



**APAC REALTY LIMITED**  
**Company Registration Number: 201319080C**

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020**

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**APAC REALTY LIMITED****Company Registration Number: 201319080C****UNAUDITED RESULTS FOR THE SECOND HALF AND FULL YEAR ENDED  
31 DECEMBER 2020**

The Board of Directors of APAC Realty Limited wishes to announce the following unaudited results of the Group for the second half and full year ended 31 December 2020.

**1(a)(i) Consolidated Income Statement**

	<b>Group</b>					
	<b>2H 2020</b>	2H 2019	Change	<b>FY 2020</b>	FY 2019	Change
	<b>\$'000</b>	\$'000	(%)	<b>\$'000</b>	\$'000	(%)
Real estate brokerage fees and related services	219,546	204,117	7.6	389,429	365,112	6.7
Other revenue	2,756	2,346	17.5	5,696	4,412	29.1
<b>Total Revenue</b>	<b>222,302</b>	<b>206,463</b>	<b>7.7</b>	<b>395,125</b>	<b>369,524</b>	<b>6.9</b>
Cost of services	196,458	180,074	9.1	347,610	323,157	7.6
Personnel cost	6,910	7,196	(4.0)	13,074	13,041	0.3
Marketing and promotion expenses	1,378	1,581	(12.8)	2,860	3,212	(11.0)
Depreciation of property, plant and equipment	342	328	4.3	615	590	4.2
Depreciation of right-of-use assets	861	798	7.9	1,722	1,596	7.9
Amortisation of intangible assets	466	466	–	932	932	–
Allowance for doubtful debts provided/(written back) - trade	1,486	1,231	20.7	2,384	1,985	20.1
- non-trade	–	–	–	–	54	nm
Finance costs	399	884	(54.9)	1,069	1,783	(40.0)
Other operating expenses	3,260	2,935	11.1	5,049	5,952	(15.2)
Total operating expenses	15,102	15,419	(2.1)	27,705	29,145	(4.9)
<b>Costs and Expenses</b>	<b>211,560</b>	<b>195,493</b>	<b>8.2</b>	<b>375,315</b>	<b>352,302</b>	<b>6.5</b>
<b>Operating Profit</b>	<b>10,742</b>	<b>10,970</b>	<b>(2.1)</b>	<b>19,810</b>	<b>17,222</b>	<b>15.0</b>
Share of results in associate	(161)	–	nm	(161)	–	nm
Profit before tax	10,581	10,970	(3.5)	19,649	17,222	14.1
Income tax expense	(1,940)	(2,132)	(9.0)	(3,307)	(3,345)	(1.1)
<b>Profit for the period/year</b>	<b>8,641</b>	<b>8,838</b>	<b>(2.2)</b>	<b>16,342</b>	<b>13,877</b>	<b>17.8</b>
<b>Profit attributable to:</b>						
Owners of the Company	8,681	8,908	(2.5)	16,438	14,012	17.3
Non-controlling interests	(40)	(70)	(42.9)	(96)	(135)	(28.9)
	<b>8,641</b>	<b>8,838</b>	<b>(2.2)</b>	<b>16,342</b>	<b>13,877</b>	<b>17.8</b>

nm – not meaningful

## 1(a)(ii) Notes to Consolidated Income Statement

	<b>Group</b>			
	<b>2H 2020</b>	2H 2019	<b>FY 2020</b>	FY 2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<u>Included in other revenue</u>				
Government grant under Jobs Support Scheme (“JSS”)	1,019	–	1,919	–
Interest income	252	240	520	556
Investment in joint venture written back	–	–	–	17
Bad debts recovered	37	5	67	27
<u>Included in finance costs</u>				
Interest on lease liabilities	(88)	(117)	(195)	(251)
<u>Included in other operating expenses</u>				
Loss on disposal of plant and equipment	(53)	–	(53)	–
Write off of plant and equipment	(49)	(26)	(49)	(46)
Fair value loss in other investment	–	(9)	–	(9)
Write off of other investment	(500)	–	(500)	–
Write off of investment in associate	(619)	–	(619)	–
Foreign exchange loss	(741)	(80)	(281)	(167)
Rental expense	(227)	(193)	(273)	(464)
<u>Included in income tax expense</u>				
Over/(under) provision of prior years’ tax	91	(80)	93	(77)
Deferred tax (expense)/written back	(51)	20	(11)	100

## 1(a)(iii) Consolidated Statement of Comprehensive Income

	<b>Group</b>			
	<b>2H 2020</b>	2H 2019	<b>FY 2020</b>	FY 2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Profit for the period/year</b>	8,641	8,838	16,342	13,877
<b>Other comprehensive income</b>				
Items that may be classified subsequently to profit or loss:				
Foreign currency translation	(78)	–	(110)	1
Other comprehensive income for the period/year, net of tax	(78)	–	(110)	1
<b>Total comprehensive income for the period/year</b>	8,563	8,838	16,232	13,878
<b>Attributable to:</b>				
Owners of the Company	8,601	8,908	16,326	14,013
Non-controlling interests	(38)	(70)	(94)	(135)
	8,563	8,838	16,232	13,878

## 1(b)(i) Statement of Financial Position

	Group		Company	
	31-Dec-2020 \$'000	31-Dec-2019 \$'000	31-Dec-2020 \$'000	31-Dec-2019 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	–	72,800	–	–
Property, plant and equipment	73,918	1,677	–	–
Right-of-use assets	3,710	5,053	–	–
Intangible assets	97,719	98,523	2,102	2,338
Investment in subsidiaries	–	–	190,236	190,001
Investment in associates	2,427	–	2,661	–
Other investments	1,000	1,000	1,000	1,000
Fixed deposits	400	400	400	400
	179,174	179,453	196,399	193,739
<b>Current assets</b>				
Convertible loan	3,587	2,786	–	–
Trade receivables	79,568	57,242	75	54
Other receivables	11,370	10,986	534	544
Unbilled receivables	10,002	10,812	–	–
Amount due from subsidiaries	–	–	14,142	12,898
Amount due from an associate	–	45	–	–
Tax recoverable	–	31	24	31
Prepaid operating expenses	2,464	1,762	22	12
Cash and bank balances	35,119	32,024	4,058	7,693
	142,110	115,688	18,855	21,232
<b>Total assets</b>	321,284	295,141	215,254	214,971
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables and accruals	90,887	71,901	408	410
Other payables	10,902	9,310	19	–
Amount due to subsidiaries	–	–	55,131	56,440
Deferred income	1,214	1,288	2	–
Lease liabilities	1,879	1,680	–	–
Loan and borrowing	2,900	2,900	–	–
Provision for taxation	4,159	3,336	–	–
	111,941	90,415	55,560	56,850
<b>Net current assets/(liabilities)</b>	30,169	25,273	(36,705)	(35,618)
<b>Non-current liabilities</b>				
Lease liabilities	1,738	3,359	–	–
Loan and borrowing	48,817	51,717	–	–
Deferred taxation	4,200	4,190	–	–
	54,755	59,266	–	–
<b>Net assets</b>	154,588	145,460	159,694	158,121
<b>Equity attributable to owners of the Company</b>				
Share capital	98,946	98,946	98,946	98,946
Foreign currency translation reserve	(114)	(2)	–	–
Accumulated profits	55,920	46,586	60,748	59,175
	154,752	145,530	159,694	158,121
Non-controlling interests	(164)	(70)	–	–
<b>Total equity</b>	154,588	145,460	159,694	158,121

## 1(b)(ii) Group's Borrowings and Debt Securities

### (a) Amount repayable in one year or less, or on demand

As at 31-Dec-20		As at 31-Dec-19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
2,900	–	2,900	–

### (b) Amount repayable after one year

As at 31-Dec-20		As at 31-Dec-19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
48,817	–	51,717	–

### (c) Details of any collaterals

#### SGD bank loan at floating rate

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

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

**1(c) Consolidated Statement of Cash Flows**

	<b>Group</b>			
	<b>2H 2020</b>	2H 2019	<b>FY 2020</b>	FY 2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	10,581	10,970	19,649	17,222
<u>Adjustments for:</u>				
Allowance for doubtful debts provided				
- trade	1,486	1,231	2,384	1,985
- non-trade	–	–	–	54
Bad debts recovered	(37)	(5)	(67)	(27)
Depreciation of property, plant and equipment	342	328	615	590
Depreciation of right-of-use assets	861	798	1,722	1,596
Write off of plant and equipment	49	26	49	46
Loss on disposal of plant and equipment	53	–	53	–
Write off of other investment	500	–	500	–
Write off of investment in associate	619	–	619	–
Amortisation of intangible assets	466	466	932	932
Fair value loss in other investment	–	9	–	9
Write back of investment in JV on disposal	–	–	–	(17)
Share of results in associate	161	–	161	–
Interest expense	399	884	1,069	1,783
Interest income	(252)	(240)	(520)	(556)
<b>Operating cash flows before working capital changes</b>	<b>15,228</b>	<b>14,467</b>	<b>27,166</b>	<b>23,617</b>
<u>Changes in working capital</u>				
Increase in trade and other receivables	(22,726)	(10,281)	(24,813)	(9,739)
Increase in trade and other payables	23,705	13,241	20,504	9,378
<b>Cash flows from operations</b>	<b>16,207</b>	<b>17,427</b>	<b>22,857</b>	<b>23,256</b>
Interest income received	252	240	520	556
Interest paid	(312)	(767)	(874)	(1,532)
Income taxes paid	(2,449)	(2,758)	(2,473)	(5,312)
<b>Net cash generated from operating activities</b>	<b>13,698</b>	<b>14,142</b>	<b>20,030</b>	<b>16,968</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(130)	(873)	(161)	(1,237)
Proceeds from disposal of plant and equipment	3	–	3	–
Acquisition of subsidiary, net of cash acquired	(268)	–	(268)	–
Proceeds received from shares issued to non-controlling interests	–	–	–	22
Investment in associates	(708)	–	(2,208)	–
Loan to an associate	(1,000)	–	(1,000)	–
Investment in convertible loan	(801)	–	(801)	–
Investment in other investment	–	(1,000)	(500)	(1,000)
Proceeds from disposal of joint venture	–	–	–	17
Advances extended to third party	–	–	–	(9,354)
Advance extended to an associate	–	(45)	–	(105)
<b>Net cash used in investing activities</b>	<b>(2,904)</b>	<b>(1,918)</b>	<b>(4,935)</b>	<b>(11,657)</b>
<b>Cash flows from financing activities</b>				
Repayment of lease liability	(1,377)	(931)	(1,996)	(1,862)
Repayment of loan and borrowings	(1,450)	(1,450)	(2,900)	(2,900)
Payment of dividends	(7,104)	(2,664)	(7,104)	(11,544)
<b>Net cash used in financing activities</b>	<b>(9,931)</b>	<b>(5,045)</b>	<b>(12,000)</b>	<b>(16,306)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>863</b>	<b>7,179</b>	<b>3,095</b>	<b>(10,995)</b>
<b>Net cash and cash equivalents at beginning of the period/year</b>	<b>34,256</b>	<b>24,845</b>	<b>32,024</b>	<b>43,019</b>
<b>Net cash and cash equivalents at end of the period/year</b>	<b>35,119</b>	<b>32,024</b>	<b>35,119</b>	<b>32,024</b>

### 1(d)(i) Consolidated Statement of Changes in Equity

GROUP	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>As at 1 January 2019</b>	98,946	(3)	44,118	143,061	43	143,104
Profit/(loss) for the period	–	–	14,012	14,012	(135)	13,877
Other comprehensive income						
- Foreign currency translation	–	1	–	1	–	1
<b>Total comprehensive income</b>	–	1	14,012	14,013	(135)	13,878
Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	22	22
Dividend paid	–	–	(11,544)	(11,544)	–	(11,544)
<b>As at 31 December 2019</b>	98,946	(2)	46,586	145,530	(70)	145,460
<b>As at 1 January 2020</b>	98,946	(2)	46,586	145,530	(70)	145,460
Profit/(loss) for the period	–	–	16,438	16,438	(96)	16,342
Other comprehensive income						
- Foreign currency translation	–	(112)	–	(112)	2	(110)
<b>Total comprehensive income</b>	–	(112)	16,438	16,326	(94)	16,232
Dividend paid	–	–	(7,104)	(7,104)	–	(7,104)
<b>As at 31 December 2020</b>	98,946	(114)	55,920	154,752	(164)	154,588

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, sub-division, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the share capital of the Company in FY2020. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2020, the Company's issued and paid-up capital, excluding treasury shares, comprises 355,197,700 (31 December 2019: 355,197,700) ordinary shares.

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**  
**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements as at 31 December 2019.



**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.**

The Group adopted various new accounting standards, amendments to and interpretations of standards that are effective for annual periods beginning on or after 1 January 2020. The adoption of those new standards, amendments to and interpretations of standards did not have any material impact on the financial statements.

**6 Earnings Per Ordinary Share**

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group					
	2H 2020	2H 2019	Change (%)	FY 2020	FY 2019	Change (%)
(i) Based on the weighted average number of shares (cents)	2.45	2.50	(2.0)	4.63	3.94	17.5
- Weighted average number of shares ('000)	355,198	355,198		355,198	355,198	
(ii) On a fully diluted basis (cents)	2.45	2.50	(2.0)	4.63	3.94	17.5
- Adjusted weighted average number of shares ('000)	355,198	355,198		355,198	355,198	

**7 Net Asset Value Per Share**

Net asset value per ordinary share based on issued share capital, excluding treasury shares, at the end of the financial period/year (cents)	Group			Company		
	31-Dec-20	31-Dec-19	Change (%)	31-Dec-20	31-Dec-19	Change (%)
	43.6	41.0	6.3	45.0	44.5	1.1

Note: The net asset value per share have been computed based on the share capital of 355,197,700 as at 31 December 2020 and 31 December 2019.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

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.

**2H2020 vs 2H2019**

	<b>2H 2020</b>	2H 2019	Change
	<b>\$'000</b>	\$'000	(%)
Total revenue	222,302	206,463	7.7
Cost of services	196,458	180,074	9.1
Gross Profit	25,844	26,389	(2.1)

**Revenue**

Revenue from real estate brokerage fees and related services increased by approximately \$15.4 million or 7.6%, from \$204.1 million in 2H2019 to \$219.5 million in 2H2020. This was mainly due to:

- (a) increase in brokerage income from resale and rental of properties of \$24.5 million or 18.8%, from \$130.0 million in 2H2019 to \$154.5 million in 2H2020; partially offset by
- (b) decrease in brokerage income from new home sales of \$8.6 million or 12.1%, from \$70.7 million in 2H2019 to \$62.1 million in 2H2020.

Other revenue increased by approximately \$0.5 million or 17.5% from \$2.3 million in 2H2019 to \$2.8 million in 2H2020 mainly due to the recognition of government grant income under Job Support Scheme of \$1.0 million and property tax rebate received of \$0.2 million, partially offset by a decrease in professional indemnity income of \$0.8 million in 2H2020.

**Cost of services**

Cost of services increased by approximately \$16.4 million or 9.1%, from \$180.1 million in 2H2019 to \$196.5 million in 2H2020, in line with the increase in total revenue.

**Gross profit**

Gross profit decreased by approximately \$0.6 million or 2.1%, from \$26.4 million in 2H2019 to \$25.8 million in 2H2020. This was largely attributed to the decrease in contribution from new home sales in 2H2020.

**Operating expenses**

Personnel cost decreased by approximately \$0.3 million or 4.0%, from \$7.2 million in 2H2019 to \$6.9 million in 2H2020 mainly due to lower provision for staff bonus in 2H2020.

Marketing and promotion expenses decreased by approximately \$0.2 million or 12.8%, from \$1.6 million in 2H2019 to \$1.4 million in 2H2020 due to less marketing activities carried out in 2H2020.

Depreciation of property, plant and equipment and right-of-use assets was stable for both 2H2020 and 2H2019.

Amortisation of intangible assets was approximately \$0.5 million for both 2H2020 and 2H2019.

There was an allowance for doubtful debts (trade) provided of approximately \$1.5 million in 2H2020 as compared to an allowance of \$1.2 million in 2H2019. The higher provision was mainly due to slower collections in 2H2020 and full provision made for one single outstanding debt of \$0.1 million.

Finance costs decreased by approximately \$0.5 million or 54.9%, from \$0.9 million in 2H2019 to \$0.4 million in 2H2020. The decrease was in line with the lower bank borrowings in 2H2020 due to loan repayments and lower bank interest rates ranging from 1.05% to 2.65% p.a. in 2H2020 (2H2019: 2.64% to 2.83%).

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont’d).**

**Operating expenses (cont’d)**

Other operating expenses increased by approximately \$0.4 million or 11.1%, from \$2.9 million in 2H2019 to \$3.3 million in 2H2020. This was mainly due to the write off of other investments and investment in associate of \$0.5 million and \$0.6 million respectively, partially offset by the absence of recruitment expenses in 2H2020 (2H2019: \$0.7 million).

Overall, total operating expenses decreased by approximately \$0.3 million or 2.1%, from \$15.4 million in 2H2019 to \$15.1 million in 2H2020.

**Profit before tax**

As a result of the foregoing, profit before tax decreased by approximately \$0.4 million or 3.5%, from \$11.0 million in 2H2019 to \$10.6 million in 2H2020.

**Tax expense**

Tax expense decreased by approximately \$0.2 million or 9.0%, from \$2.1 million in 2H2019 to \$1.9 million in 2H2020. The decrease is mainly due to lower taxable income in 2H2020.

**Profit for the period**

As a result of the foregoing, profit for the period decreased from \$8.8 million in 2H2019 to \$8.6 million in 2H2020.

**FY2020 vs FY2019**

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

**Revenue**

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

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

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

**Cost of services**

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

**Gross profit**

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

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

### **Operating expenses**

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

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

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

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

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

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

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

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

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

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

### **Profit before tax**

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

### **Tax expense**

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

### **Profit for the year**

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

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

### **Financial Position Review**

#### **Non-current assets**

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

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

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

#### **Current assets**

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

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

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

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

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

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

#### **Non-current liabilities**

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

#### **Current liabilities**

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

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

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

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

**Current liabilities (cont'd)**

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

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

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

**Equity attributable to the owners of the Company**

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

**Cash Flow Review**

**2H2020 vs 2H2019**

Net cash generated from operating activities was approximately \$13.7 million in 2H2020 as compared to \$14.1 million in 2H2019. The difference of approximately \$0.4 million was mainly due to a decrease in cash flows from operations of \$1.2 million, partially offset by lower payments made for income taxes and interest expense of \$0.3 million and \$0.5 million respectively.

Net cash used in investing activities was approximately \$2.9 million in 2H2020 as compared to \$1.9 million in 2H2019. The higher amount was mainly due to the loan granted to an associate of \$1.0 million in 2H2020.

Net cash used in financing activities was approximately \$9.9 million in 2H2020 as compared to \$5.0 million in 2H2019. The increase of \$4.9 million in 2H2020 was mainly due to an increase in dividends of \$4.4 million paid during 2H2020.

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately \$0.9 million in 2H2020 as compared to a net increase of approximately \$7.2 million in 2H2019.

**FY2020 vs FY2019**

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

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

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

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

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

## 9 Use of Proceeds Raised From IPO

Subsequent to the last announcement made by the Company on 13 January 2021, no further utilisation was made by the Company. The balance of the Net Proceeds stands at \$5.2 million.

## 10 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any prospect statement previously.

## 11 A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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

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

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

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

## 12 Dividend

### (a) Any dividend declared for the current financial period reported on?

Yes.

<b>Name of Dividend</b>	Proposed Second and Final
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	S\$0.0175 per ordinary share
<b>Tax Rate</b>	Tax Exempt

### (b) Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

<b>Name of Dividend</b>	Proposed Second and Final
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	S\$0.0125 per ordinary share
<b>Tax Rate</b>	Tax Exempt

## 12 Dividend (Cont'd)

### (c) Date payable

Payment of the proposed second and final tax-exempt dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be convened, will be made on **12 May 2021**.

### (d) Record date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on **29 April 2021** for the preparation of dividend warrants for the proposed second and final dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. on **29 April 2021** will be registered to determine shareholders' entitlements to the proposed second and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on **29 April 2021** will be entitled to the proposed second and final dividend.

## 13 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

## 14 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as the Group does not have in place a general mandate for interested person transactions.

## 15 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX Listing Manual.

## 16 Segment Information

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

- I. Real estate brokerage services – 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 – relates 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. 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.



## 16 Segment Information (Cont'd)

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

**17 Breakdown of Sales**

<b>Group</b>	<b>2020 \$'000</b>	2019 \$'000	Change %
Revenue reported for first half year	172,823	163,061	6.0
Operating profit after tax reported for first half year	7,701	5,039	52.8
Revenue reported for second half year	222,302	206,463	7.7
Operating profit after tax reported for second half year	8,641	8,838	(2.2)

**18 Breakdown of the total annual dividend (in dollar value) dividend declared for the issuer's latest full year and its previous full year as follows:**

	<b>2020 \$'000</b>	2019 \$'000
<u>Ordinary</u>		
Interim	2,664	2,664
Final	6,216	4,440
Total	8,880	7,104

**19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to the director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Chua Khee Hak  
Chairman and CEO  
23 February 2021