ANNUAL REPORT 2019

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.

Contents

Corporate Profile

2019 Awards and Accolades

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

MCC Land (Singapore)
Best Agency Award

EdgeProp Singapore
Marketing Agency Excellence Award

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

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

APAC Realty holds the exclusive ERA regional master franchise rights for 17 countries in Asia Pacific, acquired from Realogy Group LLC. Through its ERA franchisee network, the Group has one of the largest brand footprints in Asia with more than 17,300 salespersons across 651 offices in 10 countries. The Group also holds the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States.

ERA Realty is one of the largest ERA Member Brokers globally by transaction value, and is also one of Singapore's largest real estate agencies with 7,107 agents registered as at 28 February 2020. As an industry pioneer, ERA Realty has constantly been at the forefront of technological innovations with an emphasis on enhancing agent productivity and service excellence for the past 38 years.

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

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

Our Business

Real Estate Brokerage Services

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

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

Franchise Arrangements

Derives royalties from sub-franchisees

ERA REAL ESTATE

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

COLDWELL BANKER REAL ESTATE SINGAPORE

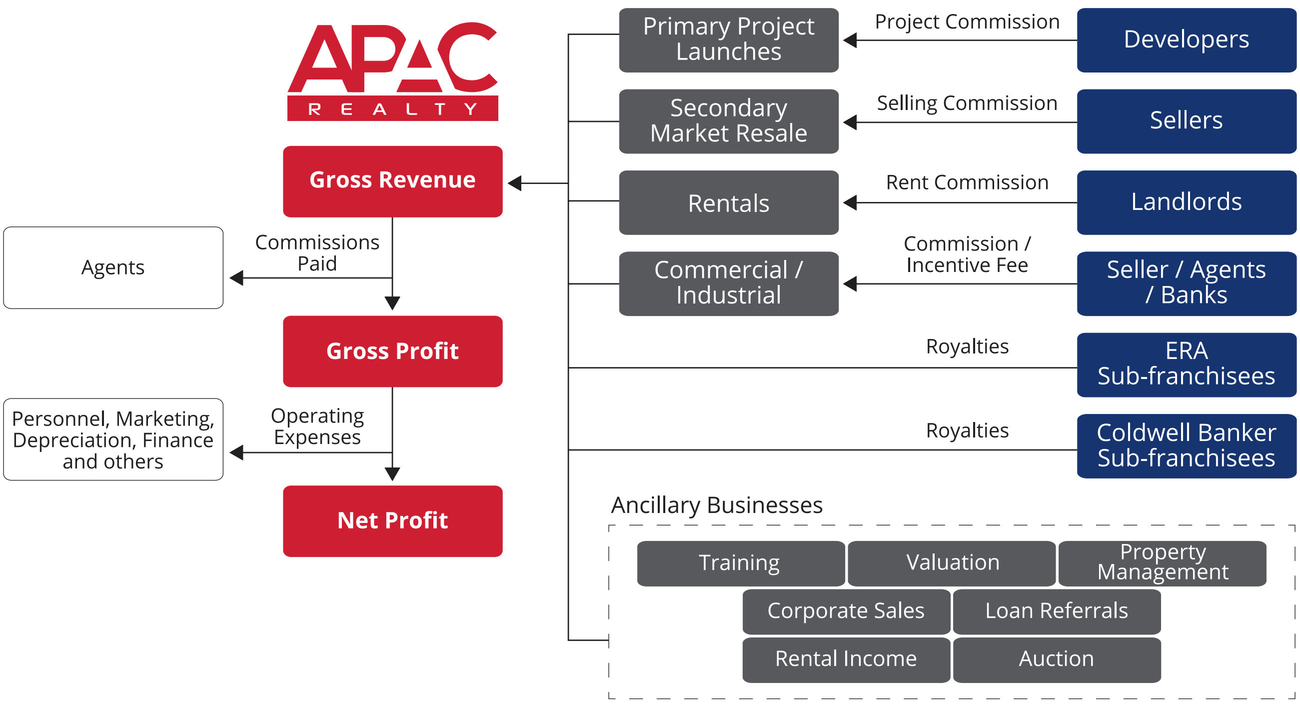
- Singapore

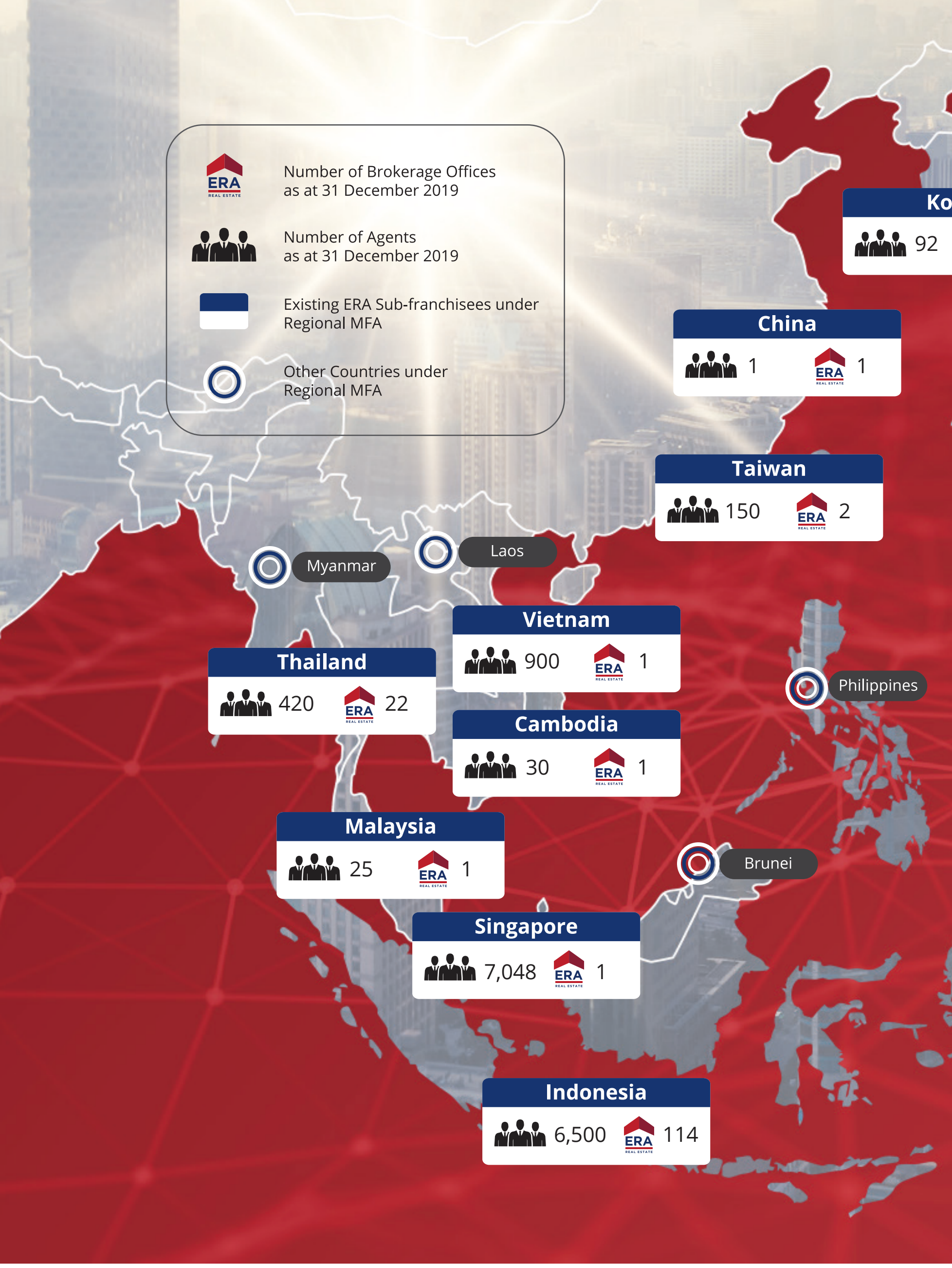
Training, Valuation and Other Ancillary Services

Derives revenue from:

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

Robust Business Model





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

- Over the last 38 years, we have built our business by leveraging on the ERA System to establish our presence in Singapore. Over time, we have adapted our business model to cater to the unique attributes of the Singapore residential property market.
- The master franchise model provides us with the ability to build our regional presence and network in a capital-efficient manner.

Our Strategies for Sustainable Growth

Strengthen and expand our presence in Singapore

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

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

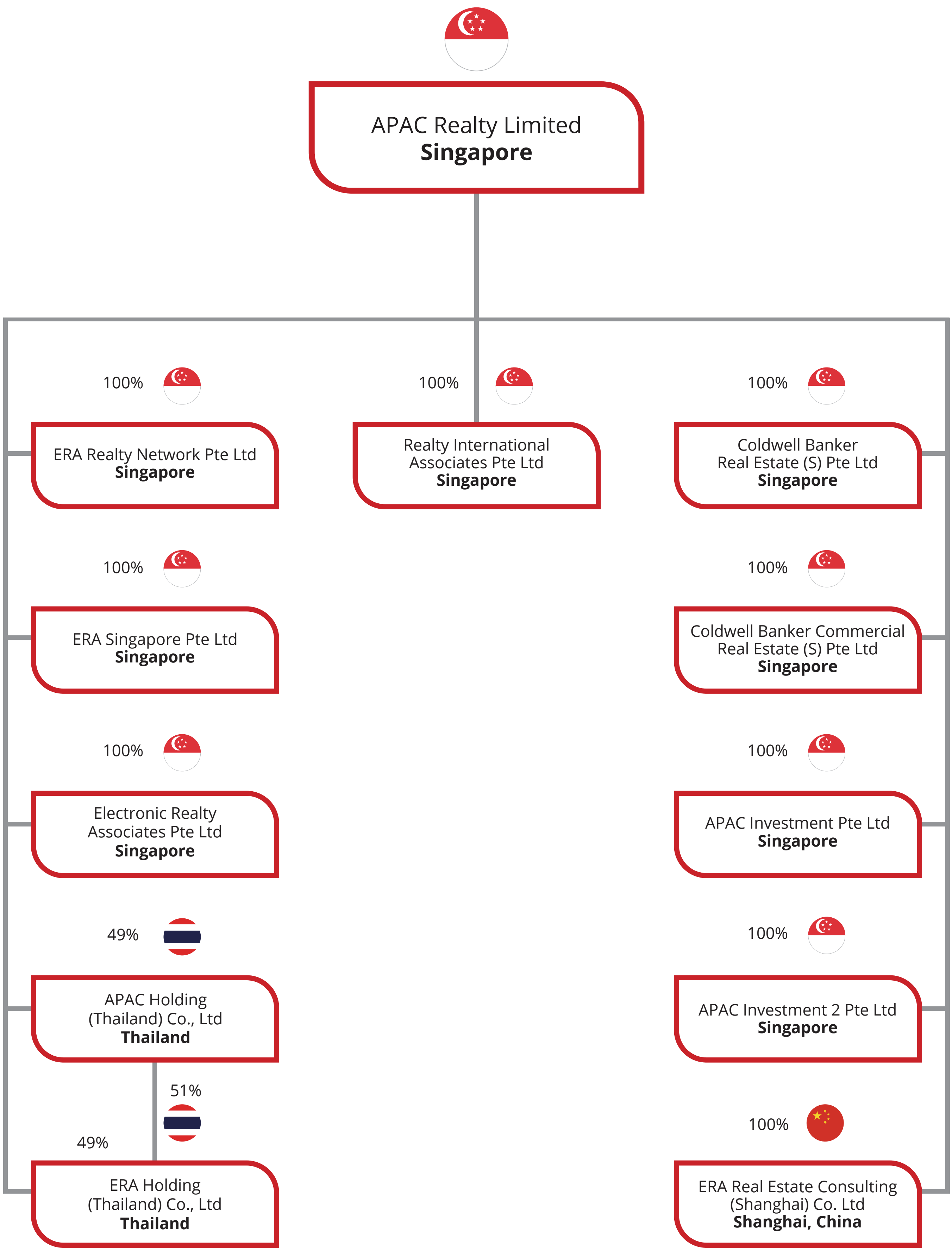
- Further diversify our business into other real estate related services that offer higher margins, while maintaining our focus on our brokerage business.
- Expand and deepen our existing presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise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

Enhance our technological capabilities

- Create and/or acquire new tools that enable us to increase our business efficiency and offer better services to our customers and agents, through investments and/or partnerships with third parties.
- Currently, our agents benefit from ERA's innovative proprietary apps and online tools

  - Mobile applications (i-ERA, ERA SG Projects, ERApro)
  - Websites (ERA.com.sg, Tech.era.com.sg)
  - A customer relationship and management system (24/7 PropWatch)
  - An internal portal (myERA) for our agents to facilitate the execution of real estate transactions
  - A platform for customers to submit reviews and ratings (ReviewPropertyAgent.sg) and site for customers to find salespersons relevant to their property requirements (FindPropertyAgent.sg)
  - A microlearning mobile platform for agents to learn as they earn (ERA-Gnowbe)
  - Integrating UrbanZoom Home Report into iERA
  - Through iERA – ERA Salespersons can also publish their own Personal Web and Project Webs; with the function to customise their preferred domains for the latter, making project webs look more professional.

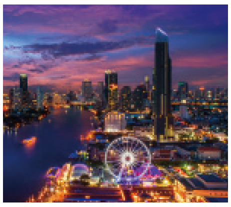
Corporate Structure



Developments During the Year in Review

February 2019

Makes headway with regional expansion plans in Indonesia and Thailand

June 2019

Invested S$1 million in a predictive AI and proptech startup under its Digital Lab initiative to boost agents' productivity and generate sales lead

URBANZOOM

July 2019

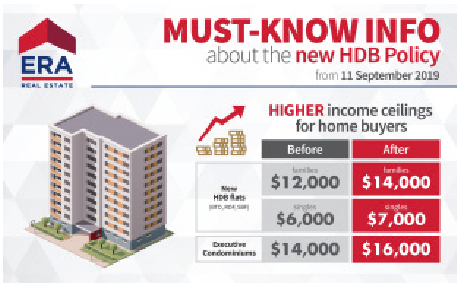
Appointment of Jack Chua as Executive Chairman

Appointment of Tan Kok Ming Desmond and Wong Hin Sun, Eugene as Non-Executive Independent Directors

Resignation of Stewart Yen Se-Hua as Chairman and Independent Director

September 2019

The government announced the Enhanced CPF Housing Grant for first-timers and higher income ceilings to make homes more affordable and accessible for Singaporeans



December 2019

To invest in ERA Real Estate Group (Malaysia) Sdn. Bhd. to further the development of the Group's real estate brokerage business in Malaysia

Voluntary deregistration of dormant wholly-owned subsidiary in Hong Kong – ERA Realty Limited

Financial Highlights

Key Highlights

38
Years of solid track record in Singapore

17,300
Agents in 651 offices across 10 countries[1]

7,048
Agents in Singapore[1]

32.8%
Market share by transaction value in 2019[2]

S$369.5m
Revenue generated in FY2019

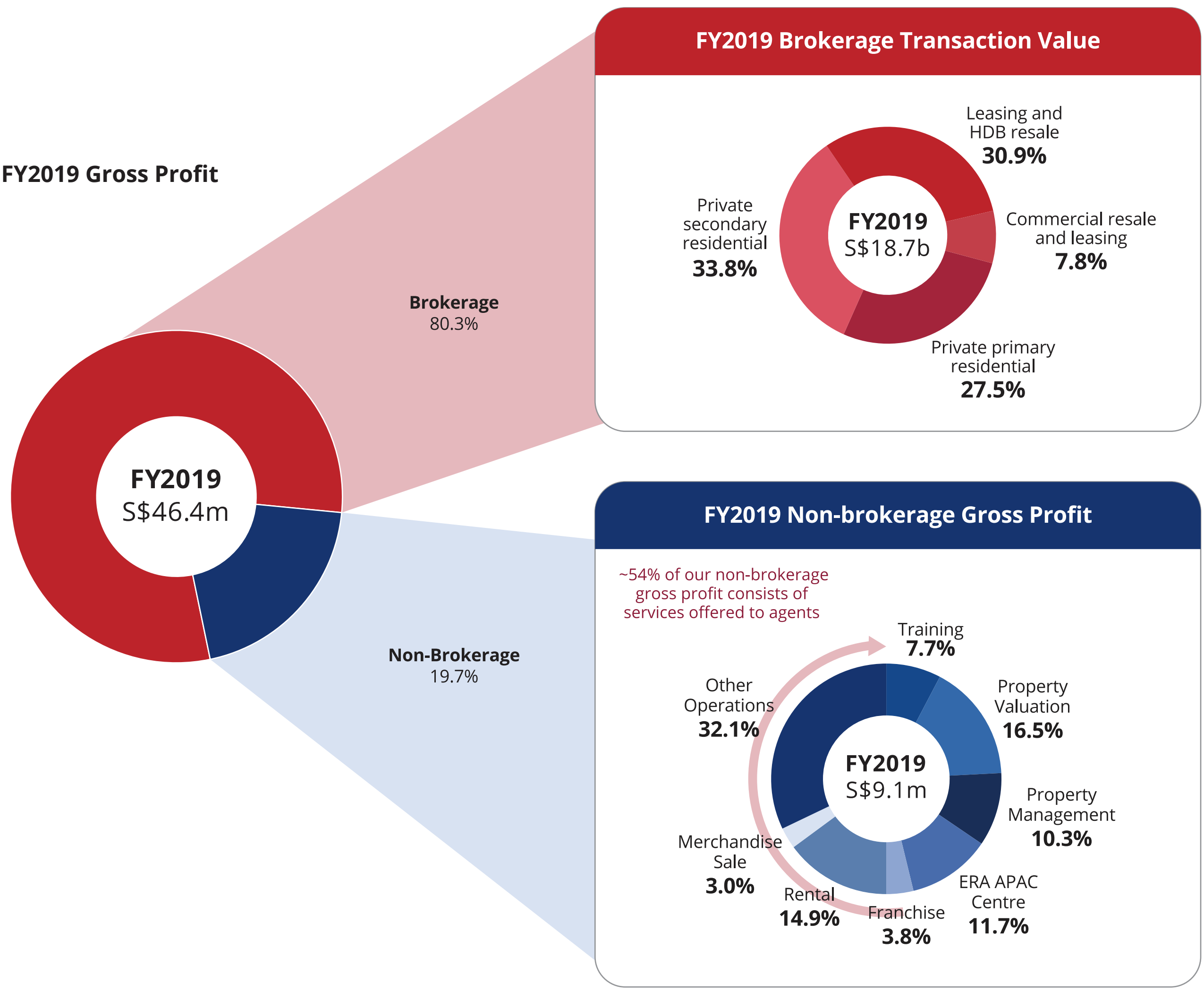
51.2%
Dividend payout for FY2019

5.7%
Dividend yield[3] for FY2019

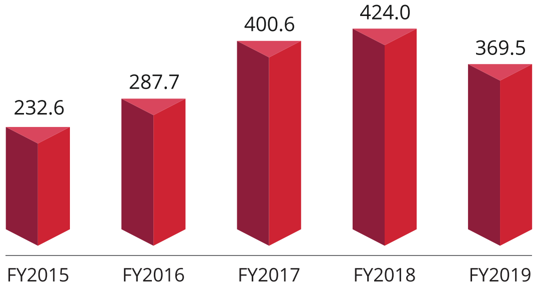
Notes:

[1] As at 31 December 2019
[2] Based on URA and HDB market data released on 23 January 2020
[3] Based on closing price of S$0.35 per share as at 16 March 2020

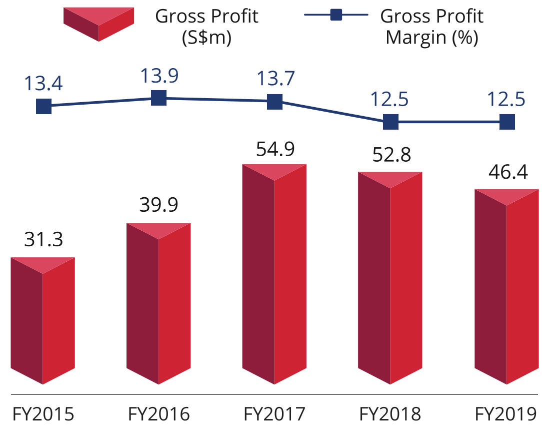
Contribution from Brokerage and Non-Brokerage Business



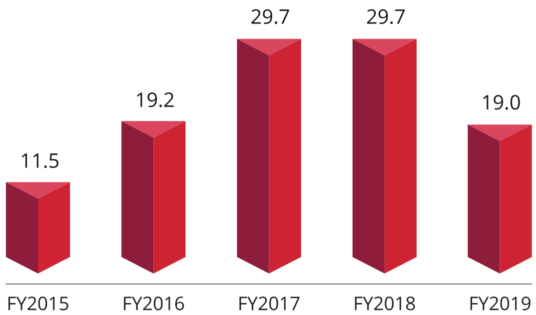
REVENUE (S$M)



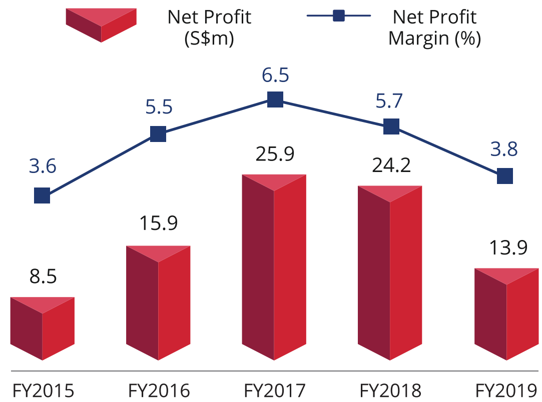
GROSS PROFIT



EBIT (S$M)



NET PROFIT AFTER TAX



Group Simplified Financial Position

	FY2015 S$'000	FY2016 S$'000	FY2017 S$'000	FY2018 S$'000	FY2019 S$'000
Assets					
Investment property	-	-	-	72,800	**72,800**
Plant and equipment	2,142	1,436	1,223	1,076	**1,677**
Intangible assets	102,253	101,320	100,388	99,455	**98,523**
Right-of-use assets	-	-	-	-	**5,053**
Trade and other receivables including unbilled receivables	34,683	49,141	71,725	64,098	**81,826**
Cash and bank balances including fixed deposits	14,616	18,147	62,371	43,419	**32,424**
Other assets	956	294	286	2,356	**2,838**
Total	154,650	170,338	235,993	283,204	**295,141**
Total Equity					
Capital and reserves	62,996	78,877	133,026	143,061	**145,530**
Non-controlling interests	-	-	-	43	**(70)**
Liabilities					
Borrowings					
Non-current	31,000	12,000	-	54,617	**51,717**
Current	6,000	6,000	-	2,900	**2,900**
Trade and other payables	44,438	62,610	91,516	71,281	**81,211**
Lease liabilities					
Non-current	-	-	-	-	**3,359**
Current	-	-	-	-	**1,680**
Taxation					
Deferred	5,138	4,672	4,489	4,290	**4,190**
Current	3,382	4,451	4,989	5,172	**3,336**
Other liabilities	1,696	1,728	1,973	1,840	**1,288**
Total	154,650	170,338	235,993	283,204	**295,141**

Statement By Chairman and CEO

LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present APAC Realty's Annual Report for the year ended 31 December 2019 ("FY2019").

Year 2019 was an eventful year. It was all hands on deck at APAC Realty as we worked hard to lay a strong foundation for future growth and progress, enhancing our competitive edge and resilience with investments across Southeast Asia.

As the industry continued to grapple with the repercussions of the property cooling measures implemented in July 2018, we witnessed marginal improvements in specific areas of the property market in second half of 2019. Our performance against this difficult backdrop is testament to the quality of our salespeople. Underpinned by their tenacity and integrity, we closed the challenging year with a turnover of S$369.5 million and net profit of S$13.9 million.

Over the past 38 years, ERA Singapore has been setting the standard in residential brokerage business. We have helped develop industry expertise, promoted innovation, elevated service excellence and most importantly, we have championed professional integrity. We believe that reputation is above all else and will place the interests of our clients above transactions. We believe that when our clients win, we win. This is what sets us apart and will continue to underpin the longevity and profitability of our business.

REWARDING SHAREHOLDERS WITH A 51% PAYOUT

To thank and reward shareholders for their continued loyalty, the Board of Directors has recommended a final dividend of 1.25 Singapore cents per share, payable on 15 May 2020. Combined with the interim dividend of 0.75 cents per share paid in 2019, the full year dividend of 2.0 cents per share represents a payout of S$7.1 million and a payout ratio of 51.2%.

With this, we have extended our track record of rewarding shareholders with an annual dividend payout ratio of more than 50% since our listing in 2017. Our ability to provide shareholders with a quality return stems from our strong balance sheet and unique business model which generates relatively strong cash flows though market cycles.

STRENGTHEN AND EXPAND OUR BUSINESS IN SINGAPORE

The Singapore property market bore the brunt of the property cooling measures in the first six months of the year as the number of private resale transactions dropped 50% to 4,321 transactions from 8,567 transactions in the first six month of FY2018. The pace of growth in the new homes segment and HDB resale segment also slowed during this period to 6% and 7% respectively.

Despite muted buyer sentiment, the Group successfully marketed more than 43 new home projects to close the year with a healthy 38% share of the residential property market. Given our success with new home projects in FY2019, we have secured marketing agent appointments from leading developers for 25 quality residential projects with more than 7,500 new units scheduled to be launched in FY2020. Our strong performance at the launch of Parc Canberra and The M in February 2020, positions us well to secure additional marketing agent mandates as developers bring other new home projects to the market in the second half of the year.

We are pleased to report that ERA ended the year with a leading 40% share of the HDB and private residential resale market. This was achieved despite a 31% decline in the Singapore's private residential resale market which recorded sales of 9,238 units in FY2019, compared with 13,344 units in the previous year. Momentum in the Singapore HDB resale segment was relatively strong following changes to CPF regulations and the introduction of additional financial grants favouring home buyers.

The revitalization of ERA APAC Centre continued into FY2019 with significant tenant remixing work and various asset enhancements. With new retail tenants moving in progressively over the year, the commercial property turned cash flow positive in the fourth quarter of 2019. ERA APAC Centre will serve as our Asia-Pacific headquarters when we move our agents and operations to the property following the expiry of our lease at Mountbatten Square in February 2023. We have set aside $0.8m to refurbish the exterior of ERA APAC Centre and expected completion will be around early 2021.

BUILDING THE FOUNDATION FOR INCOME GROWTH AND SUSTAINABILITY ACROSS ASIA PACIFIC

During the year, we made significant progress with our regional expansion plans through several quality investments, providing us with direct access to some of the region's high growth economies and vibrant real estate markets.

In February 2019, the Group entered into a loan agreement with a call option to acquire ERA Indonesia, and a cooperation agreement to take direct ownership in ERA Thailand. Following these well-timed investments, we announced the acquisition of a 49% interest in ERA Malaysia in December 2019 and a 38% interest in ERA Vietnam in February 2020.

These investments allow us to take a more active role in Southeast Asia by working in partnership with existing country management teams to operate the respective ERA country franchises. In addition, we are able to leverage local management's country experience, knowledge and networks to drive and grow these businesses.

Collectively, these four countries provide APAC Realty with direct access to a population of more than 463.4 million residents, representing more than 70% of the total population in Southeast Asia. Supported by strong domestic consumption and a growing middle class, Indonesia, Thailand, Malaysia and Vietnam continue to attract significant foreign direct investment. These economies have an aggregate GDP of more than US$2.1 trillion and are expected to grow between 2.7% to 6.5% per annum from 2020 to 2022.

We will continue to focus on our Asia-Pacific expansion strategy to build a geographically-diversified business with sustainable income growth and resilience though market cycles. Over time, our investments in Indonesia, Thailand, Malaysia and Vietnam will allow us to capture market opportunities, especially in the new homes market where local teams are able to leverage ERA Singapore's project marketing expertise, training programmes and long track record of success. We have also deployed integration taskforces to carefully design integration programmes to realise synergies and economies of scale over the longer-term.

TALENT DEVELOPMENT IS KEY TO OUR SUCCESS

APAC Realty has one of the largest real estate networks with more than 17,300 salespersons in 651 offices across 10 countries in Asia. To ensure that we remain at the top of our game in an increasingly competitive and globalized market, it is vital that we equip our salespeople with the necessary skills and knowledge.

To this end, we redesigned ERA's Ultimate Agent Training programme to impart vital knowledge and skills under the "7 Keys of Becoming Successful Realtorpreneur" to ERA salespersons. These 7 in-depth training modules will provide each ERA salesperson with a strong foundation to build multiple streams of income and the skillsets to grow into a full fledge real estate entrepreneur.

During the year, we established the ERA Digital Lab initiative, an investment programme designed to make ERA the leading digital real estate agency in Asia. Under this initiative, APAC Realty will continue to invest in proptech platforms such as UrbanZoom, to empower ERA salespersons with real-time relevant data and analysis to drive productivity, raise professionalism and build stronger client relationships.

REJUVENATED BOARD

In July 2019, APAC Realty rejuvenated its Board following the resignation of Mr. Stewart Yen Se-Hua, who relinquished his position as Non-Executive Chairman and Independent Director. Mr. Yen served on the Board since APAC Realty's listing on 28 September 2017 and made significant contributions to the Group's success. On behalf of the board, we would like to extend our heartfelt gratitude and wish him all the very best in his new endeavours.

We welcomed Mr. Wong Hin Sun, Eugene as Independent Non-Executive Director, Chairman of Nominating Committee and a Member of Audit Committee. Mr. Tan Kok Ming Desmond was appointed as Independent Non-Executive Director and a Member of Remuneration Committee. The appointment of Mr. Wong and Mr. Tan has allowed us to further strengthen Board independence and governance. Furthermore, the combined expertise, experience and competencies of the Board will provide strategic leadership to the Group in its next phase of growth.

LOOKING AHEAD

In the light of geo-political uncertainties, the novel coronavirus (Covid-19) outbreak, and slowing global growth, business and consumer sentiment is likely to be affected in the first half of 2020. However, we believe the work that APAC Realty's board and management have been doing in recent years will position us well to navigate a downturn and seize new opportunities.

We remain committed to realizing our regional growth aspirations which will provide the Group with multiple engines of growth across Southeast Asia. To support these growth engines, we will continue to upskill our salespeople with knowledge, leading-edge technologies, and relevant skillsets to ensure that they continue to provide best-in-class advice and remain relevant to our customers in Singapore and across Asia-Pacific.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to extend our sincere gratitude to our shareholders, business partners and customers for their trust and unwavering support.

To all ERA salespersons and staff, I would like to express my deepest appreciation for your dedication, hard work, and for upholding our core values. Your embrace of the Group's core values is a true reflection of what we stand for: Integrity. Innovation. Passion. Unity. Gratitude.

Chua Khee Hak
Executive Chairman and
Chief Executive Officer

Board of Directors

Mr. Chua Khee Hak

Executive Chairman and Chief Executive Officer

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

Mr. Tan Choon Hong

Non-Executive
Non-Independent Director

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

Mr. Teo was first appointed to the Board on 2 September 2016, re-appointed on 4 September 2017 and re-elected on 25 April 2018. Mr. Teo is a managing director at Vulcan Capital and leads the investment team based in Singapore. Prior to joining Vulcan, Tommy was an Executive Director with the Northstar Group, a Singapore headquartered private equity firm where he focused on growth and technology opportunities in Southeast Asia. Previously, Tommy was an investment banker with Citigroup in Singapore, and with Perella Weinberg Partners and Bear, Stearns & Co. Inc. in New York. Tommy was also an analyst at hedge fund sponsor Capital Z Asset Management. He currently serves on the board of Nera Telecommunications Ltd., a company listed on the Mainboard of SGX-ST. Mr. Teo graduated with a Bachelor of Business Administration from the Stephen M. Ross School of Business at the University of Michigan.

Board of Directors

Mr. Tan Bong Lin

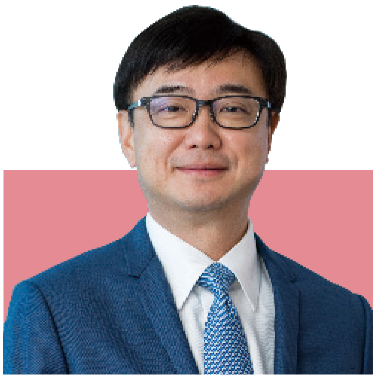
Non-Executive Independent Director

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

Mr. Hee Theng Fong

Non-Executive Independent Director

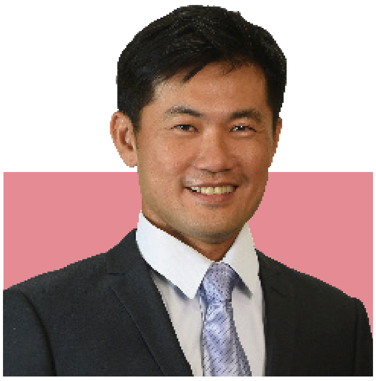
Mr. Hee was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018 and 22 April 2019. He is also an Independent Director of Yanlord Land Group Limited, Straco Corporation Limited, Tye Soon Limited, Zheneng Jinjiang Environment Holding Company Limited (formerly China Jinjiang Environment Holding Company Limited) and China Aviation Oil (Singapore) Corporation Ltd (all of which are listed on the Mainboard of the SGX-ST) and Haidilao International Holding Ltd (which is listed on the Hong Kong Stock Exchange) 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.



Mr. Wong Hin Sun, Eugene

Non-Executive Independent Director

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



Mr. Tan Kok Ming Desmond

Non-Executive Independent Director

Mr. Tan was appointed to the Board on 15 July 2019. Mr. Tan is the Chief Executive Director of the People's Association (PA). Prior to joining the PA, Mr Tan had his career with the Singapore Armed Forces, holding a range of command and staff appointments before retiring as the Chief of Staff of the Army. Mr Tan is currently a Board Director in the Gardens by the Bay Company Board and the Singapore Chinese Cultural Centre Board. He is also a member of the Singapore Agro-Food Enterprises Federation Ltd Governing Council, Singapore Sports Council and National Crime Prevention Council. Mr Tan was formerly an alternate Director in Stelop Pte Ltd, and a member of the Singapore Totalisator Board and Audit Committee. He holds a Bachelor of Aeronautical Engineering (Hons) from the University of Manchester (UK) and an MBA (Nanyang Fellows Programme) from the Nanyang Business School, Nanyang Technological University.

Additional Information on Directors Seeking Re-Election

Mr Tan Bong Lin, Mr Tan Choon Hong, Mr Tan Kok Ming Desmond and Mr Wong Hin Sun, Eugene are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

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

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
Date of appointment	4 September 2017	4 September 2017	15 July 2019	15 July 2019
Date of last re-appointment	25 April 2018	25 April 2018	Not applicable	Not applicable
Age	63	45	49	52
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Tan as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Tan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan as Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Tan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Tan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wong as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Wong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Chairman of Audit Committee • Member of Nominating and Remuneration Committees	• Non-Executive and Non-Independent Director • Member of Nominating and Remuneration Committees	• Non-Executive and Independent Director • Member of Remuneration Committee	• Non-Executive and Independent Director • Chairman of Nominating Committee • Member of Audit Committee

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
Professional qualifications	Bachelor of Accountancy, University of Singapore	• Chartered Financial Analyst • Master of Engineering and Bachelor of Arts, Cambridge University	• Bachelor of Aeronautical Engineering (First Class), The Victoria University of Manchester (now known as The University of Manchester) • Master of Arts in Defence Studies, King's College • Master of Business Administration in Management (Nanyang Fellows), Nanyang Technological University	• Bachelor of Business Administration (First Class Honours), National University of Singapore • Master of Business Administration, Imperial College, University of London • Owners President Program, Harvard Business School • Chartered Financial Analyst • Chartered Director • Chartered Valuer and Appraiser • Fellow of UK Institute of Directors • Fellow of Australian Institute of Company Directors
Working experience and occupation(s) during the past 10 years	2010 – Present: Retired	2011 – Present Chief Executive Officer, Northstar Advisors Pte Ltd 2007 – 2011 Director, C S Partners Pte Ltd	2017 – Present Chief Executive Director, People's Association 2016 – 2017 Chief of Staff (General Staff), Office of Chief of Army 2014 – 2016 Director of Joint Operations, Joint Operations Department 2012 – 2014 Chief Guards Officer, Headquarters Singapore Guards 2010 – 2012 Director, Public Affairs of Ministry of Defence 2009 – 2010 National Contingent Commander, Overseas Peace Operations	2002 – Present Founder and Managing Director, Sirius Venture Capital Pte Ltd 2012 – Present Chairman, CrimsonLogic Pte Ltd 2009 – 2013 Chairman, Singapore Venture Capital Association
Shareholding interest in the listed issuer and its subsidiaries	Please refer to pages 57 to 58 of this Annual Report			

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* including Directorships# ** "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments* *# These fields are not applicable for announcement of appointments pursuant to Rule 704(9)*	**Past (for the last 5 years)** Directorships • Parkway Trust Management Limited Other Principal Commitments Nil **Present** Directorships • YTL Starhill Global REIT Management Limited • RHT Health Trust Manager Pte Ltd Other Principal Commitments Nil	**Past (for the last 5 years)** Directorships • ERA Realty Network Pte Ltd • ERA Singapore Pte Ltd • Electronic Realty Associates Pte Ltd • Coldwell Banker Real Estate (S) Pte Ltd • Coldwell Banker Commercial Real Estate (S) Pte Ltd • Realty Partners Investments Pte Ltd Other Principal Commitments • Samudra Energy Limited • Angels Creek Ltd • Privilege Mission Inc. • APAC Realty 3 • Windsor Nusantara Partners • NTH GP Limited • The Thai Credit Retail Bank PCL **Present** Directorships • Nera Telecommunications Ltd • Realty International Associates Pte Ltd	**Past (for the last 5 years)** Directorships Nil Other Principal Commitments • Member of Singapore Totalisator Board • Chairman of Temasek Club Management Committee • Member of Charity Council **Present** Directorships • Gardens By The Bay • Singapore Chinese Cultural Centre Other Principal Commitments • Chief Executive Director of People's Association • Secretary – Treasurer of People's Association Board of Management • Council Member of National Crime Prevention Council • Member of National Integration Council	**Past (for the last 5 years)** Directorships • Global Dragon Limited • Neo Group Limited • Singapore Kitchen Equipment Limited • Ajisen (China) Holdings Limited • Singapore Institute of Directors • SCC Travel Services Pte Ltd (In Members' Voluntary Liquidation) • Agfunder Asia Pte Ltd • Agfunder Rocket Seeder Pte Ltd • Agfunder Grow Asia Fund Pte Ltd Other Principal Commitments • Council Member of Singapore Institute of Directors • Member of Institute of Valuers and Appraisal Singapore **Present** Directorships • Jason Marine Group Limited • Japan Foods Holding Ltd

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
		• Innovalues Holdings Pte Ltd • Northstar Advisors Pte Ltd Other Principal Commitments • Advance Wealth Finance Ltd • Polaris Capital Investment Limited • Asia Systems Ltd • ERA Real Estate Consulting (Shanghai) Co., Ltd • Northstar IV Technology Holdings Inc. • Modern Retail Group Limited • Modern Retail Holdings Limited • Modern Retail Finance Limited • Modern Retail Partners Limited • Modern Retail Treasury Ltd • Nusantara FMCG Limited • Nusantara FMCG Holdings • Arcadia Infrastructure Investment • Asia Ventures Limited • Telco Tower Holdings • Precision Solutions Partners • Precision Solutions Group • Precision Solutions Limited • Precision Solutions Holdings • APAC Realty 1 • APAC Realty 2 • Asia Pacific Realty Holdings Ltd • Attadale Investment Limited • PGA Realty Partners Ltd • Northstar Samudra Holdings I Incorporated • Northstar Samudra Holdings II Incorporated • Northstar Samudra Holdings III Incorporated • NSI SLP GP Limited • Orion Capital Ltd • Archipelago Tourism Holdings • Archipelago Tourism Limited • Star Engineering Limited • Akasya Holdings Limited • Windsor Nusantara Holdings • Windsor Nusantara Group • Redcliff Enterprise Overseas Ltd • Amberley Investment Group Limited • Northstar Tambang Persada Ltd	• Council Member of Singapore Sports Council • Member of National Youth Achievement Award Advisory Board • Member of Lifelong Learning Council • Member of Singapore Agro-Food Enterprises Federation Ltd Governing Council • Member of Digital Readiness Whole-of-Government Workgroup • Council Member of Families for Life Council	• CrimsonLogic Pte Ltd • Cargo Community Network Pte Ltd • Sirius Venture Capital Pte Ltd • Singapore Cruise Centre Pte Ltd • Alliance Healthcare Group Limited • Sirius Angel Fund Pte Ltd • Mekhala Pte. Ltd • Gets Global Pte Ltd • Dining Collective Pte Ltd • Enterprise Singapore • Hargol FoodTech Ltd • Sirius Investment Inc • Sirius SME Growth Partners I Limited Other Principal Commitments • Committee Member of SAFTI-MI Alumni Association • Council Member of Singapore Business Federation Foundation (SBF) • Captain of Power of Management Committee of SAF Yacht Club • Council Member of Malaysia-Singapore Business Council • Council Member of China-Singapore Business Council • Vice Chairman, SBF China and North Asia Business Group • Vice President of BB Alumni Association

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or	No	No	No	No

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?				
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No

	TAN BONG LIN	TAN CHOON HONG	TAN KOK MING DESMOND	WONG HIN SUN, EUGENE
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

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. He helms the daily operations of ERA, as well as the Corporate Communications, Associate Human Resource, Training, Research, and Innovation teams within ERA. Seen as a mentor of leaders, Marcus also plays a leadership and advisory role to over 200 Division Directors. He has spearheaded numerous innovations for consumers and salespersons. Among these initiatives are the iERA Super App, findpropertyagent.sg, ERA PropWatch, ERA Extra Mile Programme and the Loyalty Growth Dividend Scheme. Before he took on the reins of management, Marcus had extensive experience in real estate marketing; establishing stellar records during his time as a salesperson which include awards like ERA's Top New Achiever 1997, 2nd Top Achiever 1997 and 1998, 1st Overall Top Achiever for ERA International 1999, as well as being inducted into the League of Honour in 1999 for his consecutive wins. With two decades of real estate experience under his belt, Marcus 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 7,000 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. A highly regarded leader in real estate industry, Eugene is a member of the Council for Estate Agencies' Professional Development Committee and is also an Executive Committee Member of the Singapore Estate Agents Association. Eugene has over 29 years' experience in the real estate industry, seven of which were with publicly listed property developers such as DBS Land and CapitaLand. Eugene holds a Bachelor of Science (Hons) in Estate Management and a Master of Science (Real Estate) from the National University of Singapore.

Management Team

Poh Chee Yong | Chief Financial Officer

Mr. Poh Chee Yong joined the Group in 2011. He heads the finance and commission teams, and is responsible for financial management and implementing controls to safeguard assets, integrity of data and financial information. He was also appointed as the Data Protection Officer ("DPO") for the group when the data protection laws came into effect in Singapore in 2014. Prior to joining our Group, he was a Financial Controller at Raffles Education Corporation Limited from 2003 to 2011, and an auditor at KPMG Singapore from 2000 to 2003. Chee Yong is a 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.

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 22 years of experience in the real estate industry, he was involved in the marketing of new developments both locally and in overseas markets such as China, Hong Kong and Indonesia. He holds a Bachelor of Science (Hons) in Estate Management from National University of Singapore.

Paul Ho | Director, Valuation

Mr. Paul Ho joined the Group in 2004 and now heads the Valuation Department. Paul has over 35 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.

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 27 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 (Asst Treasurer) for Jalan Kayu Zone 5 (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 22 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 17 years' experience in the IT industry. He oversees the IT department and is responsible for aligning technology with the Group's business strategic plans. At the level of core information technology, David has pushed for ERA to adopt latest technologies that facilitated greater efficiencies and cost effectiveness in information processing, data management and network access. Prior to joining the Group, he has managed IT projects with publicly listed companies such as CapitaLand. David holds a Bachelor of Information Technology from Monash University.

Bernard Lee | Senior Vice President, Asia Pacific Development

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

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 property market bore the brunt of the July 2018 property cooling measures in the second half of 2018. Although the market started to show signs of improvements in FY2019, the pace of recovery has been relatively slow and confined to specific sectors of the market. The primary market and HDB resale market have seen increased activity, however, the private residential resale market continues to remain soft given the prevailing cooling measures.

The outbreak of the novel coronavirus (Covid-19) is still evolving. The Group is monitoring the situation closely and will assess the impact, if any, on the Group's performance.

In addition to improving our competitive edge in the Singapore market, the Company will seek to mitigate individual country volatility and enhance brokerage income stability by focusing on its regional expansion plans and growing its Asia Pacific business, especially in markets such as Indonesia and Thailand, and recently Malaysia.

The total number of unsold private residential units have been increasing in the year 2018 and reached 38,710 (including ECs) as at 31 March 2019 before coming down to 32,272 as at 31 December 2019. The vacancy rate of completed private residential units continues to trend downwards and reached 5.5% as at 31 December 2019, coming down from a high of 8.9% as at 30 June 2016.

Apart from the 32,272 unsold units (including ECs) with planning approval as at 31 December 2019, there is a potential supply of 6,050 units (including ECs) from Government Land Sales (GLS) sites and awarded en-bloc sale sites that have not been granted planning approval yet. They comprise (a) about 5,500 units from awarded GLS sites and Confirmed List sites that have not been awarded yet, and (b) about 550 units from transacted en-bloc sale sites.

Recognised as a preferred marketing agent for new launches amongst leading developers, ERA was appointed marketing agent to 43 projects with more than 15,300 new home units launched in 2019. ERA has also secured marketing agent mandates for 25 quality residential projects with approximately 7,500 new home units to be launched in FY2020.

LAUNCHED PROJECTS FOR 1Q 2020

15 Holland Hill
D10, Holland Hill | 59 units
Peak Opal Pte Ltd (Kheng Leong Company Pte Ltd)

19 Nassim
D10, Nassim Hill | 101 units
Parksville Development Pte Ltd (Keppel Land Pte Ltd)

Dalvey Haus
D10, Dalvey Road | 27 units
Dalvey Breeze Development Pte Ltd (KOP Properties Pte Ltd)

Operating and Financial Review

Leedon Green
D10, Leedon Heights | 638 units
Asia Radiant Pte Ltd (A joint venture between MCL Land Ltd and Yanlord Land Group Ltd)

Luxus Hills (Contemporary Collection)
D28, Luxus Hills View / Seletar Green Ave | 39 units
Singapore United Estates (Private) Ltd (Bukit Sembawang Estates Ltd)

Ola
D19, Anchorvale Crescent | 548 units
Anchorvale Pte Ltd (A joint venture between Evia Real Estate Pte Ltd and Gamuda Berhad)

Parc Canberra
D27, Canberra Walk | 496 units
Hoi Hup Sunway Canberra Pte Ltd (A joint venture between Hoi Hup Realty Pte Ltd and Sunway Developments Pte Ltd)

Tedge
D14, Changi Road | 42 units
Macly 18 Pte Ltd (Macly Group Pte Ltd)

The Avenir
D9, River Valley Close | 376 units
Carmel Development Pte Ltd (A joint venture between Hong Leong Holdings Ltd, GuocoLand Ltd and Hong Realty Pte Ltd)

The M
D7, Middle Road |522 units
Wingcharm Investment Pte Ltd (Wing Tai Asia)

Van Holland
D10, Holland Road |69 units
KBD Holland Pte Ltd (Koh Brothers Development Pte Ltd)

Verticus
D12, Jalan Kemaman |162 units
SB (Kemaman) Development Pte Ltd (Soilbuild Group Holdings Ltd)

UPCOMING PROJECTS FOR 2020

Cairnhill 16
D9, Cairnhill Rise | 39 units
TSKY Cairnhill Pte Ltd (A joint venture between Tiong Seng Holdings Ltd and Ocean Sky International Ltd)

Forett At Bukit Timah
D21, Toh Tuck Road | 633 units
Qingjian Perennial (Bukit Timah) Pte Ltd (A joint venture between Qingjian Realty (South Pacific) Group Pte Ltd and Perennial Real Estate Holdings Ltd)

Kopar At Newton
D9, Kampong Java Road | 378 units
CEL Newton Pte Ltd (CEL Development Pte Ltd)

FINANCIAL REVIEW

INCOME STATEMENT REVIEW

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

	FY 2019 $'000	FY 2018 $'000	Change (%)
Total revenue	369,524	423,963	(12.8)
Cost of services	323,157	371,162	(12.9)
Gross Profit	46,367	52,801	(12.2)
Gross Profit Margin	12.5%	12.5%	

REVENUE

Revenue from real estate brokerage fees and related services decreased by approximately $54.8 million or 13.1%, from $419.9 million in FY2018 to $365.1 million in FY2019. This was mainly due to the decrease in brokerage income from:

a. resale and rental of properties of $44.9 million or 15.7%, from $286.5 million in FY2018 to $241.6 million in FY2019; and
b. new home sales of $10.4 million or 8.1%, from $128.0 million in FY2018 to $117.6 million in FY2019.

Other revenue increased by approximately $0.4 million or 9.7%, from $4.0 million in FY2018 to $4.4 million in FY2019 mainly due to an increase in professional indemnity income and interest income.

COST OF SERVICES

Our cost of services decreased by approximately $48.0 million or 12.9%, from $371.2 million in FY2018 to $323.2 million in FY2019, in line with the decrease in total revenue.

GROSS PROFIT

Gross profit decreased by approximately $6.4 million or 12.2%, from $52.8 million in FY2018 to $46.4 million in FY2019. This was largely attributed to the decrease in contribution from both the resale and rental of properties, and new home sales.

OPERATING EXPENSES

Personnel cost was approximately $13.0 million for both FY2018 and FY2019. The increase in staff salaries of approximately $1.2 million in FY2019 was fully offset by lower provision for staff bonus and director's performance-related bonus in FY2019.

Marketing and promotion expenses increased by approximately $2.1 million or 183.0%, from $1.1 million in FY2018 to $3.2 million in FY2019. The increase was mainly due to Council for Estate Agencies ("CEA") licence fees of $1.7m paid by ERA Realty to CEA on behalf of all its salespersons (ERA renewal incentives) and additional marketing incentives given out in FY2019.

Depreciation of plant and equipment increased by approximately $0.1 million from $0.5 million in FY2018 to $0.6 million in FY2019. The increase was mainly due to more plant and equipment purchased in FY2019.

Depreciation of right-of-use assets was $1.6 million in FY2019 following the adoption of SFRS(I) 16 Leases on 1 January 2019.

Amortisation of intangible assets was approximately $0.9 million in both FY2019 and FY2018.

Operating and Financial Review

Allowance for doubtful debts provided (trade) increased by approximately $0.5 million or 31.3%, from $1.5 million in FY2018 to $2.0 million in FY2019 mainly due to full provision made for two outstanding debts for a total of $0.5 million. The Group's exposure is approximately 10% of the allowance provided because there is a corresponding 90% recorded in trade payables (commission due to salespersons).

Finance costs increased by approximately $1.4 million or 301.6%, from $0.4 million in FY2018 to $1.8 million in FY2019 due to interest on lease liabilities of $0.3 million in FY2019 (FY2018: Nil) and higher interest expense from bank borrowings of $1.1 million (FY2019: 12 months; FY2018: 4 months).

Other operating expenses increased marginally by approximately $0.1 million or 1.2%, from $5.9 million in FY2018 to $6.0 million in FY2019.

Overall, total operating expenses increased by approximately $5.5 million or 23.7%, from $23.6 million in FY2018 to $29.1 million in FY2019.

PROFIT BEFORE TAX

As a result of the foregoing, profit before tax decreased by approximately $12.0 million or 41.1%, from $29.2 million in FY2018 to $17.2 million in FY2019.

TAX EXPENSE

Tax expense decreased by approximately $1.7 million or 32.9%, from $5.0 million in FY2018 to $3.3 million in FY2019. The decrease is mainly due to the lower taxable income in FY2019.

PROFIT FOR THE YEAR

As a result of the foregoing, profit for the year decreased by approximately $10.3 million or 42.8%, from $24.2 million in FY2018 to $13.9 million in FY2019.

FINANCIAL POSITION REVIEW

NON-CURRENT ASSETS

The Group's total non-current assets amounted to approximately $173.7 million and $179.5 million as at 31 December 2018 and 31 December 2019 respectively. The increase of approximately $5.8 million or 3.3% was mainly due to the adoption of SFRS(I) 16 Leases on 1 January 2019 resulting in the recognition of $6.6 million right-of-use assets and purchase of plant and equipment of $1.2 million in FY2019, partially reduced by depreciation of right-of-use assets and plant and equipment of $1.6 million and $0.6 million respectively in FY2019.

CURRENT ASSETS

Trade receivables amounted to approximately $52.0 million and $57.2 million as at 31 December 2018 and 31 December 2019 respectively. The increase in trade receivables is in line with the increase in revenue from real estate brokerage fees and related services of $25.3 million or 31.3% for 4Q2019 as compared to 4Q2018.

Other receivables amounted to approximately $1.4 million and $11.0 million as at 31 December 2018 and 31 December 2019 respectively. The increase of approximately $9.6 million was mainly due to the grant of loans to PT Realti Jaya Abadi in FY2019 to fund the acquisition of PT ERA Graharealty.

Unbilled receivables amounted to approximately $7.9 million and $10.8 million as at 31 December 2018 and 31 December 2019 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately $2.0 million and $1.8 million as at 31 December 2018 and 31 December 2019 respectively. The decrease of $0.2 million was mainly due to the recognition of expenses in FY2019.

Cash and bank balances decreased by approximately $11.0 million or 25.6%, from $43.0 million as at 31 December 2018 to $32.0 million as at 31 December 2019.

As a result of the foregoing, total current assets increased by approximately $6.2 million or 5.7%, from $109.5 million as at 31 December 2018 to $115.7 million as at 31 December 2019.

NON-CURRENT LIABILITIES

The Group's total non-current liabilities increased from $58.9 million as at 31 December 2018 to $59.3 million as at 31 December 2019. The increase of $0.4 million or 0.7% was mainly due to the recognition of lease liabilities of $3.4 million offset by the repayment of bank loan of $2.9 million in FY2019.

CURRENT LIABILITIES

Trade payables and accruals amounted to approximately $63.5 million and $71.9 million as at 31 December 2018 and 31 December 2019 respectively. The increase in trade payables and accruals is in line with the increase in trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately $7.8 million and $9.3 million as at 31 December 2018 and 31 December 2019 respectively. The increase of approximately $1.5 million or 19.2% was mainly due to an increase in GST payable which is in line with the increase in revenue for 4Q2019 as compared to 4Q2018.

Deferred income amounted to approximately $1.8 million and $1.3 million as at 31 December 2018 and 31 December 2019 respectively. The decrease was mainly due to the recognition of higher professional indemnity income in FY2019.

Lease liabilities of $1.7 million represent the current portion of the lease obligations as at 31 December 2019.

Provision for taxation was approximately $5.2 million and $3.3 million as at 31 December 2018 and 31 December 2019 respectively. The decrease of approximately $1.9 million or 36.5% was mainly due to lower income tax provided for FY2019 as a result of lower taxable income.

As a result of the foregoing, total current liabilities increased by approximately $9.2 million or 11.3%, from $81.2 million as at 31 December 2018 to $90.4 million as at 31 December 2019.

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The equity attributable to the owners of the Company increased by approximately $2.4 million or 1.7%, from $143.1 million as at 31 December 2018 to $145.5 million as at 31 December 2019. The increase was mainly attributed to the profit of $13.9 million for FY2019 offset by dividend payment of $11.5 million in FY2019.

CASH FLOW REVIEW

Net cash generated from operating activities was approximately $14.1 million in FY2018 as compared to approximately $17.0 million in FY2019. The increase of $2.9 million was mainly due to an improvement in working capital of $12.9 million and higher adjustment in non-cash items of $3.1 million, offset by lower profit of $12.0 million, higher income taxes of $0.3 million and higher interest of $1.1 million paid.

Net cash used in investing activities was approximately $76.3 million in FY2018 as compared to approximately $11.7 million in FY2019. The decrease of $64.6 million was mainly due to the acquisition of investment property (ERA APAC Centre) of $72.8 million and a convertible loan granted to PT Realti Jaya Abadi of $2.8 million in FY2018, partially offset by advances of $9.4 million extended to PT Realti Jaya Abadi, an investment of $1.0 million in Dots Connected Pte. Ltd. and higher purchase of plant and equipment of $0.9 million in FY2019.

Net cash used in financing activities was approximately $16.3 million in FY2019 as compared to net cash generated from financing activities of approximately $43.3 million in FY2018. In FY2019, there were repayment of bank loan of $2.9 million, repayment of lease liabilities of $1.9 million and dividend payment of $11.5 million. In FY2018, the bank loan proceeds of $58.0 million was partially offset by $14.2 million of dividend payment.

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately $11.0 million in FY2019 as compared to a net decrease of approximately $19.0 million in FY2018.

Cash and cash equivalents as at 31 December 2019 stood at $32.0 million.

Sustainability Report

ABOUT THIS REPORT

APAC Realty Limited presents its annual Sustainability Report (the "Report") which covers the Group's performance from 1 January 2019 to 31 December 2019 (the "reporting period").

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

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

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

GOVERNANCE AND STATEMENT OF THE BOARD

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

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

OUR SUSTAINABILITY STORY

Sustainability Targets and Performance

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

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

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

Environmental Performance for FY2019	
FY2019 Target	Performance Update
Analyse and monitor resource usage	Energy consumption for Mountbatten Square office was relatively stable but energy consumption for ERA APAC Centre increased by approximately 6%.
Undertake further initiatives to promote environmental sustainability	Installed energy-efficient LED lights
Environmental Targets for FY2020	
FY2020 Target	Action Plan
Undertake further initiatives to promote environmental sustainability	The Group will explore and consider various initiatives such as purchasing more energy efficient appliances, motion sensors for lights etc.

Social Performance for FY2019	
FY2019 Target	Performance Update
Training and Development of ERA salespersons	Close to 7,000 ERA salespersons fulfilled their Continuing Professional Development ("CPD") hours and managed to renew their Council for Estate Agencies ("CEA") licences for 2020.
Social Targets for FY2020	
FY2020 Target	Action Plan
Training and Development of ERA salespersons	Continue to provide ERA in-house training and CPD courses under RIA School of Real Estate for all ERA Salespersons.
Zero disciplinary actions from CEA against ERA Salespersons	Educate all ERA Salespersons to act in strict compliance with CEA regulations

KEY STAKEHOLDERS ENGAGEMENT

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

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees and ERA Salespersons	• Remuneration and benefits • Training and development • Ethics and conduct • Diversity	• Annual performance appraisal • Ongoing communication	Our People, Our Assets
Clients	• Corporate social responsibility • Environmental compliance • Compliance with local marketing and labelling regulations	• Feedback	Environmental Responsibility

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Communities	• Social development	• Community service engagement	Community Engagement
Government and regulatory bodies	• Regulatory and industrial requirements (MOM) • Protection of personal data (PDPC) • Anti-money laundering (MAS) • License, regulation and professionalism (CEA)	• SGX announcements • Annual reports • Sustainability reports • Ongoing dialogues • Trainings for ERA salespersons	Environmental Responsibility, Our People, Our Assets
Shareholders and investors	• Anti-corruption • Financial performance	• Annual reports • Investor relations management	Ethics and Integrity, Financial Highlights

MATERIAL TOPICS AND BOUNDARIES

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

Material Topics	Boundaries (where the impacts occur)
ECONOMIC	
GRI 205: Anti-corruption	Group-wide
ENVIRONMENTAL	
GRI 302: Energy	Group-wide
GRI 305: Emissions	
GRI 307: Environmental Compliance	
SOCIAL	
GRI 401: Employment	Group-wide
GRI 404: Training and Education	ERA
GRI 405: Diversity and Equal Opportunity	Group-wide
GRI 406: Non-discrimination	Group-wide
GRI 413: Local Communities	Group-wide
GRI 417: Marketing and Labelling	ERA
GRI 418: Customer Privacy	Group-wide
GRI 419: Socioeconomic Compliance	Group-wide

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 FY2019.

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

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

ENVIRONMENTAL RESPONSIBILITY

Energy and Emissions Management

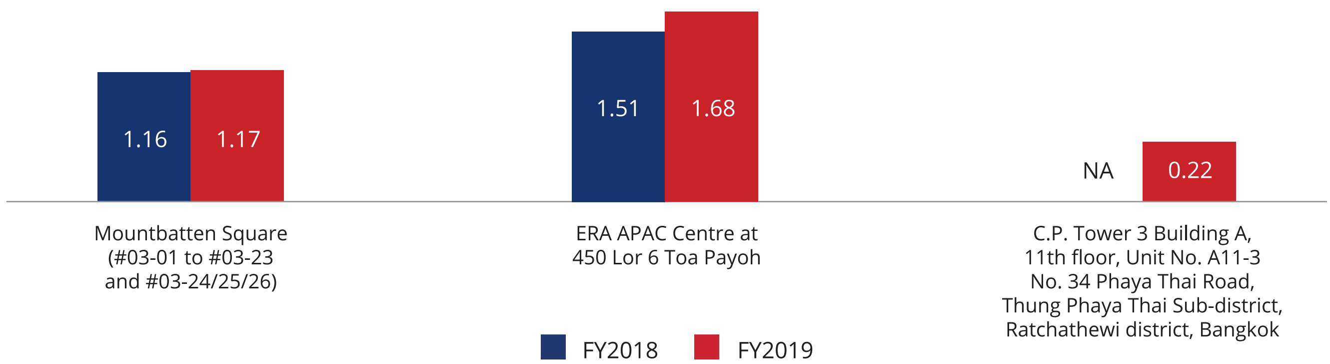
GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

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

		FY2018		FY2019	
Location[1]	Country	Average Monthly Energy Consumption (kWh)	Area (Sqft)	Average Monthly Energy Consumption (kWh)	Area (Sqft)
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	Singapore	46,500	39,923	46,520	39,923
ERA APAC Centre at 450 Lor 6 Toa Payoh	Singapore	46,220	30,600[2]	51,553	30,600
C.P. Tower 3 Building A, 11th floor, Unit No. A11-3 No. 34 Phaya Thai Road, Thung Phaya Thai Sub-district, Ratchathewi district, Bangkok	Thailand[3]	NA	NA	529[4]	2,410

[1] ERA moved out of the offices at Zhong Shan (8th floor), HDB Hub #03-14, HDB Hub #03-17 in January 2019, December 2019 and November 2018 respectively.
[2] Total gross floor area is 44,362 Sqft and total lettable floor area (including circulation) is 30,600 Sqft
[3] Two new companies were incorporated in Thailand in February 2019, namely APAC Holding (Thailand) Co., Ltd and ERA Holding (Thailand) Co., Ltd.
[4] Air-conditioning provided by landlord

Average Monthly Energy Intensity Ratio (kWh/Sqft)

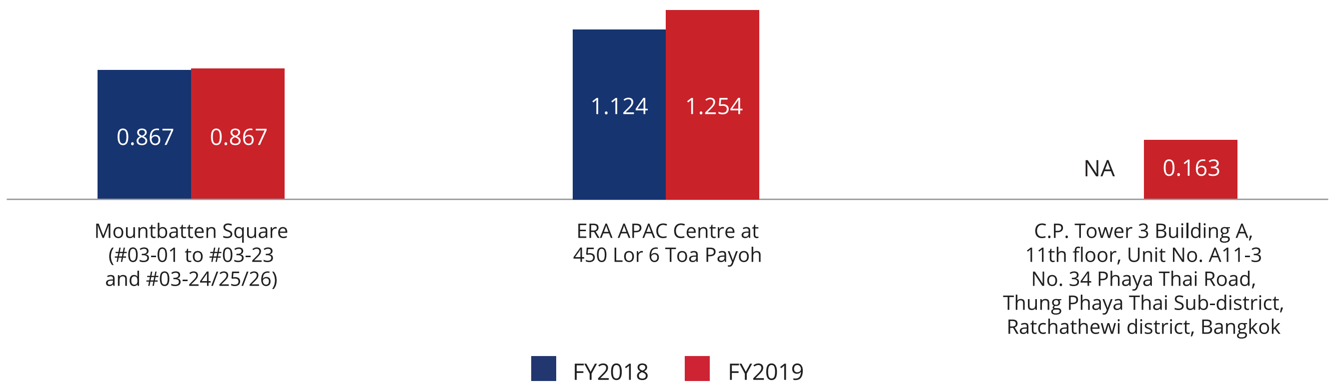


Sustainability Report

The following table shows the greenhouse gas (GHG) emissions of APAC Realty in FY2018 and FY2019.

		FY2018		FY2019	
Location	**Country**	**Average Monthly CO2 Emission (Kg)**	**Area (Sqft)**	**Average Monthly CO2 Emission (Kg)**	**Area (Sqft)**
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	Singapore	34,605	39,923	34,620	39,923
ERA APAC Centre at 450 Lor 6 Toa Payoh	Singapore	34,397	30,600	38,366	30,600
C.P. Tower 3 Building A, 11th floor, Unit No. A11-3 No. 34 Phaya Thai Road, Thung Phaya Thai Sub-district, Ratchathewi district, Bangkok	Thailand	NA	NA	394	2,410

Average Monthly GHG Emission Intensity Ratio (Kg/Sqft)



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

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

The Group achieved the energy and emissions intensity targets at the Mountbatten Square office but not at ERA APAC Centre. The Group will explore and consider various energy-saving initiatives in 2020 to reduce the energy consumption for ERA APAC Centre.

Environmental Compliance

GRI 307-1

The Group strictly complies with local environmental laws and regulations where we operate, and there was no incident of environmental non-compliance during the reporting period. We will strive to maintain zero environmental non-compliance in FY2019.

OUR PEOPLE, OUR ASSETS

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

Employee Diversity

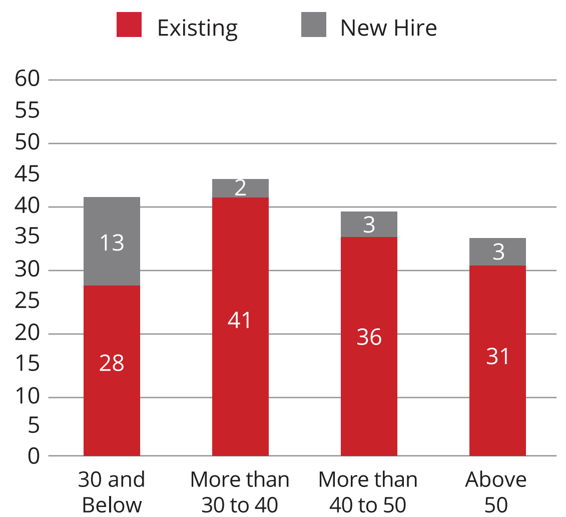
GRI 401-1, 405-1, 405-2, 406-1

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

Singapore

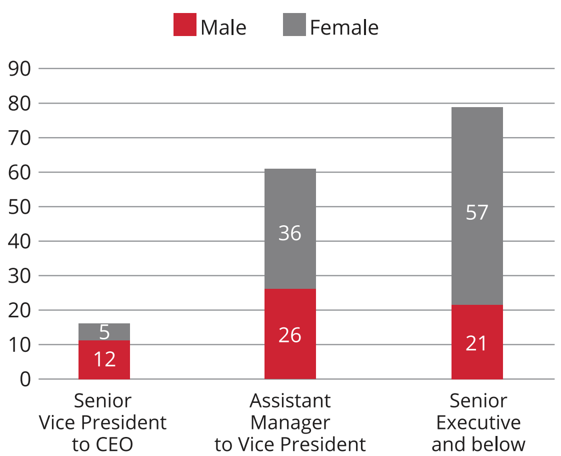
Detailed Breakdown of Employees By Gender

Detailed Breakdown of Employees By Age Group (as at 31 Dec 2019)

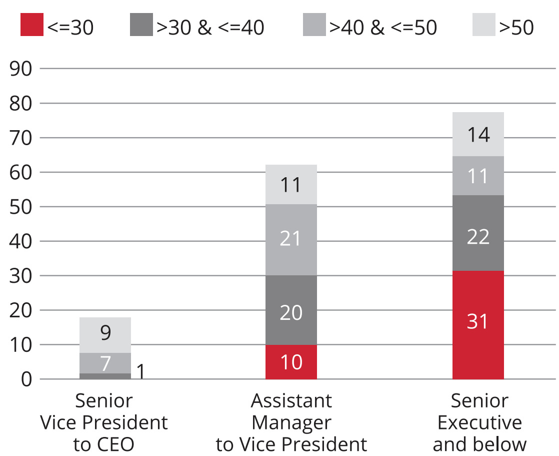


In FY2019, our new hires from both genders were quite balanced and we continue to hire employees from different age groups. In addition, the Group has a good gender ratio and a diversified workforce across all age groups.

Breakdown of Employees by Position (as at 31 Dec 2019)



Breakdown of Positions by Age Group (as at 31 Dec 2019)

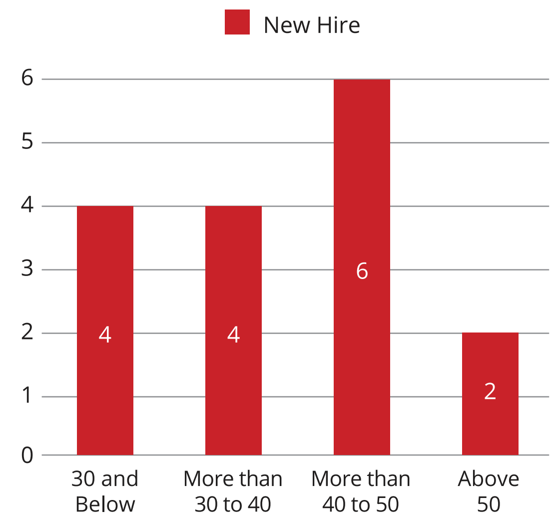


Thailand

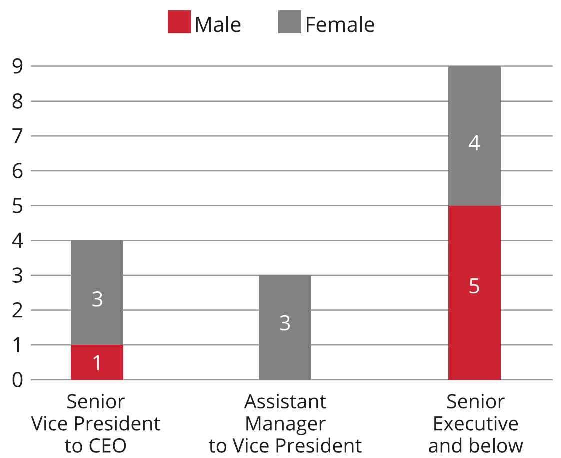
As operations in Thailand commenced in FY2019, all employees were new hires.

Detailed Breakdown of Employees By Gender

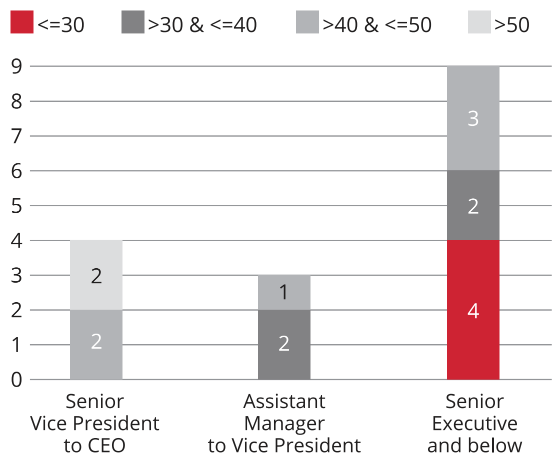
Detailed Breakdown of Employees By Age Group (as at 31 Dec 2019)



Breakdown of Employees by Position (as at 31 Dec 2019)



Breakdown of Positions by Age Group (as at 31 Dec 2019)



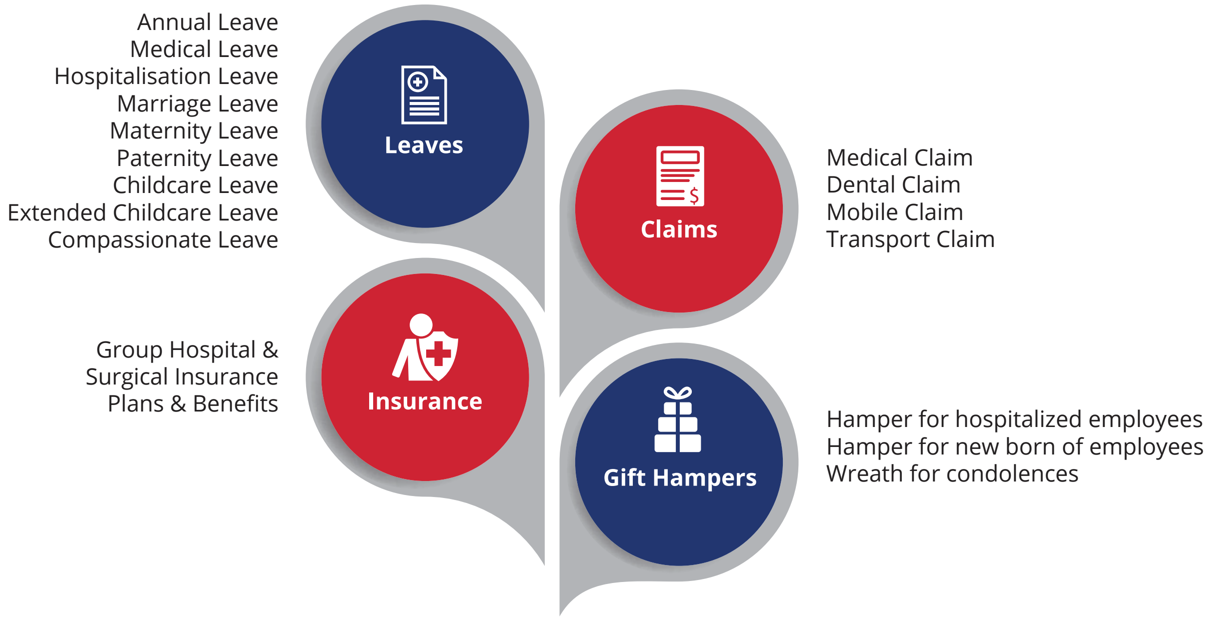
The employees of the Group are treated with respect and are entitled to a range of benefits. There were no reported cases of discrimination in FY2019.

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

Employee Benefits and Development

GRI 401-1, 401-2, 401-3

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



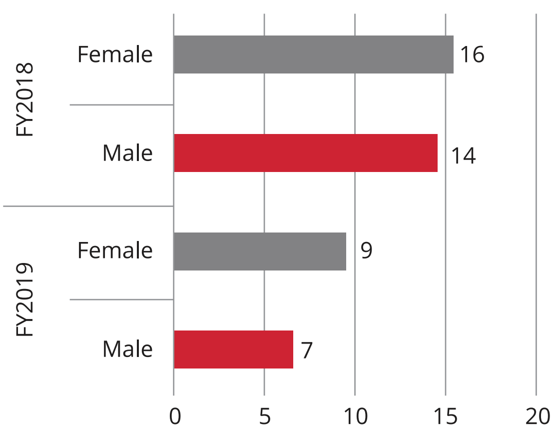
The Group fully complies with Singapore's Ministry of Manpower ("MOM") labour regulations and support the government's pro-family policies. In FY2019, all 35 employees (except for 2) based in Singapore who were entitled to childcare leave had fully utilised their entitlements.

Leave Type	No. of Entitled Staff	No. of Days Entitled	No. of Days Taken	Utilization
Childcare	2	2	2	100%
Enhanced Childcare	17	6	6	100%
	1	6	4.5	75%
	1	6	1	16%
Extended Childcare Leave	14	2	2	100%

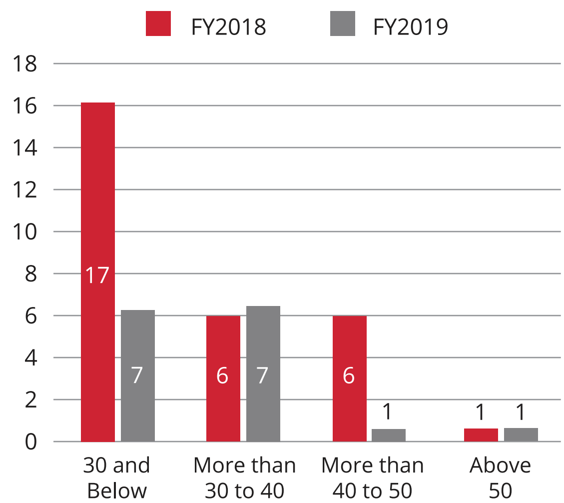
The Group endeavours to build a high-retention workplace that is conducive for all employees to learn and grow. The Group implements and adheres to best practices regarding employee engagement, including fair remuneration, employee benefits, training and development programs, performance and career development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

Singapore

Breakdown of Staff Attrition (By Gender)



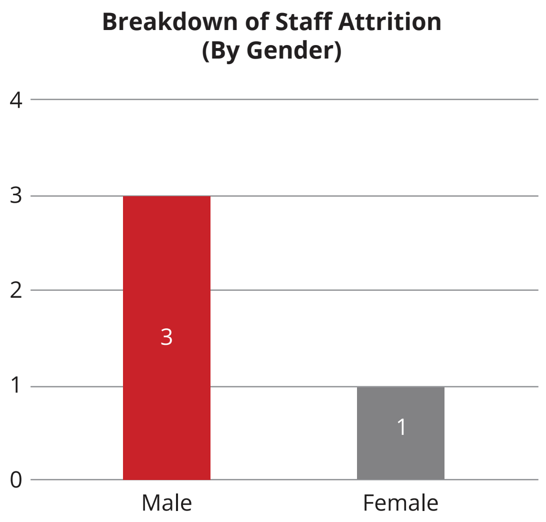
Breakdown of Staff Attrition (By Age Group)

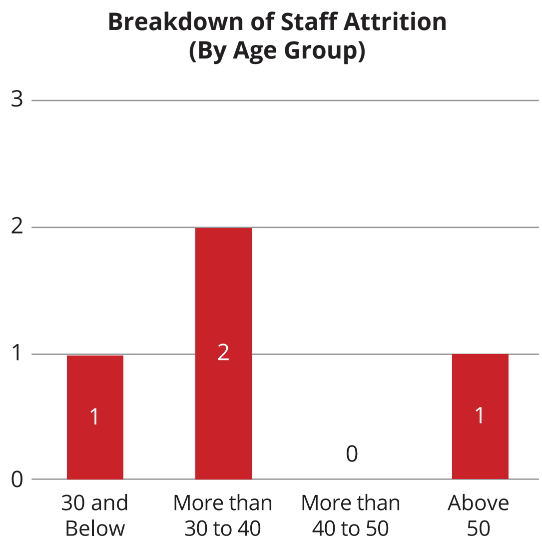


In FY2019, the Group managed to keep its turnover low and attrition had decreased as compared with FY2018.

Sustainability Report

Thailand





COMPLIANCE WITH SOCIAL AND ECONOMIC LAWS AND REGULATIONS

GRI 419-1

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

There was no incident of non-compliance with laws and regulations in the social and economic aspect in FY2019. The Group endeavours to maintain this in FY2020 by continuing the implementation of our best practices where the Group operates, including Indonesia, Malaysia, Thailand and Vietnam.

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

Internal Process for Complaints Received

GRI 418-1

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

In 2019, there were 18 CEA disciplinary cases involving real estate salespersons pertaining to dishonest or unethical behaviour on the part of the salesperson and minor regulatory infringements, and also 2 cases of unregistered estate agency work. Below is a summary of the real estate agencies with CEA disciplinary cases in 2019.

Name of Real Estate Agency	Number of CEA Cases
ERA Realty Network Pte Ltd ("ERA")	**1**
Propnex Realty Pte Ltd	11
Huttons Asia Pte Ltd	3
OrangeTee & Tie Pte Ltd	1
KF Property Network Pte Ltd	1
Exclusive Real Estate Pte Ltd	1
Total	**18**

ERA will strive for zero CEA disciplinary case for FY2020.

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

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

For FY2019, there was no data breach or fine from PDPC. Complaints pertaining to DNC were received from PDPC and satisfactorily resolved.

Guide to ERA Salespersons on Marketing Collaterals

GRI 417-1, 417-3

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

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

Trainings for Our ERA Salespersons

GRI 404-1

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

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

Community Engagement

GRI 413-1

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

Sustainability Report

Community Chest
AWARD
SHARE
ACHIEVER

Community Chest

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

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

ERA Scholarship

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

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

ERA Student Foundation Bursary at NUS

Education is a tool of empowerment that provides beneficiaries with the knowledge and capabilities to make a difference for themselves and the world at large. To commemorate ERA Singapore's 35th anniversary in 2017, ERA made a corporate gift of $150,000 to the National University of Singapore (NUS) towards setting up the ERA Student Foundation Bursary.

Grassroots Communities Outreach

ERA is no stranger to grassroots communities for its community outreach and is a long-time Premium Honorary Patron of East Coast Constituency in its annual National Day Celebrations Dinner.

The Business Times' Budding Artist Fund

ERA raised over $32,000 in donations for The Business Times' Budding Artists Fund annual Children for Children charity initiative which was jointly organised by The Business Times, CHIJ (Kellock) and The Rice Company Ltd. About 900 under-privileged children were invited to celebrate Children's Day at one of Singapore's iconic attractions.

The funds were raised through a first-in-its-kind fundraiser – ERA's Got Talent – in the real estate industry where 24 ERA salespersons with various talents came forward to audition for an opportunity to perform in the Charity Live Show held on 3 September 2019.

More than 500 ERA Teammates came together that night to cheer on 12 finalists, put through via online voting, who battled it out on stage in the name of charity. Besides the cash donations, the hugely successful CSR campaign garnered over 4,500 video votes, 14,500 video views and loads of fun and unforgettable memories.

SGX FIVE PRIMARY COMPONENTS INDEX

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

GRI STANDARDS CONTENT INDEX

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

Sustainability Report

GRI Standards	Disclosure Content	Section Reference
102-47	List of material topics	Material Topics and Boundaries
102-50	Reporting period	About this Report
102-51	Date of most recent report	About this Report
102-52	Reporting cycle	About this Report
102-53	Contact point for questions regarding the report	Corporate Information
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About this Report
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Corporate Information

DIRECTORS
Mr Chua Khee Hak (Executive Chairman 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)
Mr Tan Kok Ming Desmond (Non-Executive Independent Director)
Mr Wong Hin Sun, Eugene (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: Ms Lee Lai Hiang, Chartered Accountant
(Appointed since reporting year ended 31 December 2019)

BANKS
DBS Bank Ltd.
12 Marina Boulevard
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RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

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Eko Advisors
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Corporate Governance Report

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

This report outlines the corporate governance framework and practices adopted by the Company for the financial year ended 31 December 2019 ("FY2019"), with reference to the Code of Corporate Governance 2018 (the "Code") issued by the Monetary Authority of Singapore on 6 August 2018, and deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place for FY2019.

BOARD MATTERS

The Board's Conduct of Affairs

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

The principal functions of the Board are to:

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

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

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

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

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

In FY2019, the two newly appointed Independent Directors, namely Tan Kok Ming Desmond and Wong Hin Sun, Eugene, were given a comprehensive orientation programme, including meeting with the CEO and Chief Financial Officer ("CFO") to familiarise themselves with the affairs of the Group's operations and businesses. Upon appointment, the new Directors were provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual.

Under the Listing Manual, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST. Based on this criteria, Wong Hin Sun, Eugene is not required to attend such training whereas Tan Kok Ming Desmond is.

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

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

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

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.

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

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

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

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

The attendance of Directors at general meetings, Board and Board Committee meetings held in FY2019 are as follows:

	Annual General Meeting	Board Meetings	AC Meetings	NC Meetings	RC Meetings
No. of meetings held	**1**	**4**	**4**	**1**	**1**
Name of Directors		**No. of meetings attended in FY2019**			
Chua Khee Hak ("Jack Chua")	1	4	–	–	–
Tan Choon Hong	1	4	–	1	1
Tommy Teo Zhi Zhuang	1	4	4	–	–
Tan Bong Lin	1	4	4	1	1
Hee Theng Fong	1	4	4	1	1
Tan Kok Ming Desmond*	NA	2	–	–	–
Wong Hin Sun, Eugene*	NA	2	2	–	–
Stewart Yen Se-Hua#	1	2	2	1	1

* Appointed to the Board on 15 July 2019
\# Resigned from the Board on 15 July 2019

With the review by NC, the Board is satisfied that the Directors with multiple board representations and other principal commitments, have been able to devote sufficient time and attention to the affairs of the Group to adequately and satisfactorily discharge his duties as director of the Company, notwithstanding their multiple appointments and commitments in FY2019.

Board Composition and Guidance

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

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

Memberships of the Board Committees are as follows:

Board Composition Table

Name	Date of Appointment	Board Membership	AC	NC	RC
Jack Chua	4 September 2017	Executive Chairman and CEO	–	–	–
Tan Choon Hong	4 September 2017	Non-Executive, Non-Independent	–	Member	Member
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
Tan Kok Ming Desmond	15 July 2019	Non-Executive, Independent	–	–	Member
Wong Hin Sun, Eugene	15 July 2019	Non-Executive, Independent	Member	Chairman	–

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

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

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

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

Annually, the NC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity. Although the Board does not have a diversity policy, the NC will take into consideration diversity in skills, knowledge, experience, gender, age and other distinguishing qualities of the Directors. In its annual review, NC was satisfied that the Directors bring to the Board different perspectives, experiences and competencies.

During the financial year under review, the Company announced the resignation of Stewart Yen Se-Hua as Independent Non-Executive Chairman and appointments of Wong Hin Sun, Eugene and Tan Kok Ming Desmond as Independent Non-Executive Directors. The new Directors are able to replace the skillsets of the outgoing director and bring different perspectives to the Board.

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

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

Chairman and Chief Executive Officer

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

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

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

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

Board Membership

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

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

Wong Hin Sun, Eugene (Chairman)
Tan Bong Lin
Hee Theng Fong
Tan Choon Hong

The NC convened one meeting during the financial year.

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

- establishing a formal and transparent process for the appointment and re-appointment of Directors to the Board and assessing annually the effectiveness of the Board as a whole and the Board Committees, and the contribution of each Director to the effectiveness of the Board;
- making recommendations to the Board on relevant matters relating to:
  - (i) the review of Board succession plans for the Directors and KMP;
  - (ii) the review of training and professional development programmes for the Board; and
  - (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- identifying candidates, reviewing and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of Board committees (including the AC, the RC and the NC), as well as appraise the qualifications and experience of any proposed new appointments to the Board and to recommend to the Board whether the nomination should be supported;
- ensuring that the Board and the Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, taking into account, among other things, the future requirements of the Group and the guidelines recommended under the Code;
- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and
- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the director's number of listed company board representations and other principal commitments.

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

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

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.

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

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

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 involved, and (ii) non-executive Directors should consult the Chairman or chairman of the NC before accepting any new appointments as Directors.

The Company does not have any alternate director.

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

Additional information on Tan Choon Hong, Tan Bong Lin, Tan Kok Ming Desmond and Wong Hin Sun, Eugene, being the Directors who have been nominated for re-election, required under Appendix 7.4.1 of the Listing Manual are set out on pages 12 to 19 of this Annual Report.

Board Performance

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

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

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

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

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

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

The performance evaluation process is performed annually.

For FY2019, based on the completed assessment forms submitted by all Directors, the Board is of the view that the Board and the Board Committees have fared well against the performance criteria and satisfied with the performance of the Board and the Board Committees and each director is contributing to the overall effectiveness of the Board. No external facilitator was involved in the performance evaluation process in FY2019.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure of Remuneration

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

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

Hee Theng Fong (Chairman)
Tan Bong Lin
Tan Choon Hong
Tan Kok Ming Desmond

The RC convened one meeting during the financial year.

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

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

  (i) a general remuneration policy framework for the Board and KMP; and

  (ii) the specific remuneration packages for each of the Directors and KMP; and

  (iii) succession planning;

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

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

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

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

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

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

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

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

Where necessary, the RC could seek external professional advice on remuneration matters of Directors and KMP. The RC has not engaged any external remuneration consultant to assist in the review of compensation and remuneration for the FY2019.

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

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

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

The breakdown of remuneration paid to or accrued to each Director of the Company for FY2019 is as follows:

Directors	Salary* %	Fees %	Bonus %	Other Benefits %	Variable or Performance-related Income/Bonus %	Total %
Between S$1,500,000 to S$1,750,000						
Jack Chua	36	–	18	1	45	100
Below S$250,000						
Tan Bong Lin	–	100	–	–	–	100
Hee Theng Fong	–	100	–	–	–	100
Tommy Teo Zhi Zhuang	–	100	–	–	–	100
Tan Kok Ming Desmond	–	100	–	–	–	100
Wong Hin Sun, Eugene	–	100	–	–	–	100
Stewart Yen Se-Hua#	–	100	–	–	–	100
Tan Choon Hong	–	–	–	–	–	–

* Refer to basic salary and CPF contribution by employee
\# Resigned from the Board on 15 July 2019

The aggregate remuneration received by the top five KMP (who are not Directors or the CEO) for FY2019 was S$1,044,233. The Company has not fully disclosed the remuneration of the Executive Director and KMP as the Board is of the view that it is not in the best interests of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information and it may lead to poaching of executives within a highly competitive industry. The various components of the remuneration of the Group's KMP (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits %	Total %
Between S$250,000 to S$500,000				
Poh Chee Yong	71	29	–	100
Below S$250,000				
Eugene Lim Tong Weng	54	5	41	100
Paul Ho Chi Chew	79	7	14	100
Leong Yoke Leng	73	27	–	100
Glen Hin It Leong	63	16	21	100

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

The Board has received written assurance from the CEO and CFO at the Board meeting on 24 February 2020 that:

- 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 and effective systems of internal controls and risk management for FY2019; 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 FY2019 are false or misleading or that the systems of internal controls and risk management are inadequate or ineffective.

Based on the internal control policies and procedures established and maintained by the Group, works performed by the external and internal auditors and reviews performed by Management as well as assurance from the CEO and CFO, the Board with the concurrence of the AC, is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2019 to address the financial, operational, information technology and compliance risk which the Group considers relevant and material to its operations. The Board and the AC did not identify any material weaknesses in the internal controls and risk management systems of the Group.

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

Audit Committee

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

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

Tan Bong Lin (Chairman)
Hee Theng Fong
Tommy Teo Zhi Zhuang
Wong Hin Sun, Eugene

The AC convened four meetings during FY2019.

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

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

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

- assisting the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;

- reviewing and recommending to the Board significant financial reporting issues and 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 auditor;

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

- reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and IT controls;

- monitoring and reviewing the implementation of the external auditor's recommendations for internal control weaknesses, if any;

- reviewing and approving all hedging policies and types of hedging instruments to be implemented by the Company, if any;

- reviewing any interested person transactions as defined in the Listing Manual;

- reviewing the scope and results of the internal audit procedures and Management's response and follow-up actions, and, at least annually, the adequacy and effectiveness of the Company's internal audit function;

- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

- reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board, exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary;

- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the Company's controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts; and

- reviewing and resolving all conflicts of interest matters referred to it.

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

The AC had met with the external and internal auditors, without the presence of Management once in FY2019.

The AC has undertaken a review of the independence and objectivity of EY, through discussions with EY as well as reviewing the non-audit services that are provided by EY and is satisfied that the provision of such services has not affected the independence of EY. The audit and non-audit fees that are charged to the Group by EY for FY2019 amounted to S$172,000 and S$18,000 respectively.

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

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

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

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

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

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

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditor are properly implemented, and (iii) the effectiveness and independence of the internal auditor. In doing so, the AC takes into consideration the service level, attentiveness, professionalism and calibre of the assigned personnel who carried out the internal audit activities during the financial year. The AC is satisfied that the internal audit function was independent, adequately resourced and effective in FY2019.

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

In the review of the financial statements, the AC discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for FY2019 were reviewed and discussed by the AC with Management and the external auditor:

- Impairment assessment of goodwill;
- Fair value of investment property;
- Impairment assessment of trade receivables; and
- Revenue recognition.

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

Whistleblowing Policy

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

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

SHAREHOLDER RIGHTS AND RESPONSBILITIES

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

Engagement with Stakeholders

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

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

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

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

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

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

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

Every matter requiring approval is proposed as a separate resolution unless they are interdependent and linked, and the reasons and material implications are explained. The Company Secretary prepares the minutes of general meetings which include substantial and relevant comments or queries from shareholders and makes these minutes available to shareholders upon request and upon authentication of the shareholder's identity.

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

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

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 and the importance of balancing growth with prudent capital management.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

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

The Company has advised its Directors and all Officers not to deal in the Company's securities during the period commencing two weeks prior to the announcement of the Company's financial results for the first three quarters of the financial year, one month prior to the announcement of 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.

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

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S$100,000 or more in value were entered into in FY2019.

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 2019.

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

Rule 1207(20) of the Listing Manual

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

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

Purpose	Allocation of Net Proceeds (as disclosed in the Prospectus) (S$'000)	Net Proceeds Utilised as at the date of this Annual Report (S$'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	(1,000)	4,000
General corporate and working capital purposes	2,000	–	2,000
	27,000	(21,000)	6,000

The above utilisation of the Net Proceeds is in accordance with the intended use of the Net Proceeds as set out in the Company's prospectus dated 21 September 2017.

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

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2019.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

DIRECTORS

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

Chua Khee Hak
Tan Choon Hong
Tommy Teo Zhi Zhuang
Hee Theng Fong
Tan Bong Lin
Tan Kok Ming Desmond
Wong Hin Sun, Eugene

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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,

Chua Khee Hak
Director

Tan Choon Hong
Director

Singapore
26 March 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment assessment of goodwill

As at 31 December 2019, the carrying value of goodwill is $75 million, which represents 25% of the Group's total assets. The goodwill has been allocated to the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs for impairment testing have been determined based on value-in-use calculations using the CGU's expected future cash flows. We considered the audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable amounts involved significant management 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, including checking that the forecasts were consistent with the latest financial budget prepared by management. We checked the mathematical accuracy of the underlying calculations. We assessed the reasonableness of key assumptions used in determining the recoverable amounts of each CGU, in particular the forecast revenue, revenue growth rates, discount rates and terminal growth rates. We assessed the reasonableness of forecast revenue and revenue growth rates by comparing them to historical results and published industry research. We also involved our internal valuation specialists to assist us in assessing the reasonableness of the discount rates and terminal growth rates by comparing them to third party information, the Group's cost of capital and relevant risk factors. We reviewed management's analysis of the sensitivity of the value-in-use calculations to a reasonably possible change in the key assumptions. We also reviewed the adequacy of disclosures on goodwill in Note 7.

Key Audit Matters (cont'd)

Fair value of investment property

As at 31 December 2019, investment property of the Group amounted to $73 million. The valuation of the investment property is significant to our audit due to its magnitude, complexity of the valuation and the high dependency on a range of estimates made by management and the external valuation specialist such as rental value and capitalisation rates. As such, this is considered to be a key audit matter.

The management engaged independent external valuation specialist to support its determination of the fair value of the investment property. We considered the objectivity, independence and expertise of the external valuation specialist. We also read the terms of engagement entered into between the management and the external valuation specialist to determine whether there were limitations in the scope of work or matters that might affect the objectivity of the external valuation specialist.

We evaluated the appropriateness of the valuation methodology used against those applied by other valuation specialists for similar property types. For fair value of investment property determined using income capitalisation methodology, we assessed the reasonableness of the capitalisation rate used by comparing it to available industry data, taking into consideration comparability and market factors. We also assessed the property related data used in the projected cash flows by comparing them to the supporting leases. For fair value of investment property determined using direct comparison valuation methodology, we compared the fair value against comparable market transactions, taking into consideration comparability, and other publicly available information of the property industry. In addition, we discussed with the external valuation specialist to obtain an understanding of their valuation methodology and the key assumptions used in determining the fair value of the investment property. We further assessed the adequacy of disclosures in Notes 4 and 32.

Impairment assessment of trade receivables

As at 31 December 2019, the gross balance of trade receivables amounted to $60 million, against which allowance for impairment amounted to $3 million. Trade receivable balances are significant to the Group as they represent 49% of the total current assets and 39% of net assets. Management has assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery of the full amount is doubtful. Management determines expected credit losses of trade receivable balances by making debtor-specific assessment of expected impairment loss for long overdue debts and uses a provision matrix that is based on the historical observed default rates, adjusted for current and forward-looking information. The assessment of the expected credit losses requires significant management judgment. As such, we considered this to be a key audit matter.

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

Revenue recognition

For the year ended 31 December 2019, the Group recognised total revenue of $370 million. The Group is in the business of providing real estate brokerage and consultancy services. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on its legal completion of the home sales. In circumstances where services are not billed at the end of the period, revenue is recognised based on management's estimates on the timing on when the sale transactions and the legal completion have taken place. These are significant estimates and hence, we considered this to be a key audit matter.

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

26 March 2020

Balance Sheets
As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Non-current assets					
Investment property	4	72,800	72,800	–	–
Plant and equipment	5	1,677	1,076	–	–
Right-of-use assets	6	5,053	–	–	–
Intangible assets	7	98,523	99,455	2,338	2,575
Investment in subsidiaries	8	–	–	190,001	190,111
Other investments	10	1,000	9	1,000	–
Fixed deposits	11	400	400	400	400
		179,453	173,740	193,739	193,086
Current assets					
Convertible loan	12	2,786	2,794	–	–
Trade and other receivables	13	68,228	53,361	598	607
Unbilled receivables	13	10,812	7,943	–	–
Amounts due from subsidiaries	13	–	–	12,898	3,078
Amount due from a joint venture	13	45	309	–	–
Tax recoverable		31	–	31	–
Prepaid operating expenses		1,762	2,038	12	12
Cash and bank balances	14	32,024	43,019	7,693	23,008
		115,688	109,464	21,232	26,705
Total assets		295,141	283,204	214,971	219,791
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals	15	71,901	63,452	410	330
Other payables	15	9,310	7,829	–	–
Amount due to a subsidiary	15	–	–	56,440	59,329
Deferred income	16	1,288	1,840	–	–
Lease liabilities	17	1,680	–	–	–
Loan and borrowing	18	2,900	2,900	–	–
Provision for taxation		3,336	5,172	–	8
		90,415	81,193	56,850	59,667
Net current assets/(liabilities)		25,273	28,271	(35,618)	(32,962)
Non-current liabilities					
Lease liabilities	17	3,359	–	–	–
Loan and borrowing	18	51,717	54,617	–	–
Deferred taxation	19	4,190	4,290	–	–
Net assets		145,460	143,104	158,121	160,124
Equity attributable to owners of the Company					
Share capital	20	98,946	98,946	98,946	98,946
Foreign currency translation reserve		(2)	(3)	–	–
Accumulated profits		46,586	44,118	59,175	61,178
		145,530	143,061	158,121	160,124
Non-controlling interests	21	(70)	43	–	–
Total equity		145,460	143,104	158,121	160,124

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 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue			
Real estate brokerage fees and related services	22	365,112	419,940
Other revenue	23	4,412	4,023
Total revenue		369,524	423,963
Items of expense			
Cost of services		323,157	371,162
Personnel costs	24	13,041	13,031
Marketing and promotion expenses		3,212	1,135
Depreciation of plant and equipment	5	590	501
Depreciation of right-of-use assets	6	1,596	–
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets:			
– Trade receivables	13	1,985	1,512
– Amount due from a joint venture	13	54	116
Other operating expenses	23	5,952	5,883
Finance costs	25	1,783	444
		352,302	394,716
Operating profit		17,222	29,247
Share of results of joint venture		–	(20)
Profit before tax		17,222	29,227
Income tax expense	26	(3,345)	(4,982)
Profit for the year		13,877	24,245
Attributable to:			
Owners of the Company		14,012	24,245
Non-controlling interests		(135)	–
		13,877	24,245
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	27	3.94	6.83

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

Consolidated Statement of Comprehensive Income

For financial year ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Profit for the year	13,877	24,245
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	1	(2)
Other comprehensive income for the year, net of tax	1	(2)
Total comprehensive income for the year	13,878	24,243
Total comprehensive income attributable to:		
Owners of the Company	14,013	24,243
Non-controlling interests	(135)	–
	13,878	24,243

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2019

Group	Share Capital (Note 20) $'000	Foreign currency translation reserve $'000	Accumulated profits/ (losses) $'000	Total reserves $'000	Total equity $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company						
2019							
Opening balance at 1 January 2019	98,946	(3)	44,118	44,115	143,061	43	143,104
Profit/(loss) for the year	–	–	14,012	14,012	14,012	(135)	13,877
Other comprehensive income							
– Foreign currency translation	–	1	–	1	1	–	1
Total comprehensive income for the year	–	1	14,012	14,013	14,013	(135)	13,878
Total changes in ownership interests in subsidiaries							
– Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	–	22	22
Total contributions by and distributions to owners							
– Dividends on ordinary shares (Note 28)	–	–	(11,544)	(11,544)	(11,544)	–	(11,544)
Closing balance at 31 December 2019	98,946	(2)	46,586	46,584	145,530	(70)	145,460
2018							
Opening balance at 1 January 2018 (FRS framework and SFRS (I) framework)	98,946	(1)	34,081	34,080	133,026	–	133,026
Profit for the year	–	–	24,245	24,245	24,245	–	24,245
Other comprehensive income							
– Foreign currency translation	–	(2)	–	(2)	(2)	–	(2)
Total comprehensive income for the year	–	(2)	24,245	24,243	24,243	–	24,243
Total changes in ownership interests in subsidiaries							
– Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	–	43	43
Total contributions by and distributions to owners							
– Dividends on ordinary shares (Note 28)	–	–	(14,208)	(14,208)	(14,208)	–	(14,208)
Closing balance at 31 December 2018	98,946	(3)	44,118	44,115	143,061	43	143,104

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 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before tax		17,222	29,227
Adjustments for :			
Depreciation of plant and equipment	5	590	501
Depreciation of right-of-use assets	6	1,596	–
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets	13	2,039	1,628
Bad debts recovered	23	(27)	(9)
Loss on disposal of plant and equipment	23	–	18
Write off of plant and equipment	23	46	–
Fair value loss in other investment	23	9	47
Write off of investment in JV on disposal		(17)	–
Share of results of joint venture		–	20
Interest expense	25	1,783	444
Interest income	23	(556)	(289)
Operating cash flows before working capital changes		23,617	32,519
Changes in working capital			
(Increase)/decrease in trade receivables, other receivables and unbilled receivables		(9,739)	7,050
Increase/(decrease) in trade and other payables		9,377	(20,366)
Cash flows from operations		23,255	19,203
Interest income received		556	289
Interest paid		(1,531)	(444)
Income taxes paid		(5,312)	(4,980)
Net cash flows generated from operating activities		16,968	14,068
Cash flows from investing activities:			
Purchase of investment property		–	(72,800)
Purchase of plant and equipment		(1,237)	(373)
Proceeds from disposal of plant and equipment		–	1
Proceeds received from shares issued to non-controlling interest		22	43
Investment in joint venture		17	–
Investment in convertible loan		–	(2,794)
Payment for other investment		(1,000)	(56)
Advance extended to third party		(9,354)	–
Advance extended to joint venture		(105)	(350)
Net cash used in investing activities		(11,657)	(76,329)
Cash flow from financing activities			
Proceeds from loan and borrowings		–	58,000
Repayment of lease liabilities	17	(1,862)	–
Repayment of loan and borrowings	18	(2,900)	(483)
Payment of dividend		(11,544)	(14,208)
Net cash flows (used in)/generated from financing activities		(16,306)	43,309
Net decrease in cash and cash equivalents		(10,995)	(18,952)
Net cash and cash equivalents at beginning of year		43,019	61,971
Net cash and cash equivalents at end of year	14	32,024	43,019

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

1. CORPORATE INFORMATION

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

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

The registered office of the Company and its principal place of business are located at 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 8 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

The financial statements for the year ended 31 December 2019 has been prepared in accordance with SFRS(I).

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

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

2.2 *Changes in accounting policies and disclosures*

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. Specifically, the Group applied SFRS(I) 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

There were several other new and amendments to standards and interpretations which are applicable for the first time in 2019, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases.

The Group has adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient not to reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 at the date of initial application.

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

2.2 *Changes in accounting policies and disclosures* (cont'd)

SFRS(I) 16 Leases (cont'd)

The effect of adoption SFRS(I) 16 as at 1 January 2019 is as follows:

	$'000
Assets	
Right-of-use assets	6,649
Total assets	6,649
Liabilities	
Lease liabilities	6,649
Total liabilities	6,649
Total adjustment on equity:	
– Retained earnings (Note 1)	–

Note 1: There was no impact to retained earnings as the right-of-use assets were recognised based on the amount equal to the lease liabilities at the date of the initial application.

The Group has entered into commercial leases on certain properties. Before the adoption of SFRS(I) 16, the Group classified its leases (as lessee) at the inception date as an operating lease.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.20 Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

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

2.2 *Changes in accounting policies and disclosures* (cont'd)

SFRS(I) 16 Leases (cont'd)

Based on the above, as at 1 January 2019:

- Right-of-use assets of $6,649,000 were recognised and presented separately in the balance sheet
- Lease liabilities (current) of $1,628,000 and lease liabilities (non-current) of $5,021,000 were recognised
- No adjustment to retained earnings is required as the net effect of these adjustments is zero.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$'000
Assets	
Operating lease commitments as at 31 December 2018	7,912
Weighted average incremental borrowing rate as at 1 January 2019	4.25%
Discounted operating lease commitment as at 1 January 2019	7,392
Less: Commitments relating to short-term leases	(468)
Commitments relating to leases of low-value assets	(275)
Lease liabilities as at 1 January 2019	6,649

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates of 4.25% as at 1 January 2019.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
Amendments to SFRS(I) 3: Business Combination: Definition of a Business	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) standards	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2.7 *Investment property*

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

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

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

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

2.8 *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.

2.9 *Intangible assets*

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

Intangible assets 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

2.10 *Impairment of non-financial assets*

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

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

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

2.10 *Impairment of non-financial assets* (cont'd)

Impairment losses are recognised in profit or loss.

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

2.11 *Subsidiaries*

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

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

2.12 *Joint arrangements*

A joint arrangement 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.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint venture

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.13.

2.13 *Joint Venture*

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

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or 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 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 joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in 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.

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

2.13 *Joint Venture* (cont'd)

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 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.

2.14 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

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

Amortised cost

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

Fair value through profit or loss

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

Investments in equity instruments

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

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

2.14 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.15 *Impairment of financial assets*

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

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

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

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

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

2.16 *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.

2.17 *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.

2.18 *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.

2.19 *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.

2.20 *Leases*

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

(a) *As lessee*

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

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

2.20 *Leases* (cont'd)

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

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in Note 2.15.

Lease liabilities

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

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

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

Short-term leases and leases of low-value assets

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

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

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

2.21 *Revenue*

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

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

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

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

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Other revenue***

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

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

2.22 *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 in reporting the related expenses.

2.23 *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.

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

2.23 *Taxes* (cont'd)

(b) *Deferred tax*

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

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

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

2.24 *Share capital and share issue expenses*

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 *Judgement made in applying accounting policies*

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

3.2 *Key sources of estimation uncertainty*

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

Impairment of goodwill

As disclosed in Note 7 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on 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 are disclosed and further explained in Note 7 to the financial statements.

The carrying amount of the goodwill as at 31 December 2019 and 2018 is $74,993,000.

Fair value of investment property

The Group carries its investment property at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2019. The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. The key assumptions used to determine the fair value of these investment property and sensitivity analysis are provided in Note 32(c).

The carrying amount of the investment property carried at fair value as at 31 December 2019 is $72,800,000 (2018: $72,800,000).

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

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

Allowance for expected credit losses of trade receivables

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

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

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

The carrying amount of trade receivables as at 31 December 2019 is $57,242,000 (2018: $51,966,000).

Revenue recognition

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

The Group assessed the expected legal completion date and cancellation rate based on industry trend as well as other publicly available information. Estimates of the expected legal completion date and cancellation rate are sensitive to changes in circumstances and the Group's past experience regarding the timing of legal completion of home sales may not be representative of the actual legal completion date in the future. For the year ended 31 December 2019, the Group recognised revenue from brokerage fees from resale, rental and new home of $359,215,000 (2018: $414,491,000).

4. INVESTMENT PROPERTY

	Group	
	2019	**2018**
	$'000	**$'000**
As at 1 January	72,800	–
Additions during the year	–	72,800
Fair value as at 31 December	72,800	72,800
Consolidated income statement:		
Rental income derived from investment property	1,169	567
Less: Direct operating expenses (excluding other expenses and finance cost) generating rental income	(798)	(206)
	371	361

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

4. INVESTMENT PROPERTY (cont'd)

Valuation of investment property

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

Property pledged as security

The investment property is mortgaged to secure bank loan (Note 18).

The investment property held by the Group as at 31 December 2019 and 2018 is as follows:

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

5. PLANT AND EQUIPMENT

Group	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Electrical installation and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Cost:							
At 1 January 2018	549	1,445	290	295	19	35	2,633
Additions	67	145	127	34	–	–	373
Disposal/write-off	(4)	(71)	(2)	–	–	–	(77)
At 31 December 2018 and 1 January 2019	612	1,519	415	329	19	35	2,929
Additions	29	470	126	414	198	–	1,237
Disposal/write-off	(440)	(62)	(125)	(134)	–	–	(761)
At 31 December 2019	201	1,927	416	609	217	35	3,405
Accumulated depreciation:							
At 1 January 2018	383	721	145	141	15	5	1,410
Charge for the year	80	286	64	58	4	9	501
Disposal/write-off	(4)	(53)	(1)	–	–	–	(58)
At 31 December 2018 and 1 January 2019	459	954	208	199	19	14	1,853
Charge for the year	78	330	88	65	20	9	590
Disposal/write-off	(437)	(45)	(116)	(117)	–	–	(715)
At 31 December 2019	100	1,239	180	147	39	23	1,728
Net carrying amount:							
At 31 December 2018	153	565	207	130	–	21	1,076
At 31 December 2019	101	688	236	462	178	12	1,677

6. RIGHT-OF-USE ASSETS

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

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

Group	Office space $'000
Amount recognised upon adoption of SFRS(I) 16:	
At 1 January 2019	6,649
Accumulated amortisation and impairment:	
At 1 January 2019	–
Charge for the year	1,596
At 31 December 2019	1,596
Net carrying amount:	
At 31 December 2019	5,053

7. INTANGIBLE ASSETS

Group	Goodwill $'000	Franchise rights $'000	Total $'000
Cost:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	75,575	29,473	105,048
Accumulated amortisation and impairment:			
At 1 January 2018	582	4,079	4,661
Charge for the year	–	932	932
At 31 December 2018 and 1 January 2019	582	5,011	5,593
Charge for the year	–	932	932
At 31 December 2019	582	5,943	6,525
Net carrying amount:			
At 31 December 2018	74,993	24,462	99,455
At 31 December 2019	74,993	23,530	98,523

7. INTANGIBLE ASSETS (cont'd)

Company	Franchise rights $'000
Cost:	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	3,816
Accumulated amortisation:	
At 1 January 2018	1,004
Charge for the year	237
At 31 December 2018 and 1 January 2019	1,241
Charge for the year	237
At 31 December 2019	1,478
Net carrying amount:	
At 31 December 2018	2,575
At 31 December 2019	2,338

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 2019, the carrying amount of the ERA franchise right in Asia Pacific region is $2,338,000 (2018: $2,575,000) and has remaining amortisation period of 10 years (2018: 11 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 2019, the carrying amount of the ERA Singapore Subfranchise right is $21,191,000 (2018: $21,886,000) and has remaining amortisation period of 31 years (2018: 32 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 2019, the carrying amount of the Coldwell Banker Franchise right is $1,000 (2018: $1,000) and has remaining amortisation period of 9 years (2018: 10 years).

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

Group	2019 $'000	2018 $'000
Real estate brokerage income	61,345	61,345
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	582	582
	75,575	75,575
Less: Impairment loss	(582)	(582)
	74,993	74,993

7. INTANGIBLE ASSETS (cont'd)

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

	2019	2018
Growth rate	1.2% – 1.5%	1.4% – 1.8%
Discount rate	9 – 10%	11%

Amortisation expenses

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

Impairment testing of goodwill

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

Key assumptions used in the value in use calculations

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

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

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

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

Sensitivity to changes in assumptions

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

8. INVESTMENT IN SUBSIDIARIES

	Company 2019 $'000	Company 2018 $'000
Unquoted shares, at cost	190,868	190,826
Less: Impairment losses	(867)	(715)
	190,001	190,111

Composition of the Group

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

Name	Effective interest 2019 %	Effective interest 2018 %	Principal activities (Place of business)	Cost of investments carried by the Company 2019 $'000	Cost of investments carried by the Company 2018 $'000
Held by the Company					
ERA Realty Network Pte Ltd	100	100	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Singapore)	99,420	99,420
ERA Singapore Pte Ltd	100	100	Master franchisee of the "ERA Real Estate" franchise for the territory of Singapore to grant membership of the "ERA" franchise to housing agents. (Singapore)	13,317	13,317
Realty International Associates Pte Ltd	100	100	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals. (Singapore)	4,311	4,311
Electronic Realty Associates Pte Ltd	100	100	Real estate brokerage and related services. (Singapore)	136	136
Coldwell Banker Real Estate (S) Pte Ltd	100	100	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	800	800
ø Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	–*	–*
APAC Investment Pte Ltd ("AIP")	100	100	Rental of Investment Property. (Singapore)	72,800	72,800
APAC Investment 2 Pte Ltd	100	100	Investment holding. (Singapore)	–*	–*
^ APAC Holding (Thailand) Co. Limited (1)	49	49	Investment holding. (Thailand)	42	42

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name	Effective interest 2019 %	Effective interest 2018 %	Principal activities (Place of business)	Cost of investments carried by the Company 2019 $'000	Cost of investments carried by the Company 2018 $'000
Held by the Company					
^ ERA Holding (Thailand) Co. Limited [(1)]	49	49	Investment holding. (Thailand)	42	–
# ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	–*	–*
@ ERA Realty Limited [(2)]	100	100	Dormant. (Hong Kong)	–	–*
				190,868	190,826

* Investment cost less than $1,000
\# Audited by Shanghai Xinyun Certified Public Accountants
@ Strike off during the year, 2019
^ Audited by Winplus Audit and Associate Company Limited.
ø Not required to be audited as the company is dormant

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

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

(2) On 29 November 2019, the Group has dissolved its 100% owned Hong Kong subsidiary which has been inactive since 2003. The subsidiary's deficit net of capital and reserve of approximately $1,000 has been written off in the consolidated income statement.

Impairment testing of investment in subsidiaries

The movement in impairment loss is as follows:

	Company 2019 $'000	Company 2018 $'000
At beginning of year	715	690
Impairment loss recognised	152	25
At end of year	867	715

During the current financial year, management performed an impairment test for the investments in Electronic Realty Associates Pte Ltd and Coldwell Banker Real Estate (S) Pte Ltd as these subsidiaries had been persistently making losses. An impairment loss of $136,000 (2018: $nil) for the full value of the investment were recognised for Electronic Realty Associates Pte Ltd and an additional impairment loss of $16,000 (2018: $25,000) were recognised for Coldwell Banker Real Estate (S) Pte Ltd for the year ended 31 December 2019 to its recoverable amount. The recoverable amount of these investments have been determined based on fair value less costs to sell.

9. INVESTMENT IN JOINT VENTURE/ASSOCIATE COMPANY

On 26 March 2019, the Group entered into a Share Purchase Agreement through its wholly-owned subsidiary Electronic Realty Associates Pte. Ltd. ("EPL") whereby EPL sold 17,000 shares out of its stake of 34,000 shares in SoReal Prop Pte Ltd ("SoReal") to SEAA Services Pte Ltd for a consideration of $17,000. Following the partial disposal of its interest in SoReal, the investment in SoReal has been classified as an associate company. The Group's interest in SoReal is accounted for using the equity method in the consolidated financial statements.

The Group's interest in SoReal was fully impaired since the last financial year ended 31 December 2018 as its share of losses exceeds its interest in SoReal.

SoReal had no contingent liabilities or capital capital commitments as at 31 December 2019 and 2018.

The Group has not recognised losses relating to SoReal where its share of losses exceeds the Group's interest in this investment. The Group's cumulative share of unrecognised losses at the end of the reporting period was $177,688 (2018: $100,199). The Group has no obligation in respect of these losses.

10. OTHER INVESTMENTS

(1) On 9 July 2018, the Group entered into a Share Subscription Agreement to subscribe for 11,111 shares in Al-Keji Pte. Ltd. ("Al-Keji"). The Group's fair value of this investment at the end of the reporting period was nil (2018: $9,000).

(2) On 10 June 2019, the Group and Company invested S$1 million by way of a convertible subscription agreement with Dots Connected Pte. Ltd. The fair value of the investment has been determined to approximate its cost.

11. FIXED DEPOSITS

Fixed deposits in 2019 and 2018 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and earned interest rate of 0.5% to 1.0% (2018: 0.5% to 1.0%) per annum.

12. CONVERTIBLE LOAN

In November 2018, the Group entered into a convertible loan agreement with a company incorporated in Indonesia. The convertible loan with a fair value of $2,786,000 (2018: $2,794,000) bears interest rate of 4.5% per annum and is secured against shares pledged by the borrowers. The loan is convertible into ordinary shares of the loan issuer at any time upon the Group issuing a demand for repayment at a conversion price stipulated in the convertible loan agreement.

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	57,242	51,966	54	60
Other receivables				
Deposits	716	786	543	543
Advances in relation to a proposed acquisition	9,123	–	–	–
Other advances	231	564	–	–
GST receivable	–	3	–	3
Sundry receivables	916	42	1	1
	10,986	1,395	544	547
Trade and other receivables	68,228	53,361	598	607
Unbilled receivables	10,812	7,943	–	–
Add:				
Amounts due from subsidiaries	–	–	12,898	3,078
Amount due from a joint venture	45	309	–	–
Total trade and other receivables	79,085	61,613	13,496	3,685
Less:				
Advances	(9,354)	(564)	–	–
GST receivable	–	(3)	–	(3)
Unbilled receivables	(10,812)	(7,943)	–	–
Add:				
Fixed deposits (Note 11)	400	400	400	400
Cash and bank balances (Note 14)	32,024	43,019	7,693	23,008
Total financial assets carried at amortised cost	91,343	96,522	21,589	27,090

Trade receivables

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

Expected credit losses

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

	Group	
	2019 $'000	2018 $'000
Movement in allowance accounts:		
At beginning of year	2,708	3,174
Charge for the year	1,985	1,512
Written off	(1,398)	(1,978)
At end of year	3,295	2,708

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

Other receivables

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

Other receivables that are impaired

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

	Group	
	2019 $'000	2018 $'000
Other receivables – nominal amount	12	15
Less: Allowance for impairment	(12)	(15)
	–	–
Movement in allowance accounts:		
At beginning and end of year	12	15

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

Deposits

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

Amounts due from subsidiaries/joint venture

The amounts are 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 are as follows:

	Group	
	2019 $'000	2018 $'000
Amount due from a joint venture – nominal amount	290	500
Less: Allowance for impairment	(245)	(191)
	45	309

The movement in allowance for expected credit losses of amount due from a joint venture is as follows:

Expected credit losses

	Group	
	2019 $'000	2018 $'000
Movement in allowance accounts:		
At beginning of year	191	75
Charge for the year	54	116
At end of year	245	191

14. CASH AND BANK BALANCES

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at banks and on hand	32,024	43,019	7,693	23,008

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2019 for the Group and the Company were 0.01% to 0.68% (2018: 0.01% to 0.68%) per annum.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade payables and accruals	71,901	63,452	410	330
Other payables				
Deposits	471	493	–	–
GST payable	6,754	5,144	–	–
Sundry payables	2,085	2,192	–	–
	9,310	7,829	–	–
Amount due to a subsidiary	–	–	56,440	59,329
Total trade and other payables	81,211	71,281	56,850	59,659
Less: GST payable	(6,754)	(5,144)	–	–
Add: Lease liabilities (Note 17)	5,039	–	–	–
Add: Loan and borrowing (Note 18)	54,617	57,517	–	–
Total financial liabilities carried at amortised cost	134,113	123,654	56,850	59,659

Trade payables/Other payables

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

Amount due to a subsidiary

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

16. DEFERRED INCOME

Deferred income relates to amounts received for rental of properties, workstations, lockers and furniture, business conference, professional indemnity insurance and miscellaneous items and will be recognised in the consolidated income statement in accordance with the revenue recognition criteria set out in Note 2.21(c).

17. LEASE LIABILITIES

	Group 2019 $'000
Amount recognised upon adoption of SFRS(I) 16:	
As at 1 January 2019	6,649
Accretion of interest	252
Payments	(1,862)
As at 31 December	5,039
Representing:	
Current	1,680
Non-Current	3,359

18. LOAN AND BORROWING

	Maturity	Group 2019 $'000	Group 2018 $'000
Current:			
SGD loan at SIBOR + 2.0% p.a.	2020	2,900	2,900
Non-current:			
SGD loan at SIBOR + 2.0% p.a.	2021 – 2023	51,717	54,617
Total		54,617	57,517

SGD bank loan at SIBOR + 2.0% per annum

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

The loan is secured by way of a first legal mortgage over the Group's investment property at 450 Lorong 6 Toa Payoh, Singapore 319394 (Note 4) and a corporate guarantee from the Company.

18. LOAN AND BORROWING (cont'd)

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

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

	1.1.2018 $'000	Cash flows $'000	Non-cash flows Reclassification $'000	31.12.2018 $'000
Interest bearing loans and borrowings				
– Current	–	(483)	3,383	2,900
– Non-current	–	58,000	(3,383)	54,617
Total	–	57,517	–	57,517

19. DEFERRED TAXATION

	Group	
	2019 $'000	2018 $'000
The deferred tax liabilities arises as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	187	129
Fair value adjustment on acquisition of franchise	4,003	4,161
	4,190	4,290

20. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	355,198	98,946	355,198	98,946

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

21. NON-CONTROLLING INTERESTS

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

22. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Major product or service lines						
Brokerage fees from resale, rental and new home	359,215	414,491	–	–	359,215	414,491
Others	–	–	5,897	5,449	5,897	5,449
	359,215	414,491	5,897	5,449	365,112	419,940
Timing of transfer of goods or services						
At a point in time	359,215	414,491	4,834	4,478	364,049	418,969
Over time	–	–	1,063	971	1,063	971
	359,215	414,491	5,897	5,449	365,112	419,940

23. OTHER REVENUE AND OTHER OPERATING EXPENSES

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

	Group	
	2019 $'000	2018 $'000
Other revenue		
Rental of properties, workstations, lockers and furniture	1,360	1,371
Professional indemnity insurance fees	1,062	763
Incentives, referral and administrative fees	553	579
Business conference income	310	551
Interest income from cash at bank and fixed deposits	556	289
Bad debts recovered	27	9
Sundry income	544	461
	4,412	4,023
Other operating expenses		
Audit fees:		
– Auditors of the Company	172	161
– Other auditors	2	2
Non audit services:		
– Auditors of the Company	18	14
– Others	6	10
Rental expense	–	2,478
Expense relating to leases of low-value assets and short term leases	464	–
Electricity and water	212	155
Entertainment and F&B expenses	165	150
Facility arrangement fee	–	10
Legal and professional fees	516	244
Photocopy charges	145	197
Property tax	260	61
Printing and stationery	116	91
Secretarial services	62	74
Telephone charges	267	145
Travel and transport expenses	196	189
Upkeep of computers and office equipment	321	427
Loss on disposal of plant and equipment	–	18
Write off of plant and equipment	46	–
Donations	55	225
Repair and maintenance	358	135
Fair value loss on other investment	9	47
Recruitment related expenses	1,228	–
Other administrative expenses	1,334	1,050
	5,952	5,883

24. PERSONNEL COSTS

	Group 2019 $'000	Group 2018 $'000
Directors:		
– Directors of the Company		
Directors' fees	208	195
– Directors of subsidiaries		
Salary, bonus and incentive	2,173	3,009
Central Provident Fund	40	40
	2,421	3,244
Staff:		
Salary and bonus	9,339	8,526
Central Provident Fund	1,125	1,128
Provision for leave entitlement	18	30
Grant income from Special Employment Credit	(11)	(28)
	10,471	9,656
Other related expenses	149	131
	13,041	13,031

25. FINANCE COSTS

	Group 2019 $'000	Group 2018 $'000
Interest expense on loan and borrowing	1,531	444
Interest on lease liabilities	252	–
	1,783	444

26. INCOME TAX EXPENSE

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

	Group 2019 $'000	Group 2018 $'000
Tax expense recognised in respect of profit for the year		
Current tax	3,368	5,170
Under provision in respect of previous years	77	11
	3,445	5,181
Deferred tax provided		
Origination and reversal of temporary differences	(100)	(199)
Income tax expense	3,345	4,982

26. INCOME TAX EXPENSE (cont'd)

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

	Group	
	2019 $'000	2018 $'000
Profit before tax	17,222	29,227
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	2,910	4,966
Adjustments:		
Non-deductible expenses	433	147
Effect of partial tax exemption and tax relief	(75)	(144)
Under provision in respect of previous years	77	11
Others	–	2
Income tax expense	3,345	4,982

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

The tax rates applicable to entities in Singapore, Hong Kong, China and Thailand are 17%, 16.5%, 25% and 20% respectively.

27. EARNINGS PER SHARE

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

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

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

	2019 $'000	2018 $'000
Profit for the year attributable to owners of the Company	14,012	24,245

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

28. DIVIDEND PAID

	Group and Company 2019 $'000	Group and Company 2018 $'000
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: 2.5 cents per share (2017: 2.0 cents)	8,880	7,104
– Interim exempt (one-tier) dividend for 2019: 0.75 cents per share (2018: 2.0 cents)	2,664	7,104
	11,544	14,208
Proposed but not recognised as a liability as at 31 December 2019:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2019: 1.25 cents per share (2018: 2.5 cents)	4,440	8,880
	4,440	8,880

29. RELATED PARTY TRANSACTIONS

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

(a) Revenue and expenses

	Company 2019 $'000	Company 2018 $'000
Subsidiaries		
Dividend income	10,000	26,000
Membership fees received	514	577

	Group 2019 $'000	Group 2018 $'000
Fellow subsidiaries		
Training fees	209	229

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

	Group 2019 $'000	Group 2018 $'000
Real estate brokerage fees	9	2

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 2019 $'000	Group 2018 $'000
Remuneration (including commission and incentives) of the 5 key management personnel	1,044	1,068

30. COMMITMENTS

(a) Operating lease commitments – as a lessee

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.

Following the adoption of SFRS(I) 16, the Group choose to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019.

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

	Group	
	2019 $'000	2018 $'000
Rental expense	–	2,478
Expense relating to leases of low-value assets (included in other operating expenses)	464	–
Interest on lease liabilities (included in finance costs)	252	–
Depreciation of right-of-use assets	1,596	–
	2,312	2,478

The Group had total cash outflows of leases of $2,326,000 in 2019.

Future minimum rental payments for the non-cancellable operating leases with initial or remaining terms of one year or more in 2018 were as follows:

	Group 2018 $'000
Within one year	2,416
Later than one year but not later than five years	5,495
	7,911

(b) Operating lease commitments – as a lessor

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

Total rental received from the non-cancellable leases recognised as income in the consolidated income statement for the financial year ended 31 December 2019 amounted to $1,063,000 (2018: $556,000).

	Group	
	2019 $'000	2018 $'000
Within one year	1,413	946
Later than one year but not later than five years	1,646	17
	3,059	963

30. COMMITMENTS (cont'd)

(c) Other commitments

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

	Group	
	2019 $'000	2018 $'000
Later than one year but not later than five years	855	375
More than five years	480	375
	1,335	750

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) *Interest rate risk*

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

Surplus funds are placed with reputable banks.

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

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if SGD interest rates had been 25 (2018: 25) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $140,000 (2018: $29,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loan.

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

(b) *Liquidity risk*

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

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

At the end of the reporting period approximately 5.0% (31 December 2018: 5.0%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

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

Group	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2019				
Financial assets				
Fixed deposits	–	404	–	404
Convertible loan (Note 12)	2,786	–	–	2,786
Trade and other receivables (Note 13)	58,919	–	–	58,919
Cash and bank balances (Note 14)	32,024	–	–	32,024
Total undiscounted financial assets	93,729	404	–	94,133
Financial liabilities				
Trade and other payables (Note 15)	74,457	–	–	74,457
Lease liabilities (Note 17)	1,861	3,457		5,318
Loan and borrowing (Note 18)	4,453	57,126	–	61,579
Total undiscounted financial liabilities	80,771	60,583	–	141,354
Total net undiscounted financial assets/(liabilities)	12,958	(60,179)	–	(47,221)
2018				
Financial assets				
Fixed deposits	–	402	–	402
Convertible loan (Note 12)	2,794	–	–	2,794
Trade and other receivables (Note 13)	53,103	–	–	53,103
Cash and bank balances (Note 14)	43,019	–	–	43,019
Total undiscounted financial assets	98,916	402	–	99,318
Financial liabilities				
Trade and other payables (Note 15)	66,137	–	–	66,137
Loan and borrowing (Note 18)	4,329	60,958	–	65,287
Total undiscounted financial liabilities	70,466	60,958	–	131,424
Total net undiscounted financial assets/(liabilities)	28,450	(60,556)	–	(32,106)

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

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

Company	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2019				
Financial assets				
Fixed deposits	–	404	–	404
Trade and other receivables (Note 13)	13,496	–	–	13,496
Cash and bank balances (Note 14)	7,693	–	–	7,693
Total undiscounted financial assets	21,189	404	–	21,593
Financial liabilities				
Trade and other payables (Note 15)	56,850	–	–	56,850
Total undiscounted financial liabilities	56,850	–	–	56,850
Total net undiscounted financial (liabilities)/assets	(35,661)	404	–	(35,257)
2018				
Financial assets				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 13)	3,685	–	–	3,685
Cash and bank balances (Note 14)	23,008	–	–	23,008
Total undiscounted financial assets	26,693	402	–	27,095
Financial liabilities				
Trade and other payables (Note 15)	59,659	–	–	59,659
Total undiscounted financial liabilities	59,659	–	–	59,659
Total net undiscounted financial (liabilities)/assets	(32,966)	402	–	(32,564)

(c) *Credit risk*

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

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

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

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

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

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

(i) Financial assets at amortised cost

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

Group	Financial assets at amortised cost 2019 $'000	Financial assets at amortised cost 2018 $'000
As at 1 January	2,914	3,264
Loss allowance measured at:		
12-month ECL	54	116
Lifetime ECL		
– Trade amounts (Simplified approach)	584	(466)
As at 31 December	3,552	2,914

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

Group		2019 $'000	2018 $'000
12-month ECL	Financial assets at amortised cost	1,891	4,137
Lifetime ECL	Financial assets at amortised cost	60,538	54,674
	Total	62,429	58,811

The gross carrying amount of trade and other receivables, amount due from a joint venture of the Group are disclosed in Note 13.

(ii) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern. The loss allowance provision as at 31 December 2019 and 2018 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

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

Brokerage income from real estate services:

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

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

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

(ii) Trade receivables (cont'd)

Rental income:

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

Others:

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

Brokerage income from real estate services:

31 December 2018	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	37,604	7,256	3,634	4,121	1,706	54,321
Loss allowance provision	53	61	48	808	1,706	2,676

Others:

31 December 2018	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Gross carrying amount	309	2	10	9	23	353
Loss allowance provision	–	–	–	9	23	32

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

Credit risk concentration profile

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

32. FAIR VALUES OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

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

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

(b) ***Assets and liabilities measured at fair value*** (cont'd)

	Note	Group 2018 Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Equity securities at fair value through profit or loss					
– Equity shares (unquoted)	10	–	–	9	9
Financial assets as at 31 December 2018		–	–	9	9
Non-financial assets:					
Investment property	4	–	–	72,800	72,800
Non-financial assets as at 31 December 2018		–	–	72,800	72,800

(c) ***Level 3 fair value measurements***

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

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

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

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

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

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

Description	Fair value at 31 December 2018 $	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment property:				
ERA APAC Centre at Toa Payoh Singapore	72,800,000	Income Capitalisation Method	Capitalisation Rate	Retail: 4.35% Office: 3.50%
		Direct Comparison Method	Direct Comparison	N.A.
		Cost Method	Land cost per sqm per plot ratio (psm/PR)	$18,837 psm/PR

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

For investment property, a significant decrease/increase in capitalisation rate, increase/decrease in market value of direct comparisons and/or increase/decrease in land cost would result in a significantly higher/lower fair value measurement.

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

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

	Group 2018 Fair value measurements using significant unobservable inputs (Level 3)		
Description	Equity instruments (unquoted) $'000	Investment property ERA APAC Centre $'000	Total $'000
Total gains and losses for the period included in			
Profit or loss:			
Other expenses	47	–	47

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

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

(iii) *Valuation policies and procedures*

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

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

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

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

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

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

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

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

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

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

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

33. SEGMENT INFORMATION

Analyses by segment

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

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

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

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

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

Allocation basis and transfer pricing

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

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

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

	Real estate brokerage income $'000	Rental income $'000	Others $'000	Eliminations $'000	Total $'000
2019					
Revenue:					
Real estate brokerage fees and related services	359,215	1,169	4,834	(106)	365,112
Other revenue	103	3	4,306	–	4,412
Total revenue	**359,318**	**1,172**	**9,140**	**(106)**	**369,524**
Segment results	16,568	243	1,638	–	18,449
Interest income					556
Finance costs					(1,783)
Profit before tax					**17,222**
Income tax expense					(3,345)
Profit for the year					**13,877**
Others:					
Bad debts recovered	27	–	–	–	27
Allowance for doubtful debts (provided)/written back					
– trade	(2,045)	–	60	–	(1,985)
– non-trade	–	–	(54)	–	(54)
Depreciation and amortisation	(2,379)	(7)	(732)	–	(3,118)

33. SEGMENT INFORMATION (cont'd)

	Real estate brokerage income $'000	Others[(a)] $'000	Total $'000
2018			
Revenue:			
Real estate brokerage fees and related services	414,491	5,449	419,940
Other revenue	9	4,014	4,023
Total revenue	**414,500**	**9,463**	**423,963**
Segment results	26,189	3,213	29,402
Share of results of joint venture			(20)
Interest income			289
Finance costs			(444)
Profit before tax			**29,227**
Income tax expense			(4,982)
Profit for the year			**24,245**
Others:			
Bad debts recovered	9	–	9
Allowance for doubtful debts (provided)/written back			
– trade	(1,540)	28	(1,512)
– non-trade	–	(116)	(116)
Depreciation and amortisation	(1,049)	(384)	(1,433)

(a) Rental income is included within others as it is not material in FY2018.

Geographical information

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

34. CAPITAL MANAGEMENT

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

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

No changes were made to the objectives, policies or processes during the years ended 31 December 2019 and 2018.

	2019 $'000	2018 $'000
Loan and borrowing (Note 18)	54,617	57,517
Trade and other payables (Note 15)	81,211	71,281
	135,828	128,798
Less: Cash and bank balances (Note 14)	(32,024)	(43,019)
	103,804	85,779
Equity attributable to the owners of the Company	145,530	143,061
Capital and net debt	249,334	228,840
Gearing ratio	42%	37%

35. SUBSEQUENT EVENTS

(i) The Company announced that it has entered into an agreement (the "Cooperation Agreement") on 30 December 2019 to invest ("Investment") in ERA Real Estate Group (Malaysia) Sdn. Bhd. ("ERA Malaysia"), a company to be incorporated in Malaysia to further the development of the Group's real estate brokerage business in Malaysia.

Pursuant to the terms of the Cooperation Agreement, the Company will subscribe for 245,000 new ordinary shares ("Shares") for RM 245,000 at RM 1 for each Share (approximately S$80,065 based on the exchange rate of S$1: RM 3.06 as at 27 December 2019) (the "Subscription Consideration") in ERA Malaysia.

Payment of the Subscription Consideration (at par value) will take place upon completion of the Investment.

In addition, the Company will extend an interest-free shareholder loan (the "Shareholder Loan") of RM 500,000 (approximately S$163,399) to ERA Malaysia.

(ii) On 26 February 2020, the Company announced the following:

- its acquisition of a total of 304,000 shares in Eurocapital Joint Stock Company ("Eurocapital"), representing 38% of the current issued share capital in Eurocapital, from its existing shareholders, namely Terra Partners Vietnam Joint Stock Company and KTP & Partners Company Limited, for a total nominal consideration of S$100; and

- subscription of 1,225,800 new shares in ERA Vietnam Realty Limited Company ("ERA Vietnam") (the "Proposed Subscription"), representing 38% of the enlarged issued share capital of ERA Vietnam upon completion of the Proposed Subscription, for a consideration of S$1,499,900.

35. SUBSEQUENT EVENTS (cont'd)

(iii) On 28 February 2020, the Company has entered into an investment agreement (the "Agreement") with Turning-Point Pte Ltd ("TP") and Chong Hae Jye, the sole director and shareholder of TP, to subscribe for 30 new shares in TP, representing 15% of its enlarged issued share capital for a total amount of S$500,000 (the "Consideration") on the terms and subject to the conditions of the Agreement. The business activity of TP is to establish new verticals to equip the full suite of prospecting tools and solutions to real estate agents.

(iv) The coronavirus outbreak occurred close to the financial year end and the condition has continued to evolve up till audit report date. As at 31 December 2019, management has concluded that the events are non-adjusting and that the impact to the Group is immaterial as the Group's operations are well-diversified and its long-term prospects remain good.

As at audit report date, there is a high level of uncertainty due to the unpredictable outcome of this outbreak. As such, the financial effects cannot be reliably estimated.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 26 March 2020.

Statistics of Shareholdings

As at 16 March 2020

SHARE CAPITAL

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	4	0.16	163	0.00
100 – 1,000	214	8.46	180,847	0.05
1,001 – 10,000	1,347	53.24	7,199,952	2.03
10,001 – 1,000,000	953	37.67	47,519,843	13.38
1,000,001 and above	12	0.47	300,296,895	84.54
Total	**2,530**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2020

No.	Name	No. of Shares	%
1	DBS Nominees (Private) Limited	278,242,707	78.33
2	Phillip Securities Pte Ltd	5,227,200	1.47
3	Raffles Nominees (Pte) Limited	2,903,378	0.82
4	HSBC (Singapore) Nominees Pte Ltd	2,287,600	0.64
5	Tan Tai Wei	2,112,900	0.59
6	DB Nominees (Singapore) Pte Ltd	1,670,000	0.47
7	Citibank Nominees Singapore Pte Ltd	1,505,406	0.42
8	Maybank Kim Eng Securities Pte. Ltd.	1,434,400	0.40
9	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,433,104	0.40
10	Liew Yeow Weng	1,250,000	0.35
11	OCBC Securities Private Limited	1,210,200	0.34
12	United Overseas Bank Nominees (Private) Limited	1,020,000	0.29
13	OCBC Nominees Singapore Private Limited	993,500	0.28
14	IFAST Financial Pte. Ltd.	921,000	0.26
15	Lam Kong Yin Patrick	808,600	0.23
16	CGS-CIMB Securities (Singapore) Pte. Ltd.	772,191	0.22
17	JJL Assets Management Pte Ltd	700,000	0.20
18	UOB Kay Hian Private Limited	692,400	0.19
19	Teo Kee Bock	680,000	0.19
20	Goh Boon Kiat Alex (Wu Wenjie)	669,400	0.19
	Total	**306,533,986**	**86.28**

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

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

[1] Asia Pacific Realty Holdings Ltd's deemed interest is held by DBS Nominees (Private) Limited.
[2] PGA Realty Partners Ltd is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.
[3] Tan Choon Hong is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.
[4] "%" is based on 355,197,700 issued shares as at 16 March 2020.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 28.18% of the issued share capital of the Company was held by the public as at 16 March 2020. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

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