend of 1.75 Singapore cents per share for the financial year ended 31 December 2020			
3	Re-election of Mr Chua Khee Hak as a Director of the Company			
4	Re-election of Mr Tan Bong Lin as a Director of the Company			
5	Re-election of Ms Tan Poh Hong as a Director of the Company			
6	Approval of Directors' fees amounting to S$224,500 for the financial year ended 31 December 2020 (FY2019: S$237,500)			
7	Re-appointment of Ernst & Young LLP as the Auditor of the Company for the ensuing year and to authorise the Directors to fix its remuneration			
As Special Business				
8	Authority to issue shares			
9	Renewal of the Share Buy-back Mandate			

(1) *Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a Resolution, please tick in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy/proxies to abstain from voting on a Resolution, please tick in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy/proxies is/are directed to abstain from voting.*

Dated this __________ day of ____________________ 2021

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he or she should insert that number of shares. If the shareholder has shares registered in his or her name in the Register of Members (maintained by or on behalf of the Company), he or she should insert that number of shares. If the shareholder has shares entered against his or her name in the Depository Register and shares registered in his or her name in the Register of Members, he or she should insert the aggregate number of shares entered against his or her name in the Depository Register and registered in his or her name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the shares held by the shareholder.

2. A shareholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A shareholder (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a shareholder. Where a shareholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

3. A shareholder who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the shareholder, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The Proxy Form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, no later than 10.00 a.m. on 9 April 2021, to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 10.00 a.m. on 9 April 2021, being 7 working days before the date of the AGM to submit his/her vote.

5. The Proxy Form must be submitted in the following manner:

   (a) if submitted by post, to the Company at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394; or

   (b) if submitted electronically, be submitted via email to ir@apacrealty.com.sg,

   in either case, by **10.00 a.m.** on **17 April 2021**, being 72 hours before the time appointed for holding this AGM.

   A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

6. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

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