ANNUAL REPORT 2017

APAC REALTY

LEADING REAL ESTATE SERVICES PROVIDER

OPERATING A MARKET-LEADING REAL ESTATE BROKERAGE IN SINGAPORE

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. To equip ERA salespersons with innovative tools and training. Clients will have total confidence that they are dealing with ERA real estate professionals expressing the highest level of service and integrity.

2017 Awards and Accolades

Influential Brands
Top Brand preferred by consumers in the category of Property Agency

Far East Organisation
Top Agency for Residential Leasing and Business Space Leasing

MCC Land (Singapore)
Overall Best Performance Agency

Community Chest
10th SHARE Corporate Platinum Award

CONTENTS

CORPORATE PROFILE

APAC Realty Limited ("APAC Realty", the "Company" or together with its subsidiaries, the "Group") is one of the leading players in the real estate brokerage industry in Asia. APAC Realty operates three main business segments – the real estate brokerage services; franchise agreements; 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. ERA Realty is the largest ERA Member Broker globally and is one of Singapore's largest real estate agencies with 6,053 agents registered as at 22 March 2018.

APAC Realty holds the exclusive ERA regional master franchise rights over 17 countries in Asia Pacific, acquired from Realogy Group LLC. 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.

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.


Singapore Exchange
Welcomes the Listing of
APAC
REALTY
28 September 2017


ERA
more
2018 ASIA PACIFIC
BUSINESS CONFERENCE


Influential Brands.
2017 CEO ASIA CONFERENCE
TOP BRAND
2017
TOP CEO
2017
OUTSTANDING
BRANDS
The Future of
Business in Asia
Knowledge Partner:
Deloitte.
Official Car:


APAC
REALTY
ERA
REAL ESTATE


ERA
REAL ESTATE
REUNION. REIGNITE. REINVIGORATE.
2018 LEADERSHIP RETREAT

OUR BUSINESS

The Group has three main business segments

Real Estate Brokerage Services

Revenues from this segment are mainly derived from the provision of property brokerage services and we also derive 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

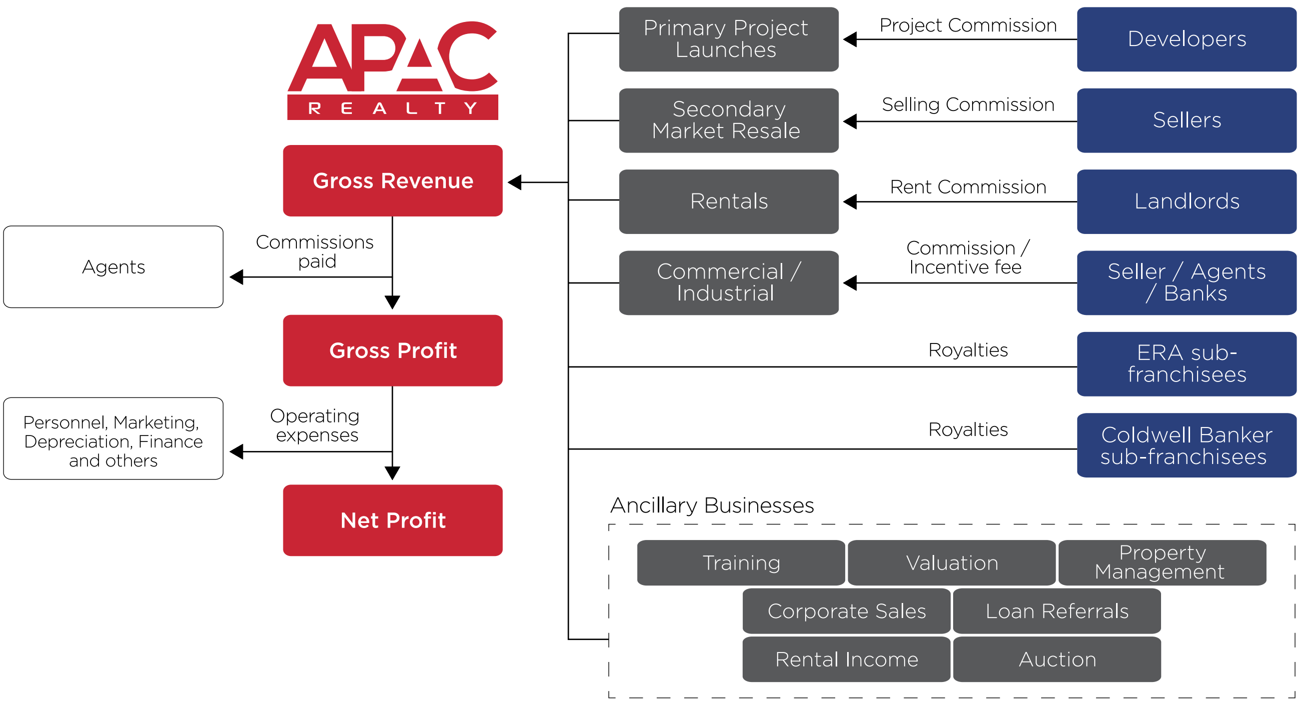
COLDWELL BANKER REAL ESTATE SINGAPORE

- Singapore

Training, valuation and other ancillary services

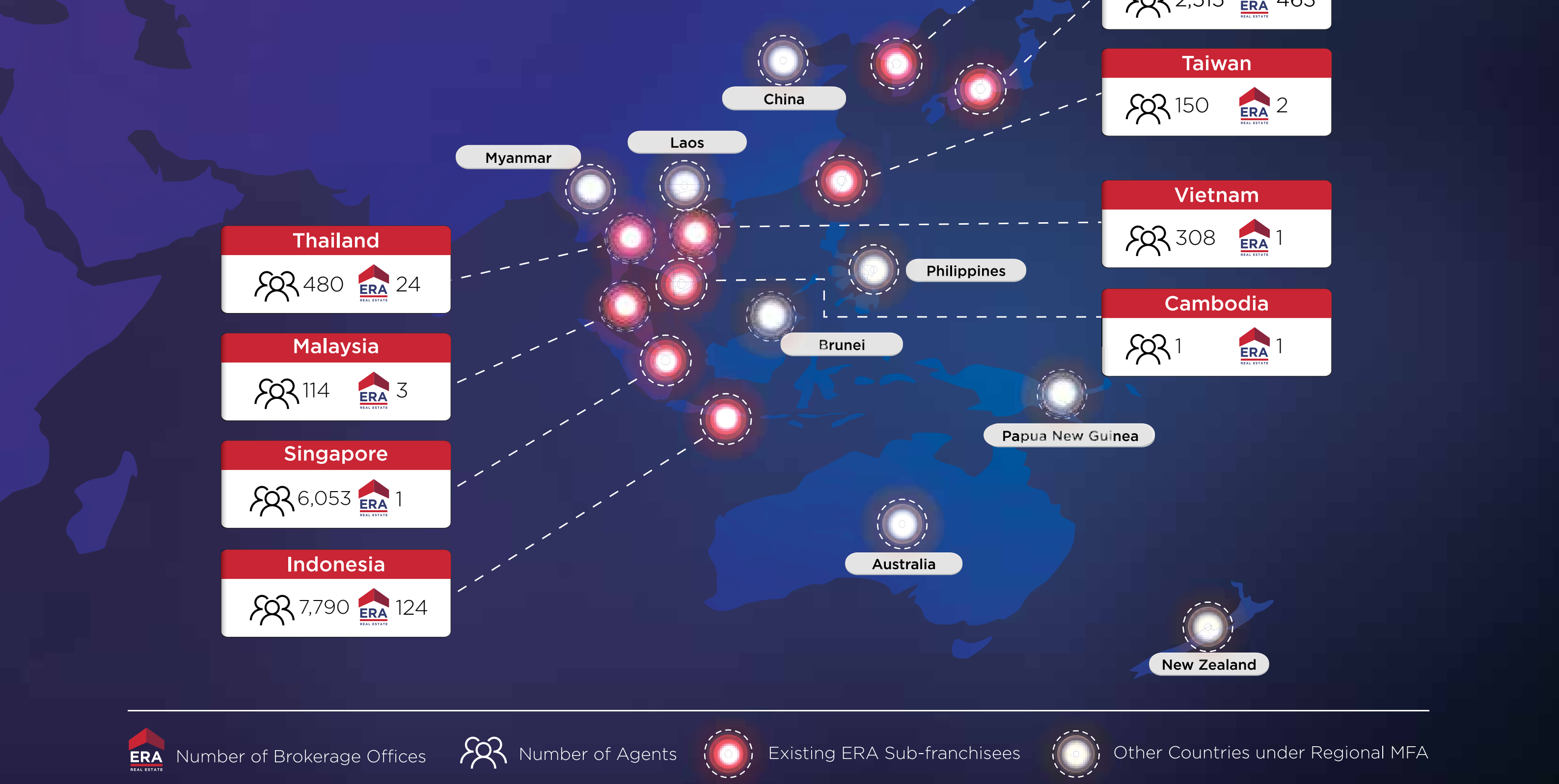
- **Training programmes and courses** for real estate agents in preparation for professional certification exams and as part of continuing professional development regulations
- **Valuation work** undertaken on behalf of clients such as financial institutions, government agencies and property owners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

Business Model



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

- Over the last 36 years, we have built our business by leveraging on the ERA System to establish our presence in Singapore and have, over time, adapted our business model to cater to 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

Strengthen and expand our presence in Singapore

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

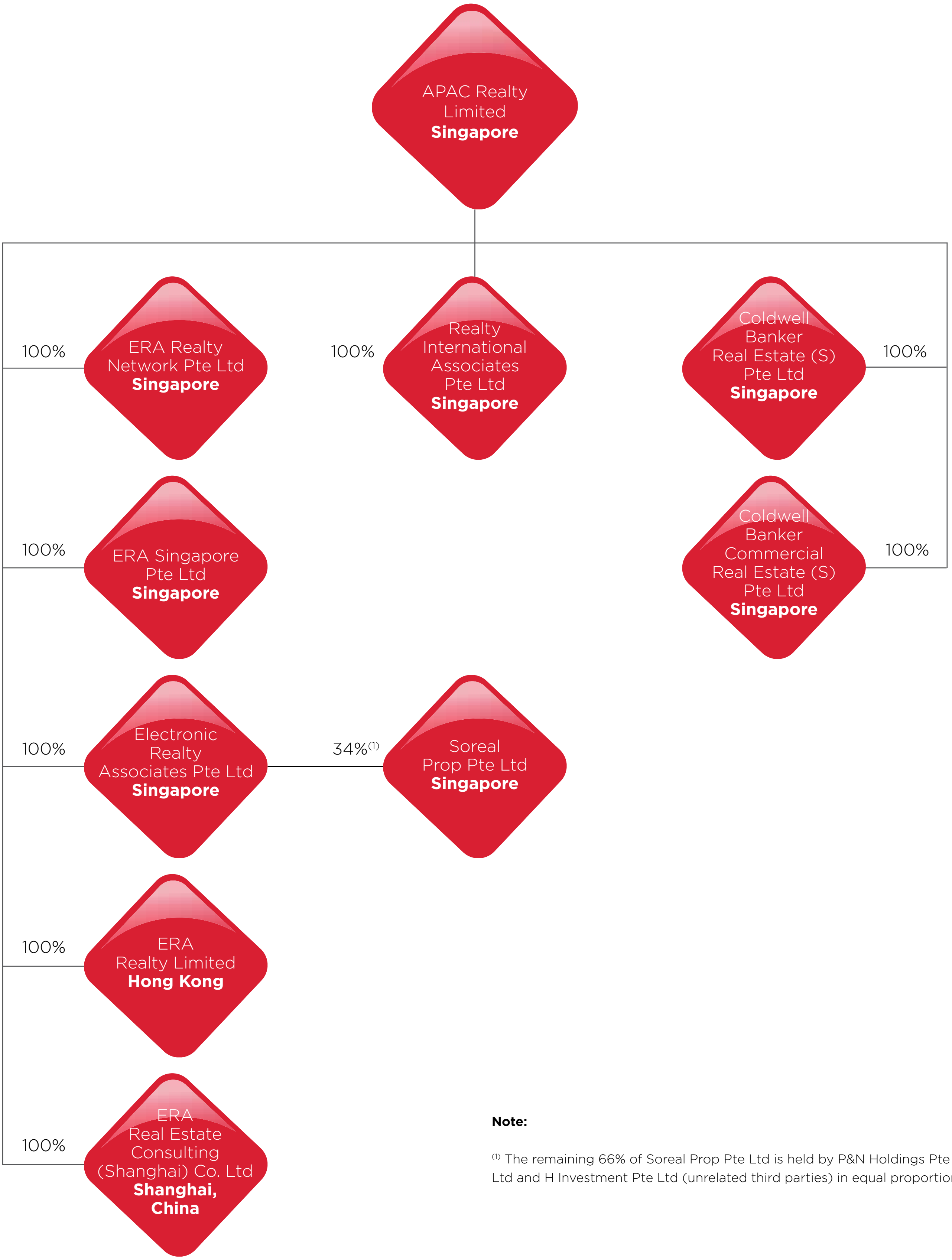
Expand our range of services and geographical presence in the Asia-Pacific region

- 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 to increase our business efficiency and offer better levels of service to our customers and agents, including through investments and/or partnerships with third parties.
- Currently, we offer various tools such as:
  - Mobile applications (i-ERA, ERA SG Projects)
  - A website (ERA.com.sg)
  - A customer relationship and management system (24/7 PropWatch)
  - An internal portal (MyERA) which we have developed 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)

CORPORATE STRUCTURE



Note:

[1] The remaining 66% of Soreal Prop Pte Ltd is held by P&N Holdings Pte Ltd and H Investment Pte Ltd (unrelated third parties) in equal proportions.

FINANCIAL HIGHLIGHTS

Key Highlights

36
Years of solid track record in Singapore

17,500
Agents in 620 offices across 9 countries[1]

6,053
Agents in Singapore[1]

37.9%
Market share by transaction value in 2017[2]

S$400.6m
Revenue generated in FY2017

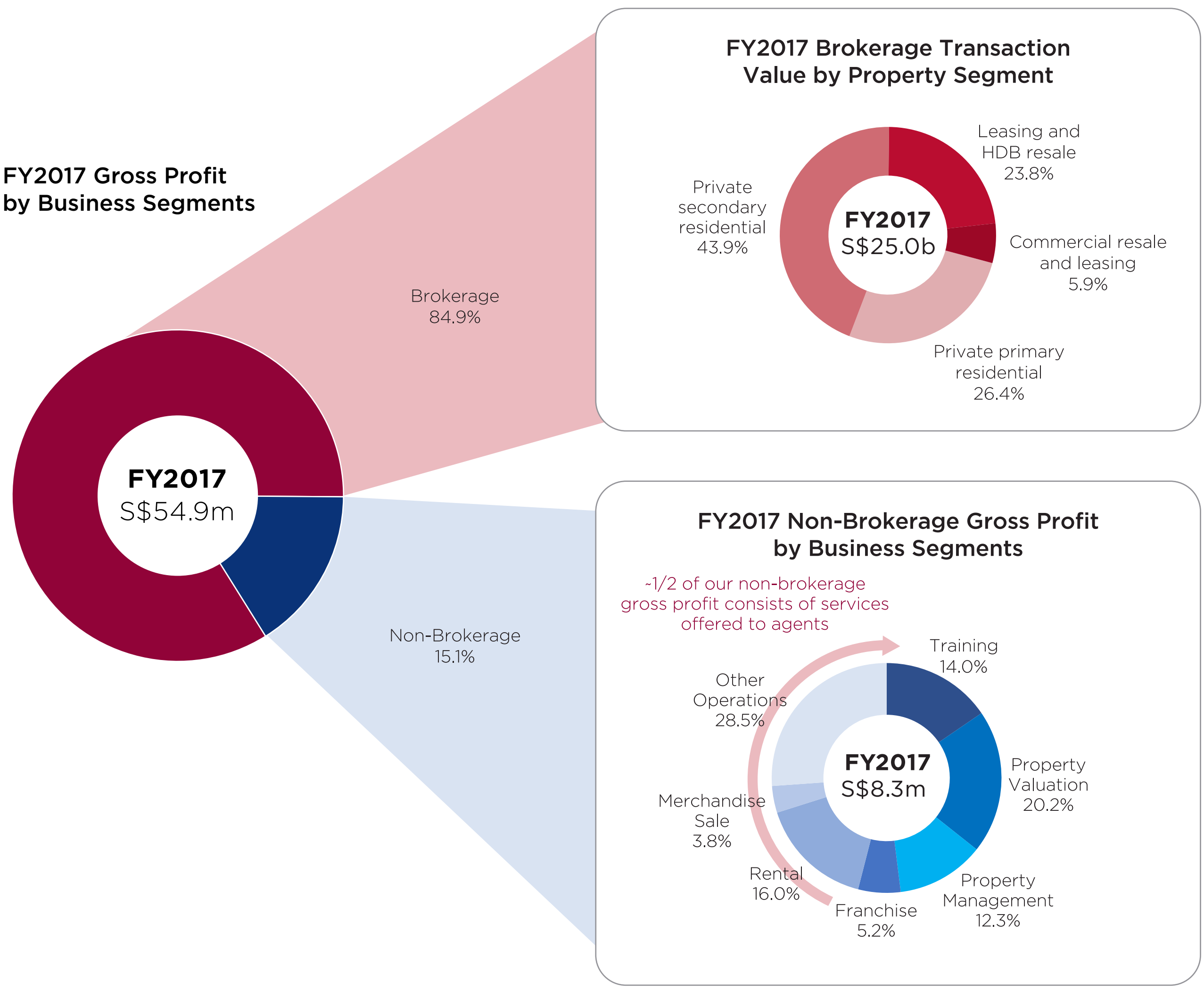
37.7%
Increase in gross profit from FY2016 to FY2017

63.1%
Increase in Net Profit from FY2016 to FY2017

Notes:

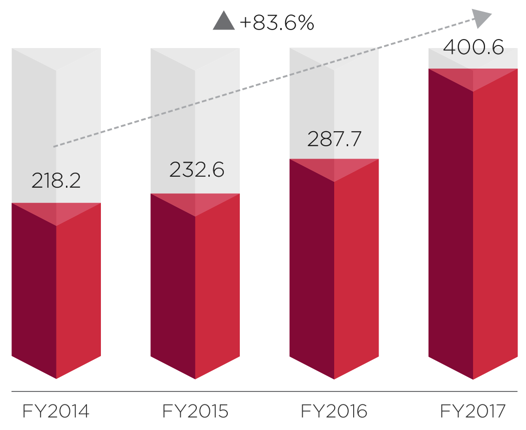
[1] As at 22 March 2018
[2] Based on URA and HDB market data released on 26 January 2018

Contribution by Our Business Segments

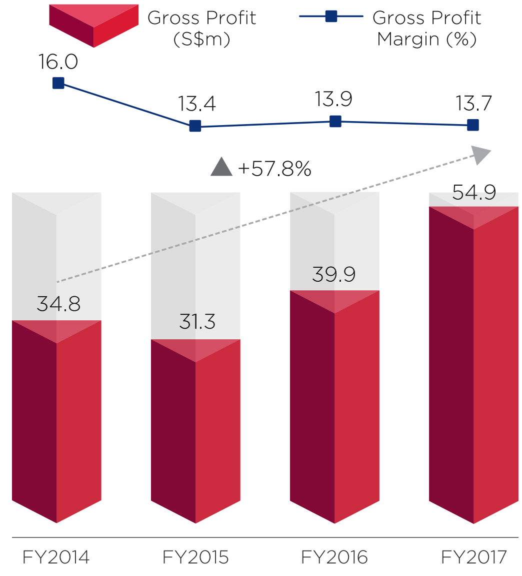


FINANCIAL HIGHLIGHTS

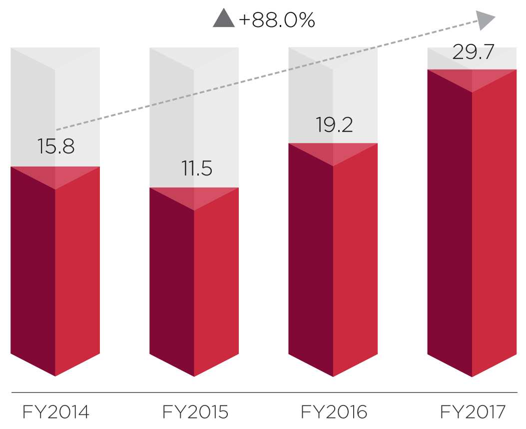
REVENUE (S$M)



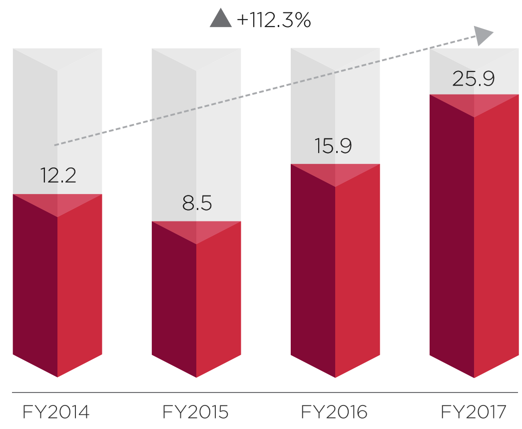
GROSS PROFIT (S$M) AND GROSS PROFIT MARGIN (%)



EBIT (S$M)



NET PROFIT AFTER TAX (S$M)



Group Simplified Financial Position

	2014 S$'000	2015 S$'000	2016 S$'000	2017 S$'000
Assets				
Plant and equipment	1,075	2,142	1,436	**1,223**
Intangible assets	103,185	102,253	101,320	**100,388**
Trade and other receivables	27,274	34,683	49,141	**71,725**
Cash and bank balances including fixed deposits	18,296	14,616	18,147	**62,371**
Other assets	347	956	294	**286**
Total	150,177	154,650	170,338	**235,993**
Total Equity				
Capital and reserves	79,498	62,996	78,877	**133,026**
Liabilities				
Borrowings				
Non-current	20,500	31,000	12,000	**-**
Current	500	6,000	6,000	**-**
Trade and other payables	39,045	44,438	62,610	**91,516**
Taxation				
Deferred	5,113	5,138	4,672	**4,489**
Current	4,163	3,382	4,451	**4,989**
Other liabilities	1,358	1,696	1,728	**1,973**
Total	150,177	154,650	170,338	**235,993**

JOINT STATEMENT BY CHAIRMAN AND CEO

DEAR SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present to you our first annual report for the financial year ended 31 December 2017 ("FY2017").

We were successfully listed on the SGX Mainboard on 28 September last year and as at the date of this annual report, our share price is trading at more than 70% higher than the IPO price of $0.66.

We wrapped up FY2017 on a high note with our net profit reaching $25.9 million or 63.1% higher than the $15.9 million for the financial year ended 31 December 2016 ("FY2016"). The marked improvement in net profit was achieved on the back of a 39.2% increase in revenue for FY2017 as compared to FY2016.

The increase in revenue is largely attributable to the increase in brokerage income from resale and rental of properties, and new home sales amounting to a total of approximately $112.1 million. The Group benefited from a recovery in the Singapore residential market where there has been a marked increase in the transaction volume for the private primary and secondary markets. The private residential price index also registered its first increase of 1.1% in FY2017, after 3 years of decline.

To date, ERA has already secured more than 20 projects to be launched in 2018, with more than 11,000 residential units available for sale. This is more than double the 4,800 units (from 9 projects) launched by ERA in 2017 and signifies greater growth potential for ERA and more sales opportunities for ERA salespersons in 2018.

REAL ESTATE BROKERAGE SERVICES

Our real estate brokerage services, operated by our wholly-owned subsidiary, ERA Realty Network Pte Ltd ("ERA Realty"), under the ERA brand, celebrated 35 years of excellence in Singapore last year. We provided value-added service to more than 445,000 customers and won Top Brand preferred by consumers in the category of Property Agency under Influential Brands. Earlier this year, we were also voted the number one "Favourite Real Estate Agent (Gold)" in the Expat Living Readers' Choice Awards 2018. These awards are testaments to our unwavering commitment to excellence.

We have firmly maintained ERA's sustainability through investment in training, technology, innovative tools and administrative support. As an industry leader, ERA embraces the changes under the Real Estate Industry Transformation Map (ITM) and is working alongside the relevant authorities and stakeholders to improve market efficiency.

Placing a strong emphasis on "intrapreneurship", we continuously create new ideas to enhance our mobile applications (i-ERA, ERA SG Projects), website (ERA.com.sg), customer relationship management system (24/7 PropWatch) and internal portal (MyERA), all of which were also developed to enable ERA salespersons to increase productivity. Our customers may also choose to submit reviews and ratings of our salespersons via ReviewPropertyAgent.sg, which helps to raise the service level of our salespersons and increase their value propositions.

Ratings and reviews from customers are published on the salespersons' profile pages in our newly revamped FindPropertyAgent.sg, which also includes the salespersons' contact information, completed transactions statistics, past achievements and completed training. This enables customers to find the right salespersons based on relevancy to their property search requirements with our smart algorithm.

We have also expanded our services from private and public residential property segments to include auctions, commercial and industrial property, and project marketing. ERA continues to enjoy top of mind awareness with leading property developers. This is attributable in large part to our robust results in 2017, which saw us selling out 44 projects, thereby driving profitable opportunities to our salespersons.

ERA reinforces shared values as a purposeful community by partnering with charity organisations extensively. Recently, we received our 10th SHARE Corporate Platinum Award at the Community Chest Awards 2017 and our salespersons donated generously in the Charity Lucky Draw for The Singapore Association for the Deaf. During the Chinese New Year this year, ERA salespersons and staff raised funds internally and gave out specially prepared festive packs, hong bao (red packets filled with a monetary gift) and furniture to low-income families, and ERA matched this initiative dollar-for-dollar.

FRANCHISE ARRANGEMENTS

ERA is the largest international real estate agency in the Asia-Pacific region with 17,500 salespersons across Singapore, Cambodia, Indonesia, Japan, Korea, Malaysia, Taiwan, Thailand and Vietnam, offering cross-border real estate and business opportunities to customers.

Some of the key highlights in FY2017 included expanding our network into Vietnam and Cambodia. In June 2017, APAC Realty entered into a franchise agreement with Eurocapital JSC (the property arm of The Eurocapital Group, a private investment group headquartered in Vietnam), granting Eurocapital JSC the exclusive rights to operate or grant membership for the operation of ERA member broker offices in Vietnam. Eurocapital JSC is Vietnam's leading professional real estate brokerage, consultancy and

JOINT STATEMENT BY CHAIRMAN AND CEO

investment advisory, and we believe that we can co-create growth in this market which has a gross domestic product that is growing steadily.

In February 2018, APAC Realty entered into an ERA Master Franchise Agreement with Smart Property Intelligence Co., Ltd ("Smart Property"), granting Smart Property exclusive rights to operate or grant memberships for the operation of ERA member broker offices in Cambodia.

We will continue to explore opportunities across Australia, China, Hong Kong, Laos, Macau, New Zealand, Papua New Guinea, and the Philippines.

PARTNERSHIP ARRANGEMENTS

On 14 March 2018, APAC Realty entered into a partnership agreement with MLN Overseas (Singapore) Private Limited ("MLN"), to provide buyers from China one-stop real estate services in Singapore, Thailand and Malaysia. Through this strategic partnership, APAC Realty will help clients of MLN to lease out or resell their overseas properties in these markets through ERA Realty and its affiliates in Asia Pacific in eight other countries. MLN is one of the leading overseas real estate companies from China, and the only establishment in the country to have branches in Southeast Asia.

TRAINING, VALUATION AND OTHER ANCILLARY SERVICES

Our wholly-owned subsidiary Realty International Associates Pte Ltd ("RIA") is constantly introducing relevant courses for aspiring and practising real estate agents in preparation for professional certification exams and as part of continuing professional development regulations. Furthermore, our dedicated valuers at RIA will continue to undertake more valuation work on behalf of clients such as financial institutions, government agencies and property owners and provide management services for real estate developments.

All in all, FY2017 was an encouraging start for us and we look forward to greater opportunities as Singapore's property market recovery is expected to be gradual in the coming months with more transactions across all segments of the real estate market, especially private residential sales and resales. We will, in tandem, continue to grow, serve with passion and contribute to our community.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

We are proud to share with you our sustainability and corporate social responsibility efforts. We believe that sustainability means operating our business that creates a positive difference to all our stakeholders and the environment. Our sustainability policies and practices reflect the interests and requirements of our stakeholders including training and monitoring of our salespersons to ensure strict compliance with CEA regulations, as well as anti-corruption, diversity, environmental and social compliance.

For a snapshot of our economic, social and environmental performance, please refer to the Sustainability Report section in this Annual Report.

EXPANSION PLANS

Going forward, we intend to strengthen and grow our presence in Singapore and the Asia-Pacific region, expand our range of services, and enhance our technological capabilities to remain as a leader in our industry and a stalwart of the ERA brand here in Singapore and across the region.

APPRECIATION

Our deepest appreciation to all ERA salespersons and staff whose commitment and dedication have enabled the Group to achieve commendable results in 2017. In addition, we would like to thank our shareholders, business partners and customers for their support. To reward our shareholders for their support, the Board has proposed a final dividend of 2 cents for FY2017, representing approximately 90% of the net profit for the fourth quarter of FY2017 and is above the 50% committed by the Board as disclosed in the IPO prospectus (post-listing 2017, and 2018).

We look forward to a promising 2018.

Stewart Yen Se-Hua
Non-Executive Chairman

Chua Khee Hak
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS

MR. STEWART YEN SE-HUA
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr. Stewart Yen Se-Hua was appointed to the Board on 4 September 2017. He is also the Executive Chairman and an Executive Director of SECOM (Singapore) Pte Ltd. Mr. Yen is also a Non-Executive Independent Director of Huationg Global Limited (which is listed on the Catalist Board of the SGX-ST), STT Communications (Shanghai) Co., Ltd and Verint Systems (Singapore) Pte Ltd. Mr. Yen was formerly a General Manager at Unicorn International Pte Ltd from 1988 to 1999, an Assistant General Manager at CDC-Construction & Development Pte Ltd from 1982 to 1988, and a Regional Sales Manager at Duce International Pte Ltd from 1980 to 1982. Mr. Yen holds a Bachelor of Engineering degree from McMaster University, Canada.

MR. CHUA KHEE HAK
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Chua was appointed to the Board on 4 September 2017. 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 2013. 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 DIRECTOR

Mr. Tan was re-appointed to the Board on 4 September 2017. 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 the Thai Credit Retail Bank Public Company Limited and Nera Telecommunications Ltd. Mr. Tan is a Chartered Financial Analyst and holds a Master of Engineering and Bachelor of Arts from Cambridge University.

MR. TOMMY TEO ZHI ZHUANG
NON-EXECUTIVE DIRECTOR

Mr. Teo was re-appointed to the Board on 4 September 2017. Mr. Teo is an Executive Director of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2013, Mr. Teo was an investment banker with Citi Global Investment Banking in Singapore from 2011 to 2012, with Perella Weinberg Partners in New York from 2009 to 2011 and with Bear, Stearns & Co. Inc. in New York from 2007 to 2008. Mr. Teo was also an analyst at hedge fund sponsor Capital Z Asset Management from 2008 to 2009. He currently serves on the board of commissioners at PT Multi Adiprakarsa Manunggal in Indonesia. Mr. Teo graduated with a Bachelor of Business Administration from the Stephen M. Ross School of Business at the University of Michigan.

MR. TAN BONG LIN
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Tan was appointed to the Board on 4 September 2017. Mr. Tan is the Lead Independent Director and Chairman of the Audit Committee of YTL Starhill Global REIT Management Limited. 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. HEE THENG FONG
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Hee was appointed to the Board on 4 September 2017. He is also an Independent Director of First Resources Limited, Straco Corporation Limited, YHI International Limited, Tye Soon Limited, China Jinjiang Environment Holding Company Limited and Datapulse Technology Limited (all of which are listed on the Mainboard of the SGX-ST) and a Consultant at Eversheds Harry Elias LLP. Mr. Hee was formerly a Senior Partner at RHTLaw Taylor Wessing LLP from 2011 to 2014, a Partner at KhattarWong LLP from 2008 to 2011, and a Partner at Hee Theng Fong & Co from 1988 to 2008. Mr. Hee holds a Bachelor of Laws from the University of Singapore and a Diploma in PRC Law from Suzhou University.

MANAGEMENT TEAM

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.

MARCUS CHU | CHIEF OPERATING OFFICER

Mr. Marcus Chu first joined the Group in 1996 before returning in 2013. His responsibilities include overseeing the daily operations of ERA, branding and corporate marketing, recruitment and training. He is also in charge of all the ERA Division Directors and salespersons. He has spearheaded numerous innovations for consumers and salespersons. Among these initiatives are FindPropertyAgent.sg, ERA 24/7 PropWatch, ERA Extra Mile Programme and Loyalty Growth Dividend Scheme. Prior to his management role, Marcus has extensive experience in real estate marketing, selling and team building. He was ERA's Top New Achiever in 1997 and was also inducted in the company's League of Honour in 1999 for his results as 2nd Top achiever in 1997, 1998 and 1st Overall Top Achiever for ERA International in 1999. With two decades of real estate experience under his belt, Marcus also undertook team-building at other agencies for five years and was instrumental in multiplying huge turnover and headcounts. With his wealth of agency team building experience, Marcus has helped establish ERA as the largest international real estate agency in Singapore with over 6,050 salespersons.

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. Eugene has over 27 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.

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 qualified Chartered Accountant of Singapore 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.

MANAGEMENT TEAM

LEONG YOKE LENG | EXECUTIVE VICE PRESIDENT, ADMINISTRATION AND CORPORATE SALES

Ms. Leong Yoke Leng joined the Group in 1999. She oversees both the administration team that takes care of the daily operations and facilities maintenance across all our offices as well as the corporate sales team that manages the career merchandise and eStore, allowing salespersons to represent the ERA brand with a professional image to customers. Prior to joining the Group, she has numerous years of sales and marketing experience organizing training, seminars and events. Ms Leong holds a Bachelor of Arts (Merit) from National University of Singapore.

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 20 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 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 33 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.

KENNY TAN | SENIOR VICE PRESIDENT, DIGITAL MARKETING AND TRAINING

Mr. Kenny Tan joined the Group in 2013. He currently oversees the digital marketing and training departments. Kenny is also ERA's Chief Trainer which plays a critical role in ensuring that ERA Salespersons continue to excel in the ever-changing real estate market. Prior to this, Kenny joined ERA as a salesperson in 2004 and swiftly emerged as one of the top leaders. He held the title of Group Division Director before he joined ERA Management. Kenny holds a Diploma in Engineering from Ngee Ann Polytechnic and is currently pursuing a Master in Business Administration from Murdoch University.

GLEN HIN | SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT

Mr. Glen Hin joined the Group in 1993 after graduating from Heriot Watt University with a Bachelor of Science (Hons) in Building Surveying. Glen heads the Commercial department and is responsible for the growth and development of our business reach and leads partnerships with other organisations such as JTC and Far East Organisation. His portfolio includes investment opportunities for hotels and commercial buildings. Glen has over 25 years of real estate experience and is one of the trainers for the real estate salesperson course conducted by RIA School of Real Estate. Glen is also active in community service as a grassroot leader for Jalan Kayu (Ang Mo Kio constituency) and organizing charity work with The Singapore Association for the Deaf through fundraising events.

MANAGEMENT TEAM

JACKSON ONG | SENIOR VICE PRESIDENT, PROPERTY MANAGEMENT

Mr. Jackson Ong joined the Group in 1995. He has more than 20 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.

DAVID SEAH | SENIOR VICE PRESIDENT, INFORMATION TECHNOLOGY

Mr. David Seah joined the Group in 2009 and has accumulated more than 15 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.

HELEN HO | SENIOR VICE PRESIDENT, FINANCE

Ms. Helen Ho joined the Group in 2000. With more than 30 years of accounting and finance experience, she assists the CFO in the supervision of the accounting staff and helps ensure smooth daily operations within the finance department. Prior to joining the Group, she worked as a dealer's representative (stocks and shares) with OCBC Securities for 10 years. From 1982 to 1990, she worked as a management accountant at Pan Malayan Holdings Ltd, a property development company which was listed on the Singapore Exchange then. Prior to 1982, she worked as an audit senior at KPMG where she gained experience and exposure in the manufacturing, finance and commercial sectors during her 5 years' stay with the audit firm.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

The Singapore residential property market is expected to remain active as the underlying demand for residential properties is likely to remain strong and current mortgage interest rates remain attractive. However, this may be affected by any adverse global economic conditions and changes in mortgage interest rates.

The total number of unsold private residential units have been declining for the past 2 years and reached 19,755 (including ECs) as at 31 December 2017. However, the vacancy rate of completed private residential units remains high at 7.8% as at 31 December 2017.

As en-bloc sales have been active over the past one to two years, the redevelopment of these en-bloc sites will add a significant number of housing units to the existing supply pipeline. As at 31 December 2017, the potential units from redevelopments of en-bloc sales (12,100) and available parcels on Government land sales (7,800) could add up to 19,900. According to URA, a large part of this new supply could be made available for sale later this year or next year and will be completed from 2021 onwards.

ERA has launched 158 projects and sold more than 36,000 developer units since 2007. In 2017, ERA was involved in 9 project launches with a combined total of approximately 4,800 residential units. Going forward for 2018, ERA has already secured more than 20 projects with more than 11,000 residential units, more than doubled the number in 2017.

NEW PROJECTS FOR 1H 2018

New Futura
D9, Leonie Hill Road
124 Units
Developer: City Sunshine Holdings Pte Ltd (A wholly owned subsidiary of City Developments Limited)

The Tapestry
D18, Tampines Street 86
861 Units
Developer: Bellevue Properties Pte Ltd (A wholly owned subsidiary of City Developments Limited)

Twin VEW
D5, West Coast Vale
520 Units
Developer: CSC Land Group (Singapore) Pte Ltd

Rivercove Residences
D19, Anchorvale Lane
628 Units
Developer: Hoi Hup Sunway Sengkang Pte Ltd (A joint venture between Hoi Hup Realty Pte Ltd and Sunway Developments Pte Ltd)

The Verandah Residences
D5, Pasir Panjang Road
170 Units
Developer: Oxley Amber Pte Ltd (A wholly owned subsidiary of Oxley Holdings Ltd)

Park Place Residences at PLQ Phase 2
D14, Paya Lebar Road
429 Units
Developer: Milano Central Pte Ltd, Roma Central Pte Ltd, Verona Central Pte Ltd
Developed by : Lendlease

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. Our other revenue includes merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees, rental income and others.

	FY 2017 $'000	FY 2016 $'000	Change (%)
Total revenue	400,638	287,749	39.2
Cost of services	345,769	247,894	39.5
Gross Profit	54,869	39,855	37.7
Gross Profit Margin	13.7%	13.9%	

REVENUE

Revenue increased by approximately $112.9 million or 39.2%, from $287.7 million in FY2016 to $400.6 million in FY2017. This was mainly due to the increase in brokerage income from resale and rental of properties of $53.9 million or 25.2%, from $213.7 million in FY2016 to $267.6 million in FY2017 and the increase in brokerage income from new home sales of $58.2 million or 89.0%, from $65.4 million in FY2016 to $123.6 million in FY2017.

The increase in revenue was mainly attributable to the following factors:

i. brokerage income from the resale and rental of properties increased due to higher resale market transactions (FY2017: 36,521; FY2016: 29,219) and higher rental market transactions (FY2017: 123,607; FY2016: 118,490) in Singapore; and

ii. brokerage income from new home sales increased due to higher sales of private residential properties and executive condominiums in Singapore (FY2017: 14,577; FY2016: 11,971).

Other revenue increased by approximately $0.3 million or 9.1%, from $3.4 million in FY2016 to $3.7 million in FY2017 mainly due to higher business conference income and higher bank referral fees.

COST OF SERVICES

Our cost of services increased by approximately $97.9 million or 39.5%, from $247.9 million in FY2016 to $345.8 million in FY2017, as a result of the increase in our revenue.

GROSS PROFIT

Gross profit increased by approximately $15.0 million or 37.7%, from $39.9 million in FY2016 to $54.9 million in FY2017. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

OPERATING EXPENSES

Personnel cost increased by approximately $3.0 million or 27.3%, from $10.8 million in FY2016 to $13.8 million in FY2017 due to an increase in payroll and staff-related expenses. A special one month bonus was declared in September 2017 for all staff (except senior management) amounting to $0.4 million. Our average headcount increased from 135 in FY2016 to 139 in FY2017.

Marketing and promotion expenses decreased by approximately $0.2 million or 12.2%, from $1.3 million in FY2016 to $1.1 million in FY2017 due to less marketing activities in FY2017.

Depreciation of plant and equipment decreased by $0.2 million or 26.0%, from $0.7 million in FY2016 to $0.5 million in FY2017.

OPERATING AND FINANCIAL REVIEW

Amortisation of intangible assets was approximately $0.9 million in both FY2016 and FY2017.

Allowance for doubtful debts increased by approximately $1.5 million or 140.1%, from $1.1 million in FY2016 to $2.6 million in FY2017. The increase was mainly due to higher allowance for doubtful debts in 2017. In 2017, the provision for doubtful debts is based on the age of trade receivables, as follows: (a) 25% (2016: Nil) of the trade receivables outstanding for more than three months but less than six months, (b) 50% (2016: 25%) of the trade receivables outstanding for more than six months but less than nine months and (c) full provision for trade receivables outstanding for more than nine months (2016: 50% for more than nine months but less than 12 months and full provision for trade receivables outstanding for more than 12 months).

Finance costs in FY2016 and FY2017 comprised interest expense from bank borrowings. Finance costs decreased by approximately $0.8 million or 76.3%, from $1.1 million in FY2016 to $0.3 million in FY2017 due to the full repayment of the bank loan on 29 September 2017.

IPO expenses of approximately $1.2 million were expensed off in FY2017.

Other operating expenses decreased by approximately $0.8 million or 13.9%, from $5.9 million in FY2016 to $5.1 million in FY2017. The decrease was mainly due to lower rental expenses and lower loan refinancing fee incurred in FY2017.

Overall, total operating expenses increased by approximately $3.6 million or 16.8%, from $21.8 million in FY2016 to $25.4 million in FY2017.

PROFIT BEFORE TAX

As a result of the foregoing, profit before tax increased by approximately $11.3 million or 62.7%, from $18.1 million in FY2016 to $29.4 million in FY2017.

TAX EXPENSE

Tax expense increased by approximately $1.3 million or 60.0%, from $2.2 million in FY2016 to $3.5 million in FY2017. The increase is mainly due to the increase in our taxable income.

PROFIT FOR THE YEAR

As a result of the foregoing, profit for the year increased by approximately $10.0 million or 63.1%, from $15.9 million in FY2016 to $25.9 million in FY2017.

FINANCIAL POSITION REVIEW

NON-CURRENT ASSETS

The Group's total non-current assets amounted to approximately $103.2 million and $102.0 million as at 31 December 2016 and 31 December 2017 respectively. The decrease of approximately $1.2 million or 1.1% was mainly due to amortisation of intangible assets of $0.9 million.

CURRENT ASSETS

Trade receivables amounted to approximately $47.8 million and $70.1 million as at 31 December 2016 and 31 December 2017 respectively. The increase of approximately $22.2 million or 46.5% was mainly due to higher billings in 4Q2017 as compared to 4Q2016. This was in line with the increase in revenue of $49.9 million or 62.5% for 4Q2017 as compared to 4Q2016.

Cash and bank balances increased by approximately $44.2 million or 249.2%, from $17.7 million as at 31 December 2016 to $62.0 million as at 31 December 2017.

As a result of the foregoing, total current assets increased by approximately $66.8 million or 99.4%, from $67.2 million as at 31 December 2016 to $133.9 million as at 31 December 2017.

NON-CURRENT LIABILITIES

The Group's total non-current liabilities decreased by approximately $12.2 million or 73.1%, from $16.7 million as at 31 December 2016 to $4.5 million as at 31 December 2017 mainly due to the full repayment of bank loan on 29 September 2017.

CURRENT LIABILITIES

Trade payables and accruals amounted to approximately $55.6 million and $82.0 million as at 31 December 2016 and 31 December 2017 respectively. The increase of approximately $26.4 million or 47.4% was in line with the increase in trade receivables at the corresponding dates.

Other payables comprised mainly goods and services tax payable, deposits and sundry payables which amounted to approximately $7.0 million and $9.5 million as at 31 December 2016 and 31 December 2017 respectively. The increase of approximately $2.5 million or 36.4% was mainly due to higher billings in 4Q2017 as compared to 4Q2016 which resulted in a higher goods and services tax payable as at 31 December 2017.

Current portion of bank loan amounted to $6.0 million as at 31 December 2016 (31 December 2017: Nil). The bank loan was fully repaid on 29 September 2017.

Provision for taxation amounted to approximately $4.5 million and $5.0 million as at 31 December 2016 and 31 December 2017 respectively. The increase of approximately $0.5 million or 11.7% was mainly due to the provision of income tax of $3.5 million for FY2017 offset by income taxes of $3.2 million paid in FY2017.

As a result of the foregoing, total current liabilites increased by approximately $23.7 million or 31.6%, from $74.8 million as at 31 December 2016 to $98.5 million as at 31 December 2017.

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The equity attributable to the owners of the Company increased by approximately $54.1 million or 68.6%, from $78.9 million as at 31 December 2016 to $133.0 million as at 31 December 2017. The increase was attributable to the issue of the IPO shares of $28.2 million in 3Q2017 and the profit for FY2017 of $25.9 million.

CASH FLOW REVIEW

Net cash generated from operating activities was approximately $22.7 million in FY2016 as compared to approximately $34.6 million in FY2017. The increase of $11.9 million was mainly due to higher profit before tax of $11.3 million and a net increase in working capital of $0.8 million for FY2017 as compared to FY2016.

Net cash used in investing activities was approximately $0.1 million in FY2016 as compared to approximately $0.7 million in FY2017. The increase was mainly due to higher purchase of equipment of $0.3 million in FY2017 and an advance extended to joint venture of $0.2 million.

In FY2016, net cash used in financing activities was $19.0 million for repayment of bank loan. Net cash generated from financing acitivites was approximately $10.2 million in FY2017 due to proceeds received from IPO of $28.2 million offset by net repayment of bank loans of $18.0 million.

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately $44.2 million in FY2017 as compared to an increase of approximately $3.5 million in FY2016.

Cash and cash equivalents as at 31 December 2017 stood at $62.0 million.

SUSTAINABILITY REPORT




ABOUT THIS REPORT

APAC Realty Limited (hereafter referred to as "APAC Realty", and collectively with its subsidiaries, "the Group") presents its first annual Sustainability Report (the "Report") which covers our Group's performance from 1 January 2017 to 31 December 2017 (the "reporting period").

The Report provides information about APAC Realty's key sustainability topics, its management approach as well as its performance across the Group's operations. The Group has chosen the Global Reporting Initiative ("GRI") Standards as it is the most established international sustainability reporting standard. This 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 their impacts on our internal and external stakeholders, as outlined in the Key Stakeholder's Engagement section. Detailed section reference with GRI standards is found at GRI Index Page. The Sustainability Team has assessed that external assurance is not required as the Group wishes to strengthen the sustainability reporting framework for 2018.

GOVERNANCE AND STATEMENT OF THE BOARD

APAC Realty has strong commitment towards shaping a sustainable society. We have established a Sustainability Team which comprises employees from the Finance, Human Resources, Compliance, Corporate Communications and Property Management departments. The team is responsible for implementing and formalising sustainability policies and procedures, management processes and standards in respect of sustainability development. It also supports and provides adequate resources to functional units to perform the established sustainability processes and practices. The team also assists the Board in determining material economic, environment and social aspects of the Group and setting quantitative and qualitative targets for the coming year. For the reporting period, the Board had considered sustainability issues as part of its strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

SUSTAINABILITY TARGETS

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

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

KEY STAKEHOLDERS ENGAGEMENT

We engage with all of our stakeholders through a variety of channels to update them about the Group's business and operational developments and gather their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as external organisations that have expertise in topics that we consider material. The feedback we receive from our stakeholders helps us to determine our material topics and identify our 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	• Annual performance appraisal • Ongoing communication	Our People
Clients	• Corporate social responsibility • Environmental compliance	• Annual reports	Economic Topics Environmental Topics
Communities	• Social development	• Community service engagement	Giving Back to Our Community
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 reporting • Ongoing dialogues • Trainings for ERA salespersons	Environmental Topics, Our People
Shareholders and investors	• Economic performance • Anti-corruption	• Annual reports • Investor relations	Economic Topics Ethics and Integrity

MATERIAL TOPICS AND BOUNDARIES

The Group has applied the GRI Principles for Defining Report Content to identify material topics which are relevant to the business and to its stakeholders. We had conducted a materiality assessment session based on the guidelines of GRI Standards. The following table summarises topics which were determined to be the most significant to the Group:

Material Topics	Boundaries (where the impacts occur)
ECONOMIC	
GRI 201: Economic Performance	The Group
GRI 205: Anti-corruption	The Group
ENVIRONMENTAL	
GRI 302: Energy	The Group
GRI 305: Emissions	The Group
SOCIAL	
GRI 401: Employment	The Group
GRI 404: Training and Education	ERA
GRI 405: Diversity and Equal Opportunity	The Group
GRI 406: Non-discrimination	The Group
GRI 413: Local Communities	The Group
GRI 417: Marketing and Labelling	ERA
GRI 418: Customer Privacy	The Group
GRI 419: Socioeconomic Compliance	The Group

SUSTAINABILITY REPORT

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 whistle 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 FY2017.

Our ERA salespersons have access to CEA's Practice Circular (PC03-17 and PC 04-15) on 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 e-mail to all our ERA salespersons. Training materials and resources on AML/CFT are also available to all ERA salespersons via our internal portal (MyERA). We have also designated an e-mail address for internal enquiries and clarifications on matters concerning AML/CFT maintained by the KEO and the team of designated compliance officers. We have subscribed to SentroWeb-DJ for our front office administration support team to conduct due diligence on our clients on behalf of ERA salespersons.

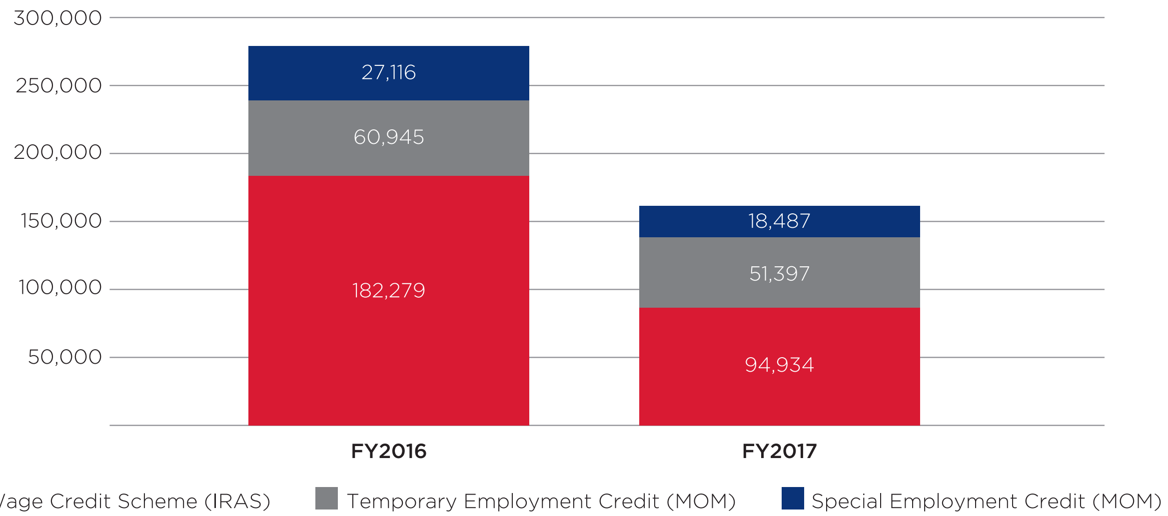
There have been no major incidents of corruption or public legal cases brought against the Group, our ERA salespersons or our employees. We will continue to be vigilant in ensuring our employees conduct themselves with the highest integrity.

ECONOMIC TOPICS

Financial Assistance Received from Government (GRI 201-4)

The Group had received various financial assistance from the government under different schemes in FY2016 and FY2017.

Financial Assistance Received from Government (FY2016 and FY2017)



The Wage Credit Scheme and Temporary Employment Credit will cease in 2018 but the Special Employment Credit has been extended to 2019. In FY2017, the Group had also received tax deductions/allowance amounting to SGD 1,610,919 (FY2016: 2,317,005) under the Productivity and Innovation Credit Scheme.

ENVIRONMENTAL TOPICS

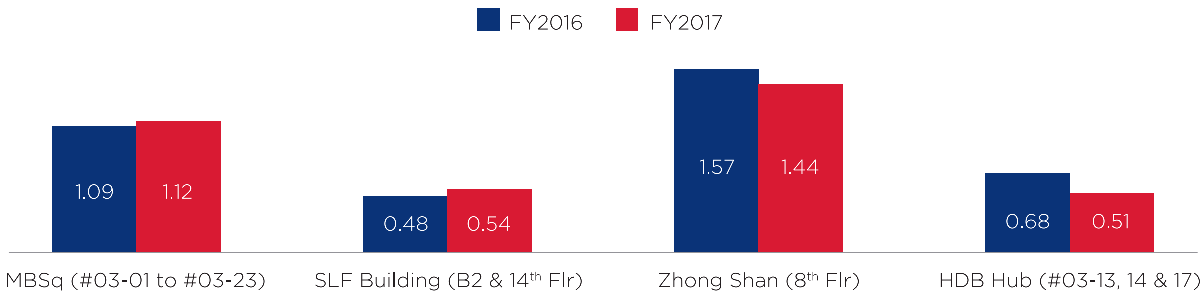
Energy Consumption and Greenhouse Gas Emissions (GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5)

The Group uses substantial energy in its offices to support its operational activities. The energy is solely derived from electricity purchased for consumption. Hence, the efficient use of energy derived from electricity purchased for consumption is critical to the management of our greenhouse gas emissions.

	FY2016		FY2017	
Location	Average Monthly Energy Consumption (kWh)	Area (Sqft)	Average Monthly Energy Consumption (kWh)	Area (Sqft)
Mountbatten Square (#03-01 to #03-23)	38,000	35,000	39,300	35,000
SLF Building (B2 & 14th floor)	5,600*	11,600	6,300*	11,600
Zhong Shan (8th floor)	21,145	13,500	7,760	5,400
HDB Hub (#03-13, 14 & 17)	1,500*	2,200	1,930*	3,800

*Air-conditioning provided by landlord

Average Monthly Energy Intensity Ratio by Size (kWh/Sqft)

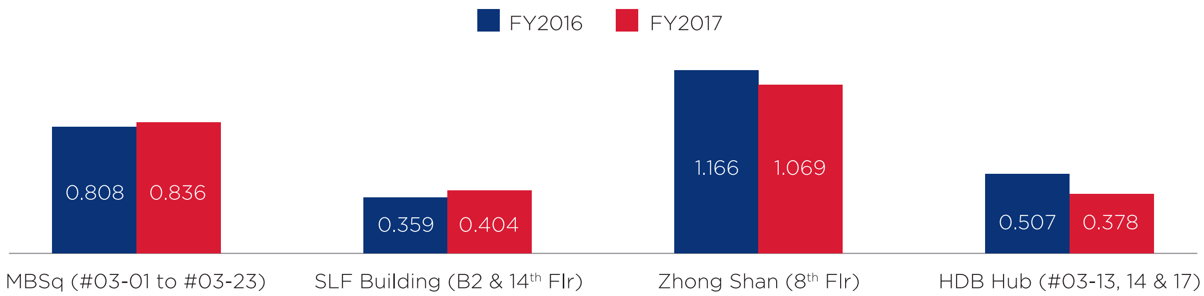


The following table shows the greenhouse gas (GHG) emissions of APAC Realty for FY2016 and FY2017.

	FY2016		FY2017	
Location	Average Monthly CO2 Emission (kg)	Area (Sqft)	Average Monthly CO2 Emission (kg)	Area (Sqft)
Mountbatten Square (#03-01 to #03-23)	28,280	35,000	29,248	35,000
SLF Building (B2 & 14th floor)	4,168*	11,600	4,689*	11,600
Zhong Shan (8th floor)	15,736	13,500	5,775	5,400
HDB Hub (#03-13, 14 & 17)	1,116*	2,200	1,436*	3,800

*Air-conditioning provided by landlord

Average Monthly GHG Emission Intensity Ratio (Kg/Sqft)



SUSTAINABILITY REPORT

We adopt continuous energy-saving initiatives by ensuring environmental friendly and sustainable materials are used for our office setup and using 100% energy efficient lighting (LED) in our offices. We set our air-conditioning at a comfort level of 24 degrees Celsius and configure automatic timers to cut off power supply to air-conditioners after office hours. We conduct monthly monitoring and analysis of our energy consumption patterns to ensure that our energy intensity ratio is below the targets set as follows:

	Targeted Average Monthly Energy Intensity	
	For office area 10,000 Sqft and below	For office area above 10,000 Sqft
Air-conditioning provided by Landlord	0.5kWh/Sqft	
Air-conditioning not provided by Landlord	1.4kWh/Sqft	1.1kWh/Sqft

OUR PEOPLE

The Group recognises that our people are one of our greatest assets which are key to the long-term viability of our business. We embrace gender diversity and our workforce comprises employees from both genders and different age groups.

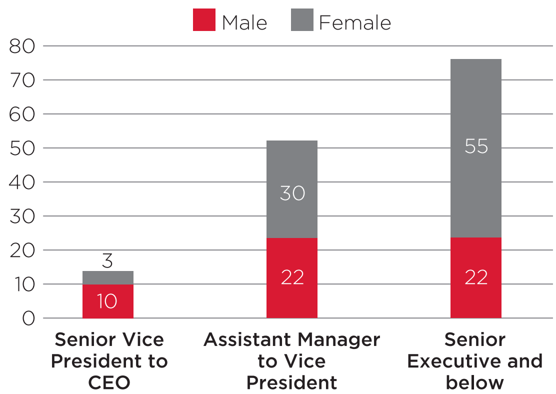
Diversity in Our Workforce (GRI 401-1, 405-1, 405-2, 406-1)

Detailed Breakdown of Employees (By Gender)

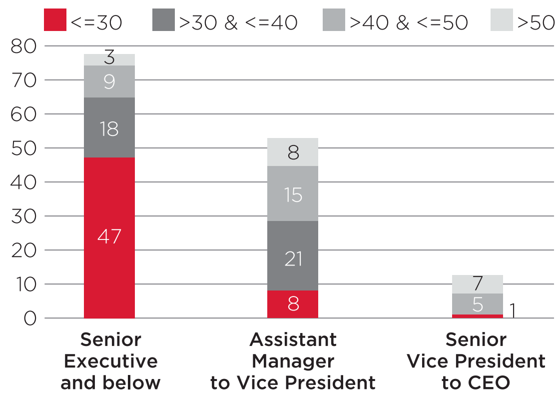
Detailed Breakdown of Employees (By Age Group) as at end of Dec 2017

The Group offers employees an environment of equity and inclusiveness. We do not discriminate our employees based on any aspects, including gender, race, religion or age. In FY2017, our new hires from both genders had increased from FY2016 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.

Breakdown of Employees by Position (as at end Dec 2017)



Breakdown of Positions by Age Group (as at end Dec 2017)

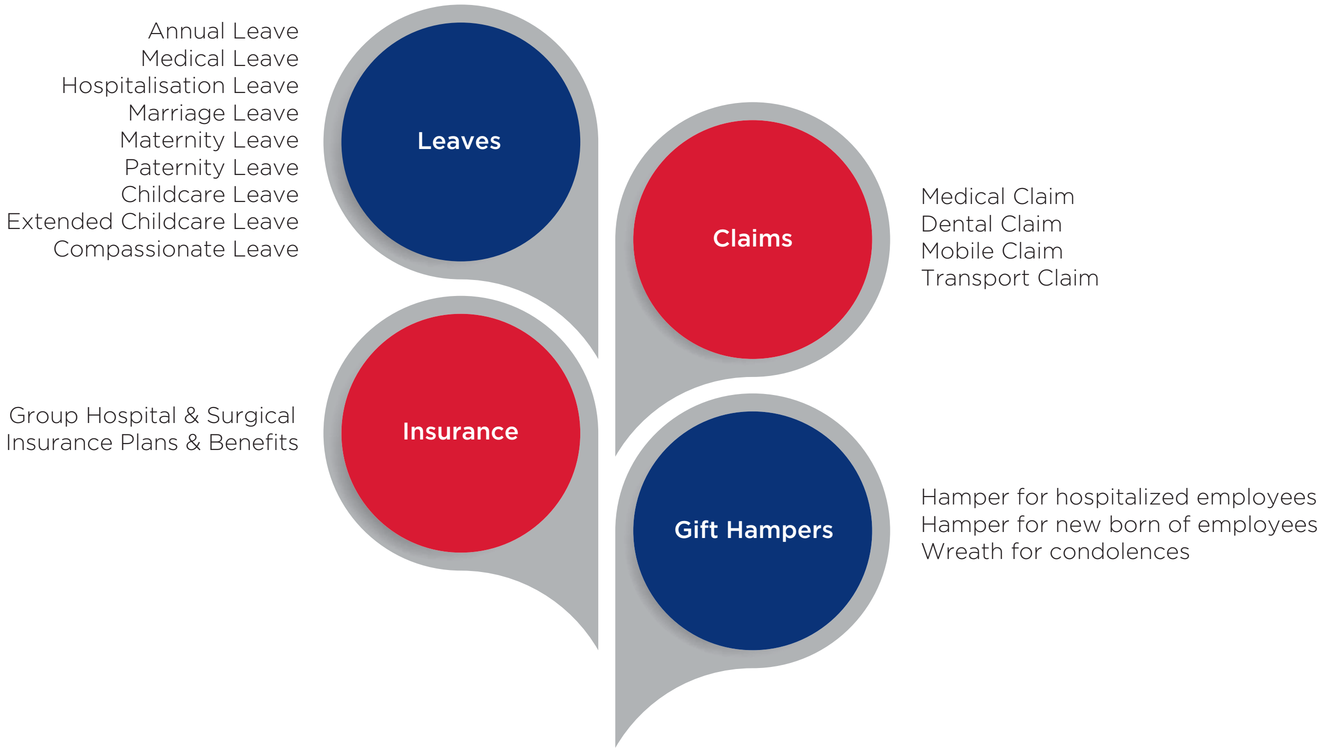


The employees of the Group are treated with respect and are entitled to a range of benefits. There were no reported cases of discrimination in FY2017.

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

Benefits and Employee Retention (GRI 401-1, 401-2, 401-3)

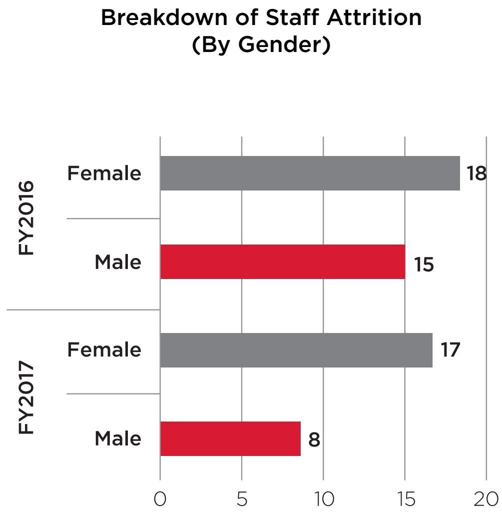
The Group recognises that commitment by its employees to the Group and their work is vital in supporting the Group's operations and growth. Hence, we focus on building an environment of welfare and provide employees with a range of benefits including leaves, claims, insurance and gifts. We believe that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

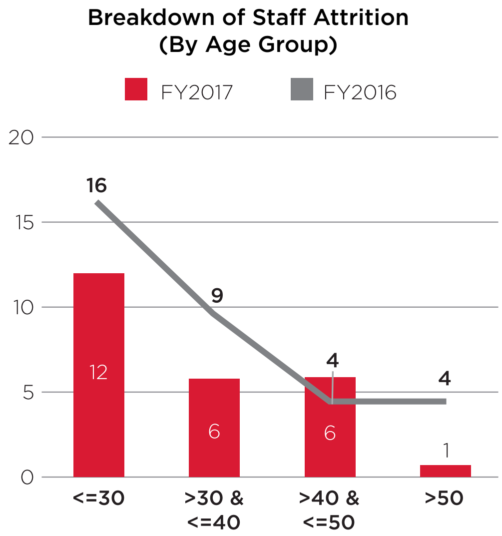


We fully comply with Ministry of Manpower (MOM) labour regulations and support the government's pro-family policies. In FY2017, all employees who were entitled to childcare leave had fully utilised their entitlements.

Leave Type	No. of Entitled Staff	No. of Days Entitled	No. of Days Taken	Utilization
Childcare	3	2	2	100%
Enchanced Childcare (Pro-rated)	1	3	3	100%
	1	4	4	100%
Enchanced Childcare	19	6	6	100%
Extended Childcare Leave	7	2	2	100%

In FY2017, the Group managed to keep its turnover low. Our attrition had decreased and there was lower turnover in various age groups compared with FY2016.





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. We encourage open communication among employees, comply with the Group's policies and procedures, uphold true and fair accounting and reporting, practices non-discrimination and avoid situations of conflict. The Group complies with all governmental laws and regulations in the social and economic areas. In FY2017, there were no instances of material non-compliance in social or economic laws and regulations by the Group.

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 the Council for Estate Agencies (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. For complaints received by Personal Data Protection Commission (PDPC) on possible breach of the Personal Data Protection Act (PDPA), investigation 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 our possession. They are also guided by the Do Not Call (DNC) Policy in running a 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, we invest in processes, systems and our people to ensure PDPA compliance and mitigate the risks of PDPA breaches.

Process	System	People
We engaged an external consultant to review our policies to ensure that we are compliant with DNC by 2 January 2014 and PDPA by 2 July 2014.	We use "SpiderGate", a DNC checking solution provided by an outsourced vendor to screen calls made from the office against the National DNC Registry and ERA's internal DNC registry.	Our DPO was trained and is a Certified Information Privacy Manager (CIPM).

For FY2016 and FY2017, there was no data breach or fine from the PDPC. Complaints pertaining to DNC were received from PDPC and 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.

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 Continuing Professional Development (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.

GIVING BACK TO OUR COMMUNITY (GRI 413-1)

The Group emphasises on responsible business conduct and demonstrates this by making positive contributions to our community. We liaise with various organisations in providing community services or donations to the less fortunate which requires our assistance and encourages the participation of our employees.

In FY2017, employees of the Group gave their time to social causes and contributed to various corporate social responsibility activities. This included volunteering to help SOSD and save street dogs as well as celebrating the Chinese New Year with the children from Canossaville Children & Community Services. We also made monetary donations to various charitable organisations as a humble gesture of our efforts to give back to the community.

ERA & SOSD Saving Dogs Together

ERA partnered with SOSD to raise awareness and funds together. The team integrated and utilised multiple internal and external channels to encourage volunteering at the shelter, adoption and fostering of strays.

Canossaville Children and Community Services CNY Visit

A joyful Chinese New Year celebration with Canossaville Children and Community Services visit on 3 February as ERA teammates engaged the children with lion dance, games and storytelling.

SUSTAINABILITY REPORT

Donation to Community Chest

ERA continues to provide dollar-for-dollar matching donations through the Community Chest SHARE programme that funnels regular monthly donations through payroll deductions since 1999, receiving our 10th SHARE Corporate Platinum Award at the Community Chest Awards 2017.

Donation to Muhammadiyah Welfare Home

Fund raising through donation boxes at any ERA office service counters (March to May 2017) to help them in their cause to guide, nurture and empower youth-at-risk towards becoming responsible and contributing member of their family, the community and country.

Donation to The Singapore Association for the Deaf (SADeaf)

Fund raising through Charity Lucky Draw during ERA Division Directors Christmas Party on 4 December 2017 to help to support essential services for the deaf and hard-of-hearing community.

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	▪ Economic and Environmental Topics ▪ Governance and Statement of the Board ▪ Key Stakeholders Engagement ▪ Our People ▪ Giving Back to our Community
2	Policies, Practices and Performance	▪ Ethics and Integrity ▪ Economic and Environmental Topics ▪ Our People
3	Board Statement	Governance and Statement of the Board
4	Targets	Sustainability Targets
5	Framework	About This Report

GRI STANDARDS CONTENT INDEX AND GRI INDICATORS

GRI Standards	Disclosure Content	Annual Report 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	Our People
102-9	Supply chain	Our Business
102-10	Significant changes to the organisation and its supply chain	Joint 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
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102-15	Key impacts, risks, and opportunities	Joint Statement by Chairman and CEO, Giving Back to Our Community
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
102-47	List of material topics	Material Topics and Boundaries
102-48	Restatements of information	N.A. as this is the first report issued
102-49	Changes in reporting	N.A. as this is the first report issued
102-50	Reporting period	About This Report
102-51	Date of most recent report	N.A. as this is the first report issued

SUSTAINABILITY REPORT

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102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About This Report
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201-4	Financial assistance received from government	Financial Assistance Received from Government
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
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302-3	Energy intensity	Energy Consumption and Greenhouse Gas Emissions
302-4	Reduction of energy consumption	Energy Consumption and Greenhouse Gas Emissions
305-2	Energy Indirect Greenhouse Gas Emissions (Scope 2)	Energy Consumption and Greenhouse Gas Emissions
305-4	Greenhouse Gas Emissions Intensity	Energy Consumption and Greenhouse Gas Emissions
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401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Benefits and Employee Retention
401-3	Parental leave	Benefits and Employee Retention
404-1	Average hours of training per employee	Trainings for Our Salespersons
405-1	Diversity of governance bodies and employees	Diversity in Our Workforce
405-2	Ratio of basic salary and remuneration of women to men	Diversity in Our Workforce
406-1	Incidents of discrimination and corrective actions taken	Diversity in Our Workforce
413-1	Operations with local community engagement, impact assessments, and development programs	Giving Back to Our Community
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
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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. Stewart Yen Se-Hua (Non-Executive Chairman and Independent Director)
Mr. Chua Khee Hak (Executive Director and Chief Executive Officer)
Mr. Tan Choon Hong (Non-Executive Director)
Mr. Tommy Teo Zhi Zhuang (Non-Executive Director)
Mr. Tan Bong Lin (Non-Executive Independent Director)
Mr. Hee Theng Fong (Non-Executive Independent Director)

Company Secretary
Ms. Ngiam May Ling, LLB (Hons)

Registered Office and Principal Place of Business
229 Mountbatten Road
#03-01 Mountbatten Square
Singapore 398007

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: Mr. Alvin Phua Chun Yen, Chartered Accountant
(Appointed since reporting year ended 31 December 2015)

Banks
DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

Investor Relations
For enquiries, please email to
ir@apacrealty.com.sg

CORPORATE GOVERNANCE

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

This report outlines the corporate governance framework and practices adopted by the Company since its listing on the Mainboard ("Mainboard") of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 September 2017 for the financial year ended 31 December 2017 ("FY2017"), with reference to the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012, and deviations are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees business affairs of the Group and provides entrepreneurial leadership to the Company. This includes evaluation of Management performance, establishment of a prudent and effective controls framework and set the strategic direction for the Company. It is responsible for the overall policies and integrity of the Group to ensure success and long-term interests of shareholders are served.

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include, among 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 key office holders.

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 to assist the Board in discharging its responsibilities.

The Board meets at least four times a year or more frequently, when required. The Constitution of the Company has provided for telephonic and video-conference meetings.

First-time Directors have attended relevant training and have been briefed on their duties and obligations as Directors. Meeting with the Chairman, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") is part of an orientation programme for newly appointed Directors to familiarise themselves with the affairs of the business. The Company relies on Directors to undergo further relevant training, if necessary, to update themselves on the relevant new laws, regulations and changing commercial risks, from time to time.

The attendance of Directors at the recent Board and Board Committee meetings held after the Company's listing on the Mainboard in 2017 are as follows:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings
No. of meetings held post listing	**1**	**1**	**—**	**—**
Name of Directors	**No. of meetings attended post listing**			
Stewart Yen Se-Hua	1	1	—	—
Chua Khee Hak ("Jack Chua")	1	—	—	—
Tan Choon Hong	1	—	—	—
Tommy Teo Zhi Zhuang	1	1	—	—
Tan Bong Lin	1	1	—	—
Hee Theng Fong	1	1	—	—

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

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

Memberships of the Board Committees are as follows:

Board Composition Table

Name	Date of Appointment	Board Membership	AC	NC	RC
Stewart Yen Se-Hua	4 September 2017	Non-Executive Chairman, Independent	Member	Chairman	Member
Chua Khee Hak	4 September 2017	Executive, CEO	—	—	—
Tan Choon Hong	4 September 2017	Non- Executive, Non-Independent	—	Member	Member
Tommy Teo Zhi Zhuang	4 September 2017	Non-Executive, Non-Independent	Member	—	—
Tan Bong Lin	4 September 2017	Non-Executive, Independent	Chairman	Member	Member
Hee Theng Fong	4 September 2017	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 definition. All the Independent Directors have been considered to be independent, with each individual Director concerned abstained from the review of his own independence.

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 current board size of six 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Stewart Yen Se-Hua is the Chairman of the Company. The Chairman 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.

Mr Jack Chua is the CEO. The CEO 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 the CFO.

The Chairman of the Board and the CEO are not related to each other.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors of the Board.

The NC comprises four Directors, the majority of whom, including the NC Chairman, are Independent:

Stewart Yen Se-Hua (Chairman)
Tan Bong Lin
Hee Theng Fong
Tan Choon Hong

The NC holds at least one NC meeting each financial year.

Responsibilities of the NC include, among others:

- 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, in particular, the Chairman, and for the CEO;
  (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 addition, the NC will make recommendations to the Board on the development of a process for evaluation of the performance of the Board, the Board Committees and the Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholder value. The NC will also implement a process for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The results of the performance evaluation will be tabled to the Board for review and deliberation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors and come up with solutions to improve the efficiency of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of any matter in which he has an interest.

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.

In recommending a Director for re-election to the Board, the NC considers, inter alia, his 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.

All the Directors are subject to retirement at the forthcoming AGM and have offered themselves for re-election.

Accordingly, the NC has recommended that all the Directors be nominated for re-election at the AGM.

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

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.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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

The assessment parameters include, among others, attendance at meetings of the Board and Board Committees, contributions and participation at meetings and ability to make informed decisions.

Each Director will evaluate the performance of the Board taking into account a set of performance criteria which includes, inter alia, Board composition and size, shareholders' access to information, Board processes, Board effectiveness, Board standards of conduct and financial performance indicators.

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 to be performed annually.

In view of the recent constitution of the Board and Board Committees, the performance evaluation of the Board and Board Committees would be conducted at the end of the financial year ending 31 December 2018 when Directors have had an opportunity to work together.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to 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 so as 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 meetings, 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 the Company's 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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure of Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

The RC comprises four directors, the majority of whom, including the RC Chairman, are Independent:

Hee Theng Fong (Chairman)
Stewart Yen Se-Hua
Tan Bong Lin
Tan Choon Hong

The RC holds at least one meeting each financial year.

Responsibilities of the RC include, among others:

- 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 other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("Key Management Personnel");
  (ii) the specific remuneration packages for each of the Directors and Key Management Personnel; 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 Key Management Personnel'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 Key Management Personnel, 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) Key Management Personnel 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.

The Group's remuneration policy is to provide competitive remuneration packages to reward, retain and motivate high levels of performance. In setting remuneration packages, 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 Executive Directors have service agreements. The service agreement entered into between the Company and the CEO 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.

Only Independent Directors receive directors' fees for their services.

No Director is involved in deciding his own remuneration package.

All revisions to the remuneration packages of the Directors and Key Management Personnel are subject to the review by and recommendation of the RC and the approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. Where necessary, the RC could seek external professional advice on remuneration matters of Directors and Key Management Personnel.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from the CEO and Key Management Personnel 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 breakdown of remuneration paid to or accrued to each Director of the Company for FY2017 is as follows:

Directors	**Salary# %**	**Fees %**	**Bonus %**	**Other Benefits %**	**Variable or Performance-related Income/Bonus %**	**Total %**
Between S$2,500,000 to S$2,750,000						
Chua Khee Hak	23	—	11	1	65	100
Below S$250,000						
Stewart Yen Se-Hua	—	100	—	—	—	100
Tan Bong Lin	—	100	—	—	—	100
Hee Theng Fong	—	100	—	—	—	100
Tan Choon Hong	—	—	—	—	—	—
Tommy Teo Zhi Zhuang	—	—	—	—	—	—

Refer to basic salary and CPF contribution by employee

The aggregate remuneration received by the top five (5) Key Management Personnel (who are not Directors or the CEO) for FY2017 was S$1,163,883. The Company has not fully disclosed the remuneration of each of its Director and Key Management Personnel 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 Key Management Personnel (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits	Total %
Between S$250,000 to S$500,000				
Eugene Lim Tong Weng	49	4	47	100
Kenny Tan Chin Kwang	56	14	30	100
Below S$250,000				
Poh Chee Yong	75	24	1	100
Paul Ho Chi Chew	75	6	19	100
Leong Yoke Leng	74	24	2	100

No employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2017.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the end of the financial year. In presenting the quarterly and annual financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Company's position and prospects. The Company has in place a system of reporting to maintain compliance with statutory regulatory reporting requirements.

Management provides the Board with appropriately detailed management accounts and explanation on a quarterly basis, which in the Board's opinion is currently sufficient to present a balanced and understandable assessment of the Group's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

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 auditors, as part of their statutory audit, the adequacy and effectiveness of the Company's internal controls relevant to the preparation of financial statements.

Based on the internal control policies and procedures established and maintained by the Company, works performed by the external and internal auditors prior to the listing and reviews performed by the Management, the Board with the concurrence of the AC, is of the view that the internal control systems of the Company addressing financial, operational, compliance and information technology ("IT") controls are adequate and effective as at the date of this Annual Report.

The Board has received from the CEO and CFO at the Board meeting on 23 February 2018 that for the purposes of this Annual Report:

- The financial records have 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 system of internal controls effective in addressing financial, operational, compliance and information technology risks for FY2017; and
- There is no other matter that the CEO and CFO are aware of which could lead them to believe that the financial statements for FY2017 are false or misleading or that the systems of internal controls are inadequate or ineffective.

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.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing framework ("Whistle Blowing 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 whistle-blowers to contact the AC Chairman directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. The AC ensures that independent investigations and any appropriate follow-up actions are carried out.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four directors, the majority of whom, including the AC Chairman, are Independent:

Tan Bong Lin (Chairman)
Stewart Yen Se-Hua
Hee Theng Fong
Tommy Teo Zhi Zhuang

The AC meets at least four times a year.

Responsibilities of the AC include, among others:

- 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 judgments 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 auditors;

- reviewing the external auditors' audit plan and audit reports, and the external auditors' evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by Management to the external auditors;

- 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 auditors' 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 auditors, and approving the remuneration and terms of engagement of the external auditors;

- 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 auditors on the scope and results of the external audit, and through their discussions with the external auditors.

The AC had met with the external auditors, Ernst & Young LLP, without the presence of the management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit and the independence and objectivity of the auditors.

The AC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The audit and non-audit fees that are charged to the Group by the external auditors amounted to S$152,800 and S$11,500 respectively. In addition, fees billed in FY2017 by the external auditors in connection with the Initial Public Offering ("IPO") of the Company amounted to S$265,000.

Having undertaken a review of the non-audit services provided during the year, the AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provide to the Group as these services were provided solely in connection with the Company's IPO. The AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as the Company's external auditors at the forthcoming AGM.

The Group has complied with Rules 712 and 715 of the Listing Rules on the appointment of auditing firms for the Company, its subsidiaries and its significant associated companies.

Internal audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board 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 auditors reports directly to the Chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditors has adequate resources to perform its functions.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, inter alia, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditors are properly implemented, and (iii) the effectiveness and independence of the internal auditors.

The AC is satisfied that the internal auditors 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.

SHAREHOLDER RIGHTS AND RESPONSBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholder the opportunity to communicate their views on various matters affecting the company.

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 practise 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 to investor-related information of the Group.

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, where relevant rules and procedures governing the meetings are clearly communicated. The Company's Constitution allows each shareholder to appoint proxies to vote and attend general meetings on his behalf.

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

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 from shareholders, analysts and the press are handled by specifically designated members of senior management in lieu of a dedicated investor relations team.

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any financial year. 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.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

The Company has adopted a Code of Best Practices to provide guidance to Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for 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 key executives 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 full-year results and ending on the date of the announcement of the results. The Company has also reminded its Directors and Officers not to deal in the Company's securities on short-term considerations.

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 during the financial year.

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 are still subsisting as at 31 December 2017.

USE OF PROCEEDS FROM IPO

Rule 1207(20) of the Listing Manual

The net proceeds from the IPO due to the Company, is approximately S$27.0 million.

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

Purpose	Allocation of Net Proceeds (as disclosed in the Prospectus) (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
Expanding range of services and geographical presence in the Asia-Pacific region	10,000	–	10,000
Enhancing technological capabilities	5,000	–	5,000
General corporate and working capital purposes	2,000	–	2,000
	27,000	–	27,000

The net proceeds from the IPO has not been utilised as at the date of this Annual Report.

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 and statement of changes in equity of the Company for the financial year ended 31 December 2017.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company 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	(Reappointed on 4 September 2017)
Tommy Teo Zhi Zhuang	(Reappointed on 4 September 2017)
Chua Khee Hak	(Appointed on 4 September 2017)
Hee Theng Fong	(Appointed on 4 September 2017)
Tan Bong Lin	(Appointed on 4 September 2017)
Stewart Yen Se-Hua	(Appointed on 4 September 2017)

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 director, 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 date of appointment**	**At end of the year**	**At beginning of year/ At date of appointment**	**At end of the year**
Ultimate Holding Company				
Tan Choon Hong	1	3	–	–
Company				
Tan Choon Hong	–	–	70,700,000	255,708,745

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

There was a subdivision of the 70,700,000 shares into 311,080,000, which was effected on 5 September 2017.

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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 Report on Corporate Governance.

AUDITORS

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

On behalf of the board of directors,

Tan Choon Hong
Director

Tommy Teo Zhi Zhuang
Director

Singapore
28 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAC REALTY LIMITED

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 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 2017, goodwill is carried at $75.0 million which represents 31.8% of the Group's total assets. The goodwill has been allocated to four companies, which are also the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs for the purpose of impairment testing have been determined based on value-in-use calculations using the CGU's expected future cash flows. We considered audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable value involved significant management judgment, and are based on assumptions that are affected by expected future market and economic conditions.

We evaluated management's cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest financial budget approved by the Board of directors. We tested the robustness of management's forecast by comparing previous forecasts to actual results. We also 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 revenue growth rates, discounts rates and terminal growth rates. We assessed the revenue growth rates used in the cash flow forecasts by comparing them to historical results and published industry research. We also involved our internal valuation specialists to assist us to assess the discount rates and terminal growth rates by comparing to third party information, the Group's cost of capital and relevant risk factors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAC REALTY LIMITED

Key Audit Matters (cont'd)

Impairment assessment of goodwill (cont'd)

We performed sensitivity analysis to ascertain the impact of reasonably possible changes in the key assumptions to the recoverable amounts of the CGUs. We also reviewed the adequacy of disclosures on goodwill in Note 5.

Impairment assessment of trade receivables

As at 31 December 2017, the gross balance of trade receivables amounted to $73.3 million, against which allowance for impairment amounted to $3.2 million. Trade receivable balances are significant to the Group as they represent 52.3% of the total current assets and 52.7% of total equity. The determination as to whether a trade receivable is collectible involves management judgement. 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, on a sample basis, requesting trade receivable confirmations and evidence of receipts from debtors after year end. We had discussions with management on the recoverability of long outstanding debts. We also evaluated management's estimates used to determine the trade receivables impairment amount through analyses of ageing of receivables and assessment of material overdue individual trade receivables. We performed inquiry of management to obtain understanding of any disputes between the Group and the debtors and where applicable review, the relevant correspondences between the Group and the debtors. In addition, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 9 and the related risks such as liquidity risk and credit risk in Notes 24(b) and 24(c) respectively.

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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAC REALTY LIMITED

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAC REALTY LIMITED

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 Alvin Phua Chun Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2018

BALANCE SHEETS

AS AT 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Non-current assets					
Plant and equipment	4	1,222,887	1,436,026	–	–
Intangible assets	5	100,387,771	101,320,171	2,811,300	3,047,700
Investment in subsidiaries	6	–	–	117,293,900	117,314,500
Investment in joint venture	7	20,373	–	–	–
Fixed deposits	8	400,000	400,000	400,000	400,000
		102,031,031	103,156,197	120,505,200	120,762,200
Current assets					
Trade receivables	9	70,057,000	47,807,876	57,000	48,000
Other receivables	9	1,668,106	1,332,593	677,901	443,813
Amount due from subsidiaries	9	–	–	1,534,684	73,235
Amount due from a related party	9	–	23,892	–	–
Amount due from a joint venture	9	75,429	–	–	–
Tax recoverable		18,893	–	18,893	–
Prepaid operating expenses		171,691	270,479	12,376	4,275
Cash and bank balances	10	61,970,469	17,747,320	38,088,854	190,355
		133,961,588	67,182,160	40,389,708	759,678
Total assets		235,992,619	170,338,357	160,894,908	121,521,878
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals	11	82,015,823	55,643,305	211,119	95,390
Other payables	11	9,499,713	6,966,711	–	–
Amount due to a subsidiary	11	–	–	11,982,905	10,793,513
Deferred income	12	1,971,710	1,727,593	26,750	–
Loan and borrowing	13	–	6,000,000	–	6,000,000
Provision for taxation		4,989,434	4,451,234	–	2,438
		98,476,680	74,788,843	12,220,774	16,891,341
Net current assets/(liabilities)		35,484,908	(7,606,683)	28,168,934	(16,131,663)
Non-current liabilities					
Loan and borrowing	13	–	12,000,000	–	12,000,000
Deferred taxation	14	4,489,500	4,672,000	–	–
Net assets		133,026,439	78,877,514	148,674,134	92,630,537
Equity attributable to owners of the Company					
Share capital	15	98,946,111	70,700,000	98,946,111	70,700,000
Foreign currency translation reserve		(1,199)	(897)	–	–
Accumulated profits		34,081,527	8,178,411	49,728,023	21,930,537
Total equity		133,026,439	78,877,514	148,674,134	92,630,537

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 2017

	Note	Group 2017 $	2016 $
Revenue			
Real estate brokerage fees and related services		396,951,053	284,368,214
Other revenue	16	3,687,179	3,381,076
Total revenue		400,638,232	287,749,290
Costs and expenses			
Cost of services		345,769,174	247,893,584
Personnel cost	18	13,757,934	10,806,988
Marketing and promotion expenses		1,099,309	1,252,193
Depreciation of plant and equipment	4	511,625	692,420
Amortisation of intangible assets	5	932,400	932,400
Allowance for doubtful debts provided/(written back)			
- trade	9	2,556,398	1,100,556
- non-trade	9	74,571	(5,392)
Initial Public Offer ("IPO") expenses		1,181,075	—
Other operating expenses	16	5,058,152	5,874,822
Finance costs	17	265,503	1,122,428
		371,206,141	269,669,999
Operating profit		29,432,091	18,079,291
Share of results of joint venture		(13,627)	—
Profit before tax		29,418,464	18,079,291
Income tax expense	19	(3,515,348)	(2,197,229)
Profit for the year		25,903,116	15,882,062
Attributable to:			
Owners of the Company		25,903,116	15,882,062
Earnings per share attributable to owner of the Company (cents per share)			
Basic and diluted	20	8.03	5.11

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	$	$
Profit for the year	25,903,116	15,882,062
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(302)	(638)
Other comprehensive income for the year, net of tax	(302)	(638)
Total comprehensive income for the year	25,902,814	15,881,424
Total comprehensive income attributable to:		
Owners of the Company	25,902,814	15,881,424

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Share Capital (Note 15) $	Foreign currency translation reserve $	Accumulated profits/(losses) $	Total reserves $	Total equity $
	Attributable to owners of the Company				
2017					
Opening balance at 1 January 2017	70,700,000	(897)	8,178,411	8,177,514	78,877,514
<u>Contributions by and distributions to owners</u>					
Issuance of new shares pursuant to IPO	29,117,682	–	–	–	29,117,682
Share issuance expenses	(871,571)	–	–	–	(871,571)
Profit for the year	–	–	25,903,116	25,903,116	25,903,116
Other comprehensive income - Foreign currency translation	–	(302)	–	(302)	(302)
Total comprehensive income for the year	–	(302)	25,903,116	25,902,814	25,902,814
Closing balance at 31 December 2017	98,946,111	(1,199)	34,081,527	34,080,328	133,026,439
2016					
Opening balance at 1 January 2016	70,700,000	(259)	(7,703,651)	(7,703,910)	62,996,090
Profit for the year	–	–	15,882,062	15,882,062	15,882,062
Other comprehensive income - Foreign currency translation	–	(638)	–	(638)	(638)
Total comprehensive income for the year	–	(638)	15,882,062	15,881,424	15,881,424
Closing balance at 31 December 2016	70,700,000	(897)	8,178,411	8,177,514	78,877,514

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company			
Company	**Share Capital (Note 15) $**	**Accumulated profits $**	**Total reserves $**	**Total equity $**
2017				
Opening balance at 1 January 2017	70,700,000	21,930,537	21,930,537	92,630,537
Contributions by and distributions to owners				
Issuance of new shares pursuant to IPO	29,117,682	–	–	29,117,682
Share issuance expenses	(871,571)	–	–	(871,571)
Profit for the year, representing total comprehensive income for the year	–	27,797,486	27,797,486	27,797,486
Closing balance at 31 December 2017	98,946,111	49,728,023	49,728,023	148,674,134
2016				
Opening balance at 1 January 2016	70,700,000	9,051,227	9,051,227	79,751,227
Profit for the year, representing total comprehensive income for the year	–	12,879,310	12,879,310	12,879,310
Closing balance at 31 December 2016	70,700,000	21,930,537	21,930,537	92,630,537

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 2017

	2017 $	2016 $
Cash flows from operating activities		
Profit before tax	29,418,464	18,079,291
Adjustments for :		
Allowance for doubtful debts (trade and non-trade)	2,630,969	1,095,164
Bad debts recovered	(30,731)	(38,692)
Depreciation of plant and equipment	511,625	692,420
Loss on disposal of plant and equipment	15,678	—
Write off of plant and equipment	152,078	154,174
Amortisation of intangible assets	932,400	932,400
Share of results of joint venture	13,627	—
Interest expense	265,503	1,122,428
Interest income	(65,986)	(24,811)
Operating cash flows before working capital changes	33,843,627	22,012,374
Changes in working capital		
Increase in trade and other receivables	(24,987,926)	(14,852,992)
Increase in trade and other payables	29,149,637	18,204,357
Cash flows from operations	38,005,338	25,363,739
Interest income received	65,986	24,811
Interest paid	(265,503)	(1,122,428)
Income taxes paid	(3,178,541)	(1,594,447)
Net cash flows generated from operating activities	34,627,280	22,671,675
Cash flows from investing activities:		
Purchase of plant and equipment	(474,698)	(140,424)
Investment in joint venture	(34,000)	—
Proceeds from disposal of plant and equipment	8,456	—
Advance extended to joint venture	(150,000)	—
Net cash used in investing activities	(650,242)	(140,424)
Cash flow from financing activities		
Proceeds from issuance of new shares pursuant to IPO, net of share issuance expenses	28,246,111	—
Proceeds from loan and borrowing	10,000,000	—
Repayment of loan and borrowing	(28,000,000)	(19,000,000)
Net cash flows generated from/(used in) financing activities	10,246,111	(19,000,000)
Net increase in cash and cash equivalents	44,223,149	3,531,251
Net cash and cash equivalents at beginning of year	17,747,320	14,216,069
Net cash and cash equivalents at end of year (Note 10)	**61,970,469**	**17,747,320**

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

1. CORPORATE INFORMATION

APAC Realty Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The Company was incorporated on 15 July 2013. On 5 September 2017, the Company was converted into a public company limited by shares and changed its name from APAC Realty Pte. Ltd. to APAC Realty Limited. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 September 2017.

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 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007.

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 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore Dollars (SGD or $).

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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
FRS 109 Financial Instruments	*1 January 2018*
FRS 115 Revenue from contracts with customers	*1 January 2018*
FRS 116 Leases	*1 January 2019*
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 Investments in Associates and Joint Ventures	*1 January 2018*

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information and expects no significant impact upon adoption. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

<u>FRS 115 Revenue from contracts with customers</u>

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information and expects no significant impact upon adoption. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

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.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. 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 deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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. The accounting policy for goodwill is set out in Note 2.7(a). 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.

2.5 *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 determined.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Foreign currency (cont'd)*

(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.

2.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, 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:

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 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 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.

2.7 *Intangible assets*

a) *Goodwill*

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.

b) *Other 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Intangible assets (cont'd)*

b) *Other intangible assets (cont'd)*

Intangible assets comprise 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.

2.8 *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.

2.9 *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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 *Investment in Joint Venture*

A joint venture is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Investment in Joint Venture (cont'd)*

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 is accounted as 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 joint venture's profit or loss in the period in which the investment is acquired.

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

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

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 the joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture is 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.

2.11 *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 instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised 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)

2.11 *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 derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *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.

2.14 *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.

2.15 *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.

2.16 *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.

2.17 *Leases*

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(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 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(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.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Other revenue*

Rental income from 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.

2.19 *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 are deducted from the related expenses.

2.20 *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Taxes (cont'd)*

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

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, 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.

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, 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *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 *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 5 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 a discounted cash flow models. 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 including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 9 to the financial statements.

3.2 *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.

4. PLANT AND EQUIPMENT

Group	Computers	Furniture and fittings	Office equipment	Electrical installation and fittings	Renovation	Motor vehicles	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2016	771,143	1,772,697	254,503	291,530	48,947	21,800	3,160,620
Additions	46,994	39,640	52,224	1,566	—	—	140,424
Disposal/write-off	(273,061)	(218,411)	(8,231)	(75,750)	(29,474)	—	(604,927)
At 31 December 2016 and 1 January 2017	545,076	1,593,926	298,496	217,346	19,473	21,800	2,696,117
Additions	108,562	213,844	36,048	81,444	—	34,800	474,698
Disposal/write-off	(104,799)	(362,478)	(44,600)	(4,469)	—	(21,800)	(538,146)
At 31 December 2017	548,839	1,445,292	289,944	294,321	19,473	34,800	2,632,669
Accumulated depreciation							
At 1 January 2016	478,185	361,776	71,032	85,661	19,434	2,336	1,018,424
Charge for the year	190,543	379,331	55,646	54,979	8,807	3,114	692,420
Disposal/write-off	(252,449)	(132,906)	(5,779)	(42,925)	(16,694)	—	(450,753)
At 31 December 2016 and 1 January 2017	416,279	608,201	120,899	97,715	11,547	5,450	1,260,091
Charge for the year	71,399	325,273	59,052	45,266	3,895	6,740	511,625
Disposal/write-off	(104,723)	(212,470)	(35,334)	(2,400)	—	(7,007)	(361,934)
At 31 December 2017	382,955	721,004	144,617	140,581	15,442	5,183	1,409,782
Net book value							
At 31 December 2016	128,797	985,725	177,597	119,631	7,926	16,350	1,436,026
At 31 December 2017	165,884	724,288	145,327	153,740	4,031	29,617	1,222,887

5. INTANGIBLE ASSETS

Group	**Goodwill** $	**Franchise rights** $	**Total** $
Cost			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	75,575,538	29,473,000	105,048,538
Accumulated amortisation and impairment			
At 1 January 2016	582,067	2,213,900	2,795,967
Charge for the year	—	932,400	932,400
At 31 December 2016 and 1 January 2017	582,067	3,146,300	3,728,367
Charge for the year	—	932,400	932,400
At 31 December 2017	582,067	4,078,700	4,660,767
Net book value			
At 31 December 2016	74,993,471	26,326,700	101,320,171
At 31 December 2017	74,993,471	25,394,300	100,387,771

Company	**Franchise rights** $
Cost	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	3,816,000
Accumulated amortisation	
At 1 January 2016	531,900
Charge for the year	236,400
At 31 December 2016 and 1 January 2017	768,300
Charge for the year	236,400
At 31 December 2017	1,004,700
Net book value	
At 31 December 2016	3,047,700
At 31 December 2017	2,811,300

5. INTANGIBLE ASSETS (CONT'D)

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 2017, the carrying amount of the ERA franchise right in Asia Pacific region is $2,811,300 (2016: $3,047,700) and has remaining amortisation period of 12 years (2016: 13 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 is automatically renewed upon expiry with no additional cost in accordance to the franchise agreement. As at 31 December 2017, the carrying amount of the ERA Singapore Subfranchise right is $22,582,000 (2016: $23,278,000) and has remaining amortisation period of 33 years (2016: 34 years).

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 agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2017, the carrying amount of the Coldwell Banker Franchise right is $1,000 (2016: $1,000) and has remaining amortisation period of 11 years (2016: 12 years).

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. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets covering a one-year period. The forecasted growth rates used to extrapolate cash flow projections for the next four years are as follows:

Group	2017	
	Amount $	Growth rate
ERA Realty Network Pte Ltd		
- Resale and rental of properties	46,009,133	3%
- New home sales	15,336,377	3%
ERA Singapore Pte Ltd	10,310,573	3%
Realty International Associates Pte Ltd	3,337,388	3%
Coldwell Banker Real Estate (S) Pte Ltd	582,067	-
At 31 December	75,575,538	
Less: Impairment loss	(582,067)	
	74,993,471	

5. INTANGIBLE ASSETS (CONT'D)

Group	2016 Amount $	2016 Growth rate
ERA Realty Network Pte Ltd	61,345,510	3%
ERA Singapore Pte Ltd	10,310,573	3%
Realty International Associates Pte Ltd	3,337,388	3%
Coldwell Banker Real Estate (S) Pte Ltd	582,067	-
At 31 December	75,575,538	
Less: Impairment loss	(582,067)	
	74,993,471	

In 2017, growth rate of 3% (2016: 3%) is used to extrapolate cash flow projections beyond the five year period.

In 2017, pre-tax discount rate applied to the cash flow projections is 13% - 15% (2016: 15%).

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:

Growth rates - The forecasted 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.

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.

Market share assumptions - These assumptions are important because, as well as using industry data for 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.

Sensitivity to changes in assumptions
With regards to the assessment of value in use, the estimated recoverable amount exceeds its carrying amount and no adverse change in key assumptions is expected to result in an impairment loss.

6. INVESTMENT IN SUBSIDIARIES

	Company 2017 $	Company 2016 $
Unquoted shares, at cost	117,984,000	117,984,000
Less: Impairment loss	(690,100)	(669,500)
	117,293,900	117,314,500

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The principal activities of the subsidiaries are:

Name	Effective interest 2017 %	Effective interest 2016 %	Principal activities (Place of business)	Cost of investments carried by the Company 2017 $	Cost of investments carried by the Company 2016 $
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)	99,420,311	99,420,311
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)	13,316,882	13,316,882
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)	4,310,377	4,310,377
Electronic Realty Associates Pte Ltd	100	100	Real estate brokerage and related services. (Singapore)	136,428	136,428
Coldwell Banker Real Estate (S) Pte Ltd	100	100	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	799,999	799,999
***Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	1	1
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	1	1
** ERA Realty Limited	100	100	Dormant. (Hong Kong)	1	1
				117,984,000	117,984,000

* Audited by Shanghai Xinyun Certified Public Accountants
** Audited by Willis Cheng & Co., Certified Public Accountants, Hong Kong
*** Not required to be audited as the Company is dormant
All other subsidiaries are audited by Ernst & Young LLP, Singapore

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Impairment testing of investment in subsidiaries

The movement in impairment loss is as follows:

	Group	
	2017	2016
	$	$
At beginning of year	669,500	635,300
Impairment loss recognised	20,600	34,200
At end of year	690,100	669,500

During the current financial year, management performed an impairment test for the investment in Coldwell Banker Real Estate (S) Pte Ltd as this subsidiary had been persistently making losses. An additional impairment loss of $20,600 (2016: $34,200) was recognised for the year ended 31 December 2017 to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in Coldwell Banker Real Estate (S) Pte Ltd has been determined based on fair value less costs to sell.

7. INVESTMENT IN JOINT VENTURE

On 21 June 2017, the Group's wholly-owned subsidiary, Electronic Realty Associates Pte Ltd ("EPL"), acquired 34% ownership in Soreal Prop Pte Ltd., a company incorporated in Singapore, for a consideration of $34,000. The venture is in its initial development stage in the business of providing web portals. The Group jointly controls the venture with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

8. FIXED DEPOSITS

Fixed deposits in 2017 and 2016 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and earn interest rate of 1.5% (2016: 1.5%) per annum.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	70,057,000	47,807,876	57,000	48,000
Other receivables				
Deposits	931,526	896,860	553,914	442,970
Advances	344,395	271,632	—	—
Recoverable	241,393	107,463	23,551	—
GST receivable	93,437	—	93,437	—
Sundry receivables	57,355	56,638	6,999	843
	1,668,106	1,332,593	677,901	443,813
Add:				
Amount due from subsidiaries	—	—	1,534,684	73,235
Amount due from a related party	—	23,892	—	—
Amount due from a joint venture	75,429	—	—	—
Total trade and other receivables	71,800,535	49,164,361	2,269,585	565,048
Less: Advances	(344,395)	(271,632)	—	—
GST receivable	(93,437)	—	(93,437)	—
Add: Fixed deposits (Note 8)	400,000	400,000	400,000	400,000
Cash and bank balances (Note 10)	61,970,469	17,747,320	38,088,854	190,355
Total loans and receivables	133,733,172	67,040,049	40,665,002	1,155,403

9. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $7,979,495 (2016: $6,935,086) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Not past due	62,077,505	40,872,790	57,000	48,000
Receivables that are past due but not impaired:				
Past due up to 30 days	2,685,245	2,853,895	–	–
Past due 31 to 60 days	2,060,045	1,332,979	–	–
Past due 61 to 90 days	1,300,934	1,281,671	–	–
Past due more than 90 days	1,933,271	1,466,541	–	–
	7,979,495	6,935,086	–	–
Total	70,057,000	47,807,876	57,000	48,000

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 $	2016 $
Trade receivables – nominal amounts	3,174,349	1,567,941
Less: Allowance for impairment	(3,174,349)	(1,567,941)
	–	–
Movement in allowance accounts:		
At beginning of year	1,567,941	2,070,512
Charge for the year	2,556,398	1,100,556
Written off	(949,990)	(1,603,127)
At end of year	3,174,349	1,567,941

Trade 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.

9. TRADE AND OTHER 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 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.

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 is as follows:

	Group	
	2017 $	2016 $
Other receivables – nominal amount	14,800	14,800
Less: Allowance for impairment	(14,800)	(14,800)
	–	–
Movement in allowance accounts:		
At beginning of year	14,800	20,460
Written back	–	(5,392)
Written off	–	(268)
At end of year	14,800	14,800

Deposits

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

Amount due from a subsidiary/related party/joint venture

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

Amount due from a joint venture 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 a joint venture is as follows:

	Group	
	2017 $	2016 $
Amount due from a joint venture – nominal amount	150,000	–
Less: Allowance for impairment	(74,571)	–
	75,429	–
At beginning of year	–	–
Charge for the year	74,571	–
At end of year	74,571	–

10. 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	
	2017	2016	2017	2016
	$	$	$	$
Cash at banks and on hand	48,967,666	17,747,320	25,086,051	190,355
Short-term deposits	13,002,803	—	13,002,803	—
	61,970,469	17,747,320	38,088,854	190,355

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2017 for the Group and the Company were 0.11% (2016: 0.15%) and 0.2% (2016: 3.7%) respectively.

In 2016, the bank accounts of all the subsidiaries in Singapore are pledged as security for the bank loan facility granted to the Group (Note 13). There are no restrictions on the withdrawal and these bank balances are available for the Group's day-to-day operations. In 2017, upon full repayment of the bank loan, the existing charges over the bank accounts that were used to secure the loan outstanding have been discharged by RHB Bank Berhad, Singapore branch.

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables and accruals	82,015,823	55,643,305	211,119	95,390
Other payables				
Deposits	206,534	191,318	—	—
GST payable	7,932,654	5,390,864	—	—
Sundry payables	1,360,525	1,384,529	—	—
	9,499,713	6,966,711	—	—
Amount due to a subsidiary	—	—	11,982,905	10,793,513
Total trade and other payables	91,515,536	62,610,016	12,194,024	10,888,903
Less: GST payable	(7,932,654)	(5,390,864)	—	—
Add: Loan and borrowing (Note 13)	—	18,000,000	—	18,000,000
Total financial liabilities carried at amortised cost	83,582,882	75,219,152	12,194,024	28,888,903

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.

12. 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 2.18(c).

13. LOAN AND BORROWING

	Group and Company	
	2017	2016
	$	$
Current portion	—	6,000,000
Non-current portion	—	12,000,000
	—	18,000,000

Loan from RHB Bank Berhad, Singapore Branch at swap rate + 3.25% per annum

Pursuant to a $40,000,000 loan facility agreement dated 29 July 2015 entered into between the Company and RHB Bank Berhad, Singapore Branch, the loan was secured by way of charge on the shares and bank accounts in all the subsidiaries in Singapore. The proceeds from the loan were used to repay the loan from UOB Kay Hian. It was repayable by half yearly instalments of $3,000,000 each in the first 4.5 years and the balance payable on the final maturity date, 30 June 2020. The commencement date of repayment of the loan was 31 December 2015.

In 2016, the loan bore interest ranging from 3.46% to 4.87% per annum.

In 2016, the Company made early repayment of $13,000,000 while the balance was fully repaid on 31 May 2017.

Loan from DBS Bank Ltd at SIBOR + 1.50% per annum

On 31 May 2017, the Group refinanced the remaining loan outstanding due to RHB Bank Berhad Singapore Branch with a short term loan of $10,000,000 from DBS Bank Ltd. The new loan from DBS Bank Ltd is repayable within one year from 31 May 2017. Existing charges over the shares and bank accounts that were used to secure the loan outstanding have been discharged by RHB Bank Berhad, Singapore Branch. The loan bears interest ranging from 2.31% to 2.50%.

On 29 September 2017, the Group fully repaid the loan due to DBS Bank Ltd.

14. DEFERRED TAXATION

	Group	
	2017	2016
	$	$
The deferred tax liabilities arises as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	170,000	194,000
Fair value adjustment on acquisition of franchise	4,319,500	4,478,000
	4,489,500	4,672,000

15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	70,700,000	70,700,000	70,700,000	70,700,000
Sub-division of 70,700,000 shares into 311,080,000 shares[(a)]	240,380,000	—	—	—
Issuance of new shares pursuant to IPO on 28 September 2017	44,117,700	29,117,682	—	—
Share issuance expenses[(b)]	—	(871,571)	—	—
At 31 December	355,197,700	98,946,111	70,700,000	70,700,000

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

(a) On 5 September 2017, every 1 ordinary share in the issued and paid-up share capital of the Company was sub-divided into 4.4 ordinary shares.

(b) Share issuance expense of $871,571 was charged to equity.

16. OTHER REVENUE AND OTHER EXPENSES

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

	Group	
	2017 $	2016 $
Other revenue		
Rental of properties, workstations, lockers and furniture	1,314,894	1,416,984
Professional indemnity insurance fees	501,024	541,064
Incentives, referral and administrative fees	688,612	551,853
Business conference income	483,181	373,512
Interest income from cash at bank and fixed deposits	65,986	24,811
Bad debts recovered	30,731	38,692
Sundry income	602,751	434,160
	3,687,179	3,381,076

16. OTHER REVENUE AND OTHER EXPENSES (CONT'D)

	Group 2017 $	Group 2016 $
Other expenses		
Audit fees:		
- Auditors of the Company	152,800	106,800
- Other auditors	1,913	1,971
Non audit services:		
- Auditors of the Company*	11,500	13,500
- Others	5,600	5,600
Rental expense	2,756,434	3,041,347
Electricity and water	113,657	161,013
Facility arrangement fee	100,000	400,000
Legal and professional fees	81,656	33,087
Photocopy charges	129,417	171,342
Printing and stationery	78,284	92,049
Secretarial services	25,732	16,058
Telephone charges	138,396	143,420
Travel and transport expenses	128,340	149,345
Upkeep of computers and office equipment	307,652	274,280
Loss on disposal of plant and equipment	15,678	—
Write off of plant and equipment	152,078	154,174
Other administrative expenses	859,015	1,110,836
	5,058,152	5,874,822

* Excludes reporting accountant fee of $265,000 paid to auditors of the Company in 2017. This amount was disclosed as a separate line "Initial Public Offer ("IPO") expenses" in the consolidated income statement.

17. FINANCE COSTS

	Group 2017 $	Group 2016 $
Interest expense on loan	265,503	1,122,428

18. PERSONNEL COST

	Group 2017 $	Group 2016 $
Directors:		
- Directors of the Company		
Directors' fees	48,750	—
- Directors of subsidiaries		
Salary, bonus and incentive	3,181,310	2,146,326
Central Provident Fund	43,860	43,860
	3,273,920	2,190,186
Staff:		
Salary and bonus	9,176,256	7,549,479
Central Provident Fund	1,214,624	1,001,880
Provision for leave entitlement	54,663	54,204
Grant income from Special Employment Credit	(69,884)	(88,061)
	10,375,659	8,517,502
Other related expenses	108,355	99,300
	13,757,934	10,806,988

19. INCOME TAX EXPENSE

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

	Group	
	2017	2016
	$	$
Tax expense recognised in respect of profit for the year		
Current tax	5,020,000	3,142,000
Over provision in respect of previous years	(1,322,152)	(478,771)
	3,697,848	2,663,229
Deferred tax provided		
Origination and reversal of temporary differences	(182,500)	(89,508)
Over provision in respect of previous years	—	(376,492)
	(182,500)	(466,000)
Income tax expense	3,515,348	2,197,229

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	
	2017	2016
	$	$
Profit before tax	29,418,464	18,079,291
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	5,001,139	3,073,479
Adjustments:		
Non-deductible expenses	320,064	448,462
Effect of partial tax exemption and tax relief	(469,649)	(455,339)
Over provision in respect of previous years	(1,322,152)	(855,263)
Others	(14,054)	(14,110)
Income tax expense	3,515,348	2,197,229

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

The tax rates applicable to entities in Singapore, Hong Kong and China are 17%, 16.5% and 25% respectively..

20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year attributable to owner 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:

	2017 $	2016 $
Profit for the year attributable to owner of the Company	25,903,116	15,882,062
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for earnings per share computation	322,563,000	311,080,000

On 5 September 2017, every 1 ordinary share in the issued and paid-up share capital of the Company was sub-divided into 4.4 ordinary shares. As a result, the calculation of basic and diluted earnings per share for 2016 had been adjusted retrospectively.

21. DIVIDEND PAID

	Group and Company	
	2017 $	2016 $
Proposed but not recognised as a liability as at 31 December 2017:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting :		
- Final exempt (one-tier) dividend for 2017: 2 cents per share (2016: $Nil)	7,103,954	–

22. RELATED PARTY TRANSACTIONS

(a) Revenue and expenses

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:

	Company	
	2017 $	2016 $
Subsidiaries		
Dividend income	28,800,000	14,100,000
Membership fees received	522,061	464,230
Training fees	151,140	–

22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Revenue and expenses (cont'd)

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

	Group	
	2017	2016
	$	$
Real estate brokerage fees	–	112,216

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	
	2017	2016
	$	$
Remuneration (including commission and incentives) of the 5 key management personnel	1,163,883	1,059,154

23. COMMITMENTS

(a) Operating lease commitments

The Group has entered into commercial leases on certain properties. These leases have an average tenure of between one and three years with no contingent rent provision included in the contracts. Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2017 amounted to $2,756,434 (2016: $3,041,347).

Future minimum rental payments for the non-cancellable operating leases with initial or remaining terms of one year or more are as follows:

	Group	
	2017	2016
	$	$
Within one year	1,664,289	2,698,505
Later than one year but not later than five years	1,516,889	1,582,907
	3,181,178	4,281,412

23. COMMITMENTS (CONT'D)

(b) Other commitments

In 2017, one of the subsidiaries implement a Loyalty Growth Dividend Scheme for their full fledge Division Directors where they are entitled to a gratitude bonus based on 0.1%-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	
	2017	**2016**
	$	**$**
Later than one year but not later than five years	400,000	–
More than five years	400,000	–
	800,000	–

24. 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 reviews and agrees policies for managing each of these risks.

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

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 financial institution.

<u>Sensitivity analysis for interest rate risk</u>
The Group and the Company have no exposure to interest rate risk as the Group and the Company have no loan and borrowing outstanding at the end of the reporting period. In 2016, if interest rates had been 25 basis points lower/higher with all other variables held constant, the Group's and the Company's profit net of tax would have been $45,000 lower/higher.

(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.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

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.

The Group and Company had no loan and borrowing outstanding at the end of the reporting period. In 2016, 33.33% of the Group's and Company's loan and borrowing matured in less than one year based on the carrying amount reflected in the financial statements.

The table below summaries 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.

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group				
2017				
Financial assets				
Fixed deposits	–	402,500	–	402,500
Trade and other receivables (Note 9)	71,362,703	–	–	71,362,703
Cash and bank balances (Note 10)	61,970,469	–	–	61,970,469
Total undiscounted financial assets	133,333,172	402,500	–	133,735,672
Financial liabilities				
Trade and other payables (Note 11)	83,582,882	–	–	83,582,882
Total undiscounted financial liabilities	83,582,882	–	–	83,582,882
Total net undiscounted financial assets	49,750,290	402,500	–	50,152,790
2016				
Financial assets				
Fixed deposits	–	408,500	–	408,500
Trade and other receivables (Note 9)	48,892,729	–	–	48,892,729
Cash and bank balances (Note 10)	17,747,320	–	–	17,747,320
Total undiscounted financial assets	66,640,049	408,500	–	67,048,549
Financial liabilities				
Trade and other payables (Note 11)	57,219,152	–	–	57,219,152
Loan and borrowing	6,669,614	13,116,024	–	19,785,638
Total undiscounted financial liabilities	63,888,766	13,116,024	–	77,004,790
Total net undiscounted financial assets/(liabilities)	2,751,283	(12,707,524)	–	(9,956,241)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Company				
2017				
Financial assets				
Fixed deposits	–	402,500	–	402,500
Trade and other receivables (Note 9)	2,176,148	–	–	2,176,148
Cash and bank balances (Note 10)	38,088,854	–	–	38,088,854
Total undiscounted financial assets	40,265,002	402,500	–	40,667,502
Financial liabilities				
Trade and other payables (Note 11)	12,194,024	–	–	12,194,024
Total undiscounted financial liabilities	12,194,024	–	–	12,194,024
Total net undiscounted financial assets	28,070,978	402,500	–	28,473,478
2016				
Financial assets				
Fixed deposits	–	408,500	–	408,500
Trade and other receivables (Note 9)	565,048	–	–	565,048
Cash and bank balances (Note 10)	190,355	–	–	190,355
Total undiscounted financial assets	755,403	408,500	–	1,163,903
Financial liabilities				
Trade and other payables (Note 11)	10,888,903	–	–	10,888,903
Loan and borrowing	6,669,614	13,116,024	–	19,785,638
Total undiscounted financial liabilities	17,558,517	13,116,024	–	30,674,541
Total net undiscounted financial liabilities	(16,803,114)	(12,707,524)	–	(29,510,638)

(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 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.

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 9.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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 a subsidiary/related party/joint venture based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

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.

26. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services, and has three reportable segments as follows:

I. Brokerage income from resale and rental of properties - relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties.

II. Brokerage income from new home sales - relates to commission and fee income from the brokerage of new residential projects for sale by various developers.

III. Others - relates to rental income from properties, workstations, lockers and furniture, 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.

26. SEGMENT INFORMATION (CONT'D)

	Brokerage income from resale and rental of properties $	Brokerage income from new home sales $	Others $	Total $
2017				
Revenue:				
Real estate brokerage fees and related services	267,613,505	123,612,597	5,724,951	396,951,053
Other revenue	30,731	—	3,656,448	3,687,179
Total revenue	**267,644,236**	**123,612,597**	**9,381,399**	**400,638,232**
Segment results	9,427,218	18,795,745	1,408,645	29,631,608
Share of results of joint venture				(13,627)
Interest income				65,986
Finance costs				(265,503)
Profit before tax				**29,418,464**
Income tax expense				(3,515,348)
Profit for the year				**25,903,116**
Others:				
Bad debts recovered	30,731	—	—	30,731
Allowance for doubtful debts provided (trade)	(2,525,554)	(24,052)	(6,792)	(2,556,398)
Allowance for doubtful debts provided (non-trade)	—	—	(74,571)	(74,571)
Depreciation and amortisation	(470,000)	(599,833)	(374,192)	(1,444,025)
2016				
Revenue:				
Real estate brokerage fees and related services	213,680,055	65,448,006	5,240,153	284,368,214
Other revenue	38,647	—	3,342,429	3,381,076
Total revenue	**213,718,702**	**65,448,006**	**8,582,582**	**287,749,290**
Segment results	6,645,930	10,777,296	1,753,682	19,176,908
Interest income				24,811
Finance costs				(1,122,428)
Profit before tax				**18,079,291**
Income tax expense				(2,197,229)
Profit for the year				**15,882,062**
Others:				
Bad debts recovered	38,647	—	45	38,692
Allowance for doubtful debts provided (trade)	(1,061,837)	(26,104)	(12,615)	(1,100,556)
Allowance for doubtful debts written back (non-trade)	—	—	5,392	5,392
Depreciation and amortisation	(576,337)	(643,430)	(405,053)	(1,624,820)

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.

27. 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 year ended 31 December 2017 and 2016.

	2017 $	2016 $
Loan and borrowing (Note 13)	—	18,000,000
Trade and other payables (Note 11)	91,515,536	62,610,016
	91,515,536	80,610,016
Less: Cash and bank balances (Note 10)	(61,970,469)	(17,747,320)
	29,545,067	62,862,696
Equity attributable to the owners of the Company	133,026,439	78,877,514
Capital and net debt	162,571,506	141,740,210
Gearing ratio	18%	44%

28. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 28 March 2018.

SHARE CAPITAL

Issued and Fully Paid-Up Capital	:	S$98,946,111
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	6	0.48	287	0.00
100 - 1,000	159	12.81	142,647	0.04
1,001 - 10,000	813	65.51	3,484,600	0.98
10,001 - 1,000,000	254	20.47	14,777,835	4.16
1,000,001 and above	9	0.73	336,792,331	94.82
Total	**1,241**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2018

No.	Name	No. of shares	%
1	DBS Nominees (Private) Limited	270,973,440	76.29
2	Raffles Nominees (Pte) Limited	20,702,400	5.83
3	Citibank Nominees Singapore Pte Ltd	16,211,266	4.56
4	HSBC (Singapore) Nominees Pte Ltd	12,442,293	3.50
5	DB Nominees (Singapore) Pte Ltd	4,809,800	1.35
6	DBSN Services Pte. Ltd.	4,104,516	1.16
7	BPSS Nominees Singapore (Pte.) Ltd.	3,295,500	0.93
8	United Overseas Bank Nominees (Private) Limited	2,196,116	0.62
9	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,057,000	0.58
10	Liew Yeow Weng	1,000,000	0.28
11	Roxy-Pacific Holdings Limited-Share Buy Back Account	800,000	0.23
12	Tan Chin Kwang	608,467	0.17
13	Phillip Securities Pte Ltd	452,300	0.13
14	Maxi-Harvest Group Pte Ltd	400,000	0.11
15	OCBC Securities Private Limited	359,800	0.10
16	Lye Meng Leong	350,000	0.10
17	Gary Lau Kok Hong	344,233	0.10
18	Maybank Kim Eng Securities Pte. Ltd.	333,500	0.09
19	Neo Kah Boon	245,000	0.07
20	Chia Wilson	240,000	0.07
	Total	**341,925,631**	**96.27**

STATISTICS OF SHAREHOLDERS

AS AT 20 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

Names of substantial shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%[4]
Asia Pacific Realty Holdings Ltd	—	—	255,708,745 [1]	71.99
PGA Realty Partners Ltd	—	—	255,708,745 [2]	71.99
Tan Choon Hong	—	—	255,708,745 [3]	71.99

(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 20 March 2018.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 28.01% of the issued share capital of the Company was held by the public as at 20 March 2018. 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 (the "**Company**") will be held at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 on Wednesday, 25 April 2018 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 year ended 31 December 2017 together with the Auditor's Report. **(Resolution 1)**

2. To declare a one-tier tax-exempt first and final dividend of 2.0 Singapore cents per share for the year ended 31 December 2017. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 100 of the Constitution of the Company:

   (a) Mr Tan Choon Hong **(Resolution 3)**
   (b) Mr Tommy Teo Zhi Zhuang **(Resolution 4)**
   (c) Mr Chua Khee Hak **(Resolution 5)**
   (d) Mr Hee Theng Fong **(Resolution 6)**
   (e) Mr Tan Bong Lin **(Resolution 7)**
   (f) Mr Stewart Yen Se-Hua **(Resolution 8)**

   [See Explanatory Note (i)]

   Mr Tan Choon Hong will, upon re-election as a Director of the Company, remain as a member of the Remuneration and Nominating Committees and will be considered non-independent.

   Mr Tommy Teo Zhi Zhuang will, upon re-election as a Director of the Company, remain as member of the Audit Committee and will be considered non-independent.

   Mr Chua Khee Hak will, upon re-election as a Director of the Company, be considered non-independent.

   Mr Hee Theng Fong 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.

   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 Remuneration and Nominating Committees and will be considered independent.

   Mr Stewart Yen Se-Hua will, upon re-election as a Director of the Company, remain as the Chairman of Board and the Nominating Committee, and a member of the Audit and Remuneration Committees, and will be considered independent.

4. To approve the payment of Directors' fees of S$48,750 for the year ended 31 December 2017. **(Resolution 9)**

5. To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. **(Resolution 10)**

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 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 which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 11)**

[See Explanatory Note (ii)]

By Order of the Board

Ngiam May Ling
Secretary

Singapore
10 April 2018

Explanatory Notes:

(i) Resolutions 3 to 8 are for the re-election of Directors of the Company who retire by rotation at the Annual General Meeting. For more information on the Directors, please refer to the "Board of Directors" section in the Annual Report 2017.

(ii) Resolution 11, 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 which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 not less than 72 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) 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 proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy APAC Realty Limited shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2018.

APAC REALTY LIMITED

(Company Registration No. 201319080C)
(Incorporated in the Republic of Singapore)

PROXY FORM

I/We (Name)__________________________________(NRIC/Passport Number/UEN No.) ______________________________

of (Address) ____

being a member/members of APAC Realty Limited (the "**Company**"), hereby appoint:

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)*

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 on Wednesday, 25 April 2018 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of votes For^	Number of votes Against^
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2017		
2	Payment of one-tier tax-exempt first and final dividend of 2.0 Singapore cents per share for the year ended 31 December 2017		
3	Re-election of Mr Tan Choon Hong as a Director of the Company		
4	Re-election of Mr Tommy Teo Zhi Zhuang as a Director of the Company		
5	Re-election of Mr Chua Khee Hak as a Director of the Company		
6	Re-election of Mr Hee Theng Fong as a Director of the Company		
7	Re-election of Mr Tan Bong Lin as a Director of the Company		
8	Re-election of Mr Stewart Yen Se-Hua as a Director of the Company		
9	Approval of Directors' fees amounting to S$48,750 for the year ended 31 December 2017		
10	Re-appointment of Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to fix its remuneration		
11	Authority to issue shares		

^ *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______________day of______________ 2018

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 member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 not less than 72 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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 instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

www.apacrealty.com.sg
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