

**CIRCULAR DATED 27 MAY 2022**

**THIS CIRCULAR IS ISSUED BY APAC REALTY LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (the “CDP”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**APAC REALTY LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201319080C)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**UNCONDITIONAL MANDATORY GENERAL OFFER**

by



**SAC CAPITAL PRIVATE LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200401542N)

for and on behalf of

**NHPEA ACE REALTY COMPANY LIMITED**

(Incorporated in the Cayman Islands)  
(Company Registration Number: 385231)

to acquire all the outstanding shares in the capital of  
APAC Realty Limited other than those already owned, controlled or agreed  
to be acquired by NHPEA Ace Realty Company Limited

**Independent Financial Adviser to the Recommending Directors**



**XANDAR CAPITAL PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200002789M)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT VOTES AND ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 10 JUNE 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO VOTE AND ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.**

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## DEFINITIONS

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In this Circular, the following definitions apply throughout except where the context otherwise requires:

<b>“Audited FY2021 Results”</b>	: The audited consolidated financial statements of the Group for the financial year ended 31 December 2021, reproduced in <b>Appendix D (Audited FY2021 Results)</b> to this Circular
<b>“Auditors”</b>	: Ernst & Young LLP
<b>“Board”</b>	: The board of Directors of the Company
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Business Day”</b>	: A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
<b>“Circular”</b>	: This circular to Shareholders dated 27 May 2022 in relation to the Offer, enclosing, <i>inter alia</i> , the recommendation of the Recommending Directors and the IFA Letter
<b>“Closing Date”</b>	: 5.30 p.m. (Singapore time) on 10 June 2022, or such later date(s) as may be announced from time to time by or on behalf of the Offeror
<b>“Code”</b>	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
<b>“Commencement Date”</b>	: 13 May 2022, being the date of despatch or publication of the Offer Document
<b>“Companies Act”</b>	: Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	: APAC Realty Limited (Company Registration Number: 201319080C) having its registered office at 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394
<b>“Company Securities”</b>	: (a) Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options, awards or derivatives in respect of any Shares and/or other securities which carry voting rights in the Company
<b>“Constitution”</b>	: The constitution of the Company, as amended, modified or supplemented from time to time
<b>“CPF”</b>	: Central Provident Fund of Singapore
<b>“CPFIS”</b>	: Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	: Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Directors”</b>	: The directors of the Company as at the Latest Practicable Date, and each a <b>“Director”</b>

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## DEFINITIONS

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- “FAA”** : Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
- “FAT”** : Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
- “FY”** : Financial year ended or ending 31 December, as the case may be
- “Group”** : The Company and its subsidiaries
- “IFA”** : Xandar Capital Pte. Ltd., the independent financial adviser to the Recommending Directors in respect of Offer
- “IFA Letter”** : The letter dated 27 May 2022 from the IFA to the Recommending Directors, containing *inter alia*, the advice of the IFA to the Recommending Directors in respect of the Offer, set out as **Appendix A (IFA Letter)** to this Circular
- “Interested Person”** : As defined in the Note on Rule 24.6 of the Code and read with Rule 23.12 of the Code, an interested person is:
- (a) a director, chief executive officer, or substantial shareholder of the company;
  - (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
  - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
  - (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
  - (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- “IU”** : Shall have the meaning ascribed to it in section 6 of the Letter to Company Shareholders in the Offer Document and described in section 4 (*Irrevocable Undertaking*) of this Circular

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## DEFINITIONS

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<b>“IU Shareholders”</b>	: Shall have the meaning ascribed to it in section 6 of the Letter to Company Shareholders in the Offer Document and described in section 4 ( <i>Irrevocable Undertaking</i> ) of this Circular
<b>“Latest Practicable Date”</b>	: 20 May 2022, being the latest practicable date prior to the finalisation and release of this Circular
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading of securities
<b>“Offer”</b>	: The unconditional mandatory general offer made by SAC, for and on behalf of the Offeror, for all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
<b>“Offer Announcement”</b>	: The announcement relating to the Offer released by SAC, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	: 25 April 2022, being the date of the Offer Announcement
<b>“Offer Document”</b>	: The offer document dated 13 May 2022, including the FAA and FAT, and any other document(s) which may be issued by SAC, for and on behalf of the Offeror to amend, revise, supplement or update the document(s) from time to time
<b>“Offer Shares”</b>	: All the outstanding Shares other than those already owned, controlled or agreed to be acquired by the Offeror and each, an <b>“Offer Share”</b>
<b>“Offeror”</b>	: NHPEA Ace Realty Company Limited, an entity controlled by Morgan Stanley Private Equity Asia
<b>“Offeror Securities”</b>	: (a) ordinary shares in the Offeror; (b) other securities which carry voting rights in the Offeror; and (c) convertible securities, warrants, options, awards or derivatives in respect of any ordinary shares in the Offeror and/or other securities which carry voting rights in the Offeror
<b>“Overseas Shareholder”</b>	: Shareholders and Depositors holding shares through CDP, whose addresses are outside Singapore as shown in the Register or Depository Register (as the case may be)
<b>“Recommending Directors”</b>	: The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, being all of the Directors, namely Mr. Chua Khee Hak, Mr. Tan Choon Hong, Mr. Tan Bong Lin, Mr. Wong Hin Sun, Eugene and Ms. Tan Poh Hong
<b>“Registrar”</b>	: The register of holders of the Shares, as maintained by the Registrar
<b>“Registrar” or the “Receiving Agent”</b>	: Boardroom Corporate & Advisory Services Pte. Ltd.

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## DEFINITIONS

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“SAC”	: SAC Capital Private Limited, being the sole financial adviser to the Offeror in connection with the Offer
“Securities Account”	: A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	: Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNet”	: A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares as indicated on the Register, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	: Issued ordinary shares in the capital of the Company
“SIC”	: The Securities Industry Council of Singapore
“SRS”	: The Supplementary Retirement Scheme
“SRS Investors”	: Investors who have purchased Shares pursuant to SRS
“TPY Property”	: The Group’s leasehold property at 450 Lorong 6 Toa Payoh, Singapore 319394
“Valuation Certificate”	: The valuation certificate issued by the Valuer in respect of the TPY Property in connection with the Offer, set out as <b>Appendix E (Valuation Certificate)</b> to this Circular
“Valuer”	: Cushman & Wakefield VHS Pte. Ltd., the independent valuer commissioned by the Company to issue the Valuation Certificate and the underlying valuation report

### *Currencies, Units and Others*

“%” or “per cent.”	: Per centum or percentage
“SGD”, “S\$” and “cents”	: Singapore dollars and cents respectively, the lawful currency of Singapore

**Acting in concert.** The term “acting in concert” shall have the meaning ascribed to it in the Code.

**Depositors, etc.** The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act.

**Genders.** Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

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## DEFINITIONS

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**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Rounding.** Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

**Shareholders.** References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meanings assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary and Related Corporation.** References to “subsidiary” and “related corporation” shall have the meanings ascribed to them respectively in sections 5 and 6 of the Companies Act.

**Time and Date.** Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

**Total number of issued Shares.** References in this Circular to the total number of issued Shares are based on 355,197,700 Shares in issue as at the Latest Practicable Date, unless otherwise stated. There are no Shares held in treasury.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements shall bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution, respectively.**

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, plans, prospects, intentions or strategies regarding the future and assumptions in light of currently available information.

These forward-looking statements, including but not limited to, statements as to revenue and profitability; any expected growth; any expected industry prospects and trends; planned strategy and future expansion plans; any other matters that are not historical facts; and any other matters discussed in this Circular, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s and the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. The Group, the Directors, the executive officers of the Company are not representing or warranting to you that the actual future results, performance or achievements of the Company and the Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Group. Further, the Company disclaims any responsibility, and undertake no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.



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## CORPORATE INFORMATION

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<b>Board of Directors</b>	: Mr. Chua Khee Hak (Executive Chairman) Mr. Tan Choon Hong (Non-Executive Non-Independent Director) Mr. Tan Bong Lin (Lead Independent Director) Mr. Wong Hin Sun, Eugene (Non-Executive Independent Director) Ms. Tan Poh Hong (Non-Executive Independent Director)
<b>Company Secretary</b>	: Ms. Ngiam May Ling, LLB (Hons)
<b>Registered Office</b>	: 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394
<b>Registrar</b>	: <b>Boardroom Corporate &amp; Advisory Services Pte. Ltd.</b> 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632
<b>Auditors of the Company</b>	: <b>Ernst &amp; Young LLP</b> One Raffles Quay North Tower, Level 18 Singapore 048583 Partner-in-charge: Ms. Lee Lai Hiang, Chartered Accountant
<b>Independent Financial Adviser to the Recommending Directors</b>	: <b>Xandar Capital Pte. Ltd.</b> 3 Shenton Way #24-02 Shenton House Singapore 068805
<b>Legal Adviser to the Company in relation to the Offer</b>	: <b>Morgan Lewis Stamford LLC</b> Ocean Financial Centre #27-00 10 Collyer Quay Singapore 049315

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## LETTER TO SHAREHOLDERS

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### APAC REALTY LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201319080C)

**Directors:**

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

**Registered Office:**

450 Lorong 6 Toa Payoh  
#03-01 ERA APAC Centre  
Singapore 319394

27 May 2022

To: **Shareholders of APAC Realty Limited**

Dear Sir / Madam,

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#### 1. INTRODUCTION

##### 1.1. Offer Announcement

On the Offer Announcement Date, SAC announced, for and on behalf of the Offeror, *inter alia*, that the Offeror intends to make an Offer for all the Offer Shares, in accordance with Rule 14 of the Code.

Copies of the Offer Announcement are available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### 1.2. Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in sections 2 and 3 of the Letter to Company Shareholders in the Offer Document. Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### 1.3. Independent Financial Adviser

The Company has appointed Xandar Capital Pte. Ltd. as the IFA to advise the Recommending Directors in respect of the Offer.

##### 1.4. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer.

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## LETTER TO SHAREHOLDERS

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Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

## 2. THE OFFER

As set out in the Offer Document, the Offer is made on the following terms and conditions:

### 2.1. Terms of the Offer

Sections 2 and 3 of the Letter to Company Shareholders in the Offer Document sets out information on the principal terms and conditions of the Offer as made by the Offeror, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### **“2. TERMS OF OFFER**

2.1 **Offer.** *The Offeror hereby makes the Offer to acquire all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code.*

2.2 **Offer Consideration.** *The consideration for Offer Shares validly tendered in acceptance of the Offer will be:*

**SGD0.57 in cash for each Offer Share (“Offer Price”).**

2.3 **No Encumbrances.** *The Offer Shares will be acquired:*

(i) *fully paid;*

(ii) *free from any lien, equity, mortgage, charge, claim, hypothecation, encumbrance, easement, right of pre-emption, first offer, first refusal, tag-along or drag-along, security, title retention, preferential right, trust arrangement or other security interest or other third party right and interest of any nature whatsoever (“Encumbrance”); and*

(iii) *together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, distributions or return of capital (if any) (collectively, “Distributions”)<sup>(1)</sup> which may be announced, declared, paid or made by the Company on or after the Offer Announcement Date.*

2.3 **Unconditional.** *The Offer is unconditional in all respects.*

## 3. WARRANTY

*A Company Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares*

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(1): The Company Shareholders have, on 21 April 2022, approved a final tax exempt (one-tier) dividend of SGD0.04 per Share in respect of the financial year ended 31 December 2021 (“FY21 Final Dividend”). The books closure date for the FY21 Final Dividend is 5.00 p.m. (Singapore time) on 29 April 2022 (“BCD”). Under the SPA and the Deed, the Offeror will purchase the Shares from APRH, MC and DO at SGD0.61 per Share, inclusive of the rights to receive and retain the FY21 Final Dividend. Had the Offer been open for acceptances before the ex-dividend date for the FY21 Final Dividend (i.e., 27 April 2022), the Offer Price would have been SGD0.61 per Share. However, as the Offer will only be open for acceptances after the ex-dividend date (indeed, only after the BCD), the Offer Price will therefore be SGD0.57 per Share.

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## LETTER TO SHAREHOLDERS

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*as or on behalf of the beneficial owner(s) thereof (i) fully paid, (ii) free from all Encumbrances and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.”*

### 2.2. Details of the Offer

Further details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Offer Document.

### 2.3. Closing Date

The Offer Document states that the Offer is open for acceptance by Shareholders for at least 28 days from the Commencement Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

**Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 10 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

### 2.4. Procedures for Acceptance

The procedures for acceptance of the Offer by a Shareholder are set out in Appendix 2 to the Offer Document.

## 3. INFORMATION ON THE OFFEROR

Section 7 of the Letter to Company Shareholders in the Offer Document sets out information on the Offeror, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

### **“7. INFORMATION ON OFFEROR**

**7.1 Offeror.** *The Offeror is a company incorporated in the Cayman Islands on 24 December 2021 for the purpose of this transaction and has not commenced any business operations since its incorporation, except for matters in connection with the making of the Offer. Its principal activity is that of investment holding.*

*As at the date hereof, the Offeror is controlled by HoldCo, which is in turn owned by North Haven Private Equity Asia V Holding ONT, L.P. (“**NHPEA Fund V**”) and North Haven Asia Alpha SMA, L.P. (“**NHPEA SMA**”) The general partner of such funds is Morgan Stanley Private Equity Asia V GP ONT, L.P. (“**Fund V GP**”), which is in turn controlled by MSPEA.*

*MSPEA is a private equity investor in the Asia-Pacific region. It was established in 1993 with the objective of investing in highly structured minority investments and control buyouts in growth-oriented companies in Asia. MSPEA invests across sectors, particularly in the area of consumer products and service providers, industrial products, financial services, healthcare and telecom/technology.*

*As at the Latest Practicable Date, the share capital of the Offeror comprises SGD125,158,840.05.*

*The sole director of the Offeror is Andrew Scobie Hawkyard.*

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## LETTER TO SHAREHOLDERS

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7.2 **Additional Information.** *Appendix 3 to this Offer Document sets out additional information on the Offeror.*

### 4. IRREVOCABLE UNDERTAKING

Section 6 of the Letter to Company Shareholders in the Offer Document sets out information on the undertakings provided by each of the IU Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### **“6. IRREVOCABLE UNDERTAKING**

6.1 **Irrevocable Undertaking.** *On the Offer Announcement Date, Chua Khee Hak (Jack) (Executive Chairman of the Company), Lim Tong Weng, Eugene (Key Executive Officer of the Company) and Poh Chee Yong (Chief Financial Officer of the Company) (each, an “IU Shareholder”) have each provided an irrevocable undertaking (“IU”) to the Offeror:*

- (a) *not to tender all or any of the Relevant Shares in acceptance of the Offer; and*
- (b) *not to sell, dispose of, charge, pledge or otherwise encumber, grant any option or other right over or enter into any arrangement that transfers the legal, beneficial and/or economic ownership of all or any of the Relevant Shares, or otherwise deal with all or any of the Relevant Shares or any interest in them (whether conditionally or unconditionally).*

**“Relevant Shares”** means, with respect to each IU Shareholder, the Shares that such IU Shareholder holds as at the date of the Closing Announcement. The aggregate number of Relevant Shares held by all the IU Shareholders is 31,897,639, representing approximately 9.0% of all the outstanding Shares as at the date hereof.

6.2 **Duration of IU.** *Each IU shall terminate and be of no further force and effect upon the close of the Offer.*

6.3 **No other undertakings.** *Save for the IUs, as at the date hereof, neither the Offeror nor any party acting in concert with the Offeror has received any undertakings from any other party to accept or reject the Offer.”*

### 5. RATIONALE FOR THE OFFER AND OFFEROR’S INTENTIONS FOR THE COMPANY

Sections 9 and 10 of the Letter to Company Shareholders in the Offer Document sets out information on the rationale for the Offer and the Offeror’s intentions for the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### **“9. RATIONALE FOR OFFER**

*The Offeror is making the Offer in compliance with the requirements of Rule 14 of the Code.*

#### **10. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY**

*Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential.*

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## LETTER TO SHAREHOLDERS

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Save for the above, the Offeror presently has no intention to:

- (i) introduce any major changes to the business of the Company;
- (ii) re-deploy the fixed assets of the Company; or
- (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary and usual course of business.

However, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interest of the Offeror and the Group.”

### 6. THE OFFEROR’S INTENTION REGARDING LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) PUT RIGHT

Section 12 of the Letter to Company Shareholders in the Offer Document sets out information on the Offeror’s intentions relation to the listing status and compulsory acquisition of the Company and the put right under section 215(3) of the Companies Act, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### “12. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) PUT RIGHT

12.1 **Listing Status and Trading Suspension.** Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90% of the total number of outstanding Shares, the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until such time when the SGX-ST is satisfied that at least 10% of the total number of outstanding Shares held by at least 500 Company Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of outstanding Shares, thus causing the percentage of the total number of outstanding Shares held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be delisted.

12.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of outstanding Shares as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire all Shares held by Dissenting Shareholders.

In this regard, after the completion of the sale of the Shares under the SPA and the completion of the share subscription under the Deed, as at the Despatch Date, the total number of outstanding Shares other than those already held by the Offeror, its

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## LETTER TO SHAREHOLDERS

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related corporations or their respective nominees is 138,031,551 Shares<sup>(2)</sup> (“**Remaining Shares**”). In order for the Offeror to be entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Offeror would need to acquire not less than 90% of the Remaining Shares. Given that the aggregate number of Relevant Shares (being 31,897,639 Shares) held by all the IU Shareholders who have agreed not to tender their Relevant Shares in acceptance of the Offer already exceeds 10% of the Remaining Shares, **the Offeror will not be entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.**

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of all the Shares, Company Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.**

- 12.3 **Offeror’s Intentions.** *It is the present intention of the Offeror to acquire as many Shares as possible under the Offer. In the event that the trading of the Shares on the SGX-ST is suspended due to a loss of free float, it is the intention of the Offeror to delist the Company. The Offeror reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the Offeror in respect of the Offer and the prevailing market conditions at the relevant time.”*

## 7. FINANCIAL EVALUATION OF THE OFFER

Section 11 of the Letter to Company Shareholders in the Offer Document sets out information on the financial aspects of the Offer, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

### “11. FINANCIAL EVALUATION OF OFFER

*The Offer Price of SGD0.57 represents the following discounts over the historical trade prices of the Shares as set out below:*

<u>Reference Date/Period</u>	<u>Reference Price (SGD)<sup>(1)(2)(3)</sup></u>	<u>Discount (%)<sup>(4)</sup></u>
<i>Last traded price per Share on the Latest Practicable Date</i>	<i>0.620</i>	<i>8.06</i>
<i>Last traded price per Share on the Last Trading Date</i>	<i>0.815</i>	<i>30.06</i>
<i>VWAP per Share for the one-month period prior to and including the Last Trading Date</i>	<i>0.779</i>	<i>26.83</i>
<i>VWAP per Share for the three-month period prior to and including the Last Trading Date</i>	<i>0.719</i>	<i>20.72</i>
<i>VWAP per Share for the six-month period prior to and including the Last Trading Date</i>	<i>0.743</i>	<i>23.28</i>
<i>VWAP per Share for the 12-month period prior to and including the Last Trading Date</i>	<i>0.744</i>	<i>23.39</i>

Notes:

(1) Based on data extracted from Bloomberg L.P.

(2): Being 355,197,700, less 217,166,149.

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## LETTER TO SHAREHOLDERS

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- (2) *Computed based on the Share prices rounded to the nearest three decimal places.*
- (3) *Shares traded cum dividend from 23 February 2022 and ex dividend from 27 April 2022, 5.00 p.m. (Singapore time).*
- (4) *Percentage figures are rounded to the nearest two decimal places."*

### 8. CONFIRMATION OF FINANCIAL RESOURCES

Section 13 of the Letter to Company Shareholders in the Offer Document sets out the full text of the confirmation of financial resources by SAC, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

***"13. CONFIRMATION OF FINANCIAL RESOURCES***

*SAC Capital, as the financial adviser to the Offeror in relation to the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer by the holders of the Offer Shares on the basis of the Offer Price which, for the avoidance of doubt, excludes the consideration that would (but for the IUs) have been payable for the Relevant Shares."*

### 9. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Company Securities and Offeror Securities as at the Latest Practicable Date are set out in **Appendix B (Additional General Information)** to this Circular.

### 10. ADVICE AND RECOMMENDATION

#### 10.1. Appointment of Independent Financial Adviser

Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to the Recommending Directors in respect of the Offer.

Shareholders should read the IFA Letter in its entirety and consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in relation to the Offer in their entirety before deciding whether to accept or reject the Offer.

#### 10.2. Independence of Recommending Directors

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer.

#### 10.3. Evaluation of the Offer by the IFA and the IFA's Advice to the Recommending Directors on the Offer

The IFA Letter setting out the advice of the IFA to the Recommending Directors in relation to the Offer is set out as **Appendix A (IFA Letter)** to this Circular.

An extract of the advice and recommendation of the IFA to the Recommending Directors in relation to the Offer is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.



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## LETTER TO SHAREHOLDERS

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*“We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:*

### Factors for the Offer Price

- (i) the Offer Price represents premia to the NAV per Share, NTA per Share, ANAV per Share, ANTA per Share, RANAV per Share and RANTA per Share;*
- (ii) the ex-cash Offer Price to ex-cash ANAV per Share is 1.5 times;*
- (iii) the PINTA ratio of the Group as implied by the Offer Price is within the range and higher than the PINTA ratios of the Comparable Companies; and*
- (iv) the PINAV ratio of 1.38 times implied by the Offer Price is within the range and higher than the mean and median PINAV (or PIRNAV) ratios of the Privatisation Transactions.*

### Factors against the Offer Price

- (a) the Offer Price is below the VWAPs of the Shares for the periods prior to and including the Offer Announcement Date;*
- (b) the Offer Price is below the closing prices and traded prices of the Shares for the 6-month, 3-month and 1-month periods prior to and including the Offer Announcement Date and the period after the Offer Announcement Date from 27 April 2022 to the Latest Practicable Date;*
- (c) the Company has a good track record of paying dividend to its Shareholders since its listing in 2017 and the annualised dividend yield of the Shares (based on historical dividend pay-out) is much higher than the dividend yield or annual returns of the above alternative investments;*
- (d) the PIE ratio, EVIEBITDA ratio and PINAV ratio of the Group as implied by the Offer Price are lower than the mean and median corresponding ratios of the Comparable Companies. The PIE ratio, EVIEBITDA ratio and PINAV ratio of the Group as implied by the Offer Price, in particular the PIE ratio and the PINAV ratio, are much lower than the corresponding ratios of PropNex, the closest Comparable Company;*
- (e) the discounts implied by the Offer Price over the last transacted price, the 1-month VWAP, the 3-month VWAP and the 6-month VWAP of the Shares are all below the range of discounts of the Privatisation Transactions;*
- (f) the Offer Price is below the target prices recommended by analysts and represents discounts of between 14.9% and 38.7% to the target prices set out in paragraph 7.7 of this IFA Letter; and*
- (g) the Offer Price is below the estimated range of values of the Shares set out in paragraph 7.8 of this IFA Letter.*

*We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:*

### Factors against the Offer Price

- (1) there is a relatively active market for the Shares and the Shares are relatively liquid;*

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## LETTER TO SHAREHOLDERS

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- (2) *the Group has registered improving financial performance for the last three completed financial years. Its revenue and profit were barely affected by COVID-19 in FY2020 and it registered record high revenue in FY2021;*
- (3) *the Group has maintained its market share for private residential and HDB resale transactions at 42% for FY2020 and FY2021, and increased its market share for new home sale transactions from 28.9% in FY2020 to 33.7% in FY2021; and*
- (4) *other relevant consideration as set out in paragraph 7.9 of this IFA Letter.*

***Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Directors to recommend Shareholders to REJECT the Offer.***

Shareholders should read and consider carefully the key considerations relied upon by the IFA in arriving at its advice to the Recommending Directors in conjunction with, and in the context of, the full text of the IFA Letter.

### 10.4. Recommendation of the Recommending Directors

The Recommending Directors have reviewed and considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter. The Recommending Directors concur with the IFA's assessment of the Offer and its advice and recommendation thereto, as extracted from the IFA Letter and reproduced in section 10.3 above. Accordingly, the Recommending Directors recommend that the Shareholders REJECT the Offer.

**SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER SET OUT AS APPENDIX A (IFA LETTER) TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.**

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders should note that the IFA's advice to the Recommending Directors in relation to the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.

In rendering the advice and recommendation above, both the IFA and the Recommending Directors have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, the Recommending Directors would advise that any individual Shareholder who may require specific advice in relation to his/her/its investment objectives or portfolio should consult his/her/its legal, financial, tax or other professional adviser immediately.

## 11. OVERSEAS SHAREHOLDERS

Section 15 of the Letter to Company Shareholders in the Offer Document sets out information relating to Overseas Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

### **"15. OVERSEAS SHAREHOLDERS**

- 15.1 ***Overseas Shareholders.*** *The Notification and this Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law. The Offer is not being proposed in*

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## LETTER TO SHAREHOLDERS

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any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending the Notification, the FAA and/or any related documents to any overseas jurisdictions, the Offeror and SAC Capital reserve the right not to send the Notification, the FAA and/or any related documents to such overseas jurisdictions. The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

**For the avoidance of doubt, the Offer is open to all Company Shareholders including those to whom the Notification and FAA may not be sent.**

15.2 **Copies of Notification and Relevant Acceptance Forms.** Company Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of the Offer Document, the Notification, the Relevant Acceptance Forms and/or any related documents from the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

15.3 **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (i) request for the Notification, the Relevant Acceptance Forms and/or any related documents or; (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including SAC Capital and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act.

In (i) requesting for the Notification, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, SAC Capital, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **If any Company Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in the relevant jurisdiction.**

15.4 **Notice.** The Offeror and SAC Capital each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Company Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Company Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement."

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## LETTER TO SHAREHOLDERS

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### 12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer, must do so not later than 5.30 p.m. (Singapore time) on 10 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror and should follow the procedures set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

### 13. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Section 16 of the Letter to Company Shareholders in the Offer Document sets out information relating to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

**“16. INFORMATION RELATING TO CPF AND SRS INVESTORS**

*CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.*

*As the Offer is unconditional in all respects, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).”*

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert with the Offeror, the Offer, the Offer Announcement, the Offer Document, the IFA Letter and the Valuation Certificate) are fair and accurate and, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter and the Valuation Certificate, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Offer Document, the IFA Letter and the Valuation Certificate), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

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**LETTER TO SHAREHOLDERS**

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**15. ADDITIONAL GENERAL INFORMATION**

Additional general information is provided in **Appendix B (*Additional General Information*)** to this Circular.

The attention of Shareholders is also drawn to the additional information set out in the other Appendices which form part of this Circular.

Yours faithfully

By order of the Board  
**APAC REALTY LIMITED**

Chua Khee Hak  
Executive Chairman

27 May 2022



27 May 2022

**APAC REALTY LIMITED**

450 Lorong 6 Toa Payoh  
#03-01 ERA APAC Centre  
Singapore 319394

Attention: The Board of Directors, all of whom are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer

**UNCONDITIONAL MANDATORY GENERAL OFFER (THE “OFFER”) BY SAC CAPITAL PRIVATE LIMITED FOR AND ON BEHALF OF NHPEA ACE REALTY COMPANY LIMITED (THE “OFFEROR”) TO ACQUIRE ALL THE OUTSTANDING SHARES IN THE CAPITAL OF APAC REALTY LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR (THE “OFFER SHARES”)**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of APAC Realty Limited (the “Company”) dated 27 May 2022 issued in connection with the Offer (the “Circular”).*

**1. INTRODUCTION**

On 25 April 2022 (the “Offer Announcement Date”), SAC Capital Private Limited announced for and on behalf of the Offeror that the Offeror had, on the same day, entered into a share purchase agreement (“SPA”) pursuant to which the Offeror agreed to acquire 212,348,325 ordinary shares (“Sale Shares”) representing 59.8% interest in the capital of the Company from Asia Pacific Realty Holdings Ltd at the price of S\$0.61 for each Sale Share.

As a consequence of the SPA, the Offeror is obliged to make the Offer for the Offer Shares in accordance with Section 139 of the Securities and Futures Act 2001 of Singapore (the “SFA”) and Rule 14 of the Singapore Code on Take-overs and Mergers (the “Code”), subject to the terms and conditions set out in the offer document dated 13 May 2022 (the “Offer Document”) issued by SAC Capital Private Limited for and on behalf of the Offeror.

The offer price for each Offer Share is S\$0.57 (the “Offer Price”) which is the price paid by the Offeror for the Sale Shares net of final tax exempt (one-tier) dividend of S\$0.04 per share in the capital of the Company (“Share”) which was paid on 10 May 2022.

In connection with thereof, the Company has appointed Xandar Capital Pte. Ltd. (“Xandar Capital”) as the independent financial adviser (the “IFA”) to the board of directors of the Company (the “Directors”) all of whom are considered independent for the purposes of the Offer, to assess the terms of the Offer, and advise (a) whether the terms of the Offer are fair and reasonable; and (b) whether the holders of the Offer Shares (the “Shareholders”) should accept or reject the Offer.

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This letter sets out, *inter alia*, our evaluation and advice in respect of the Offer (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer as well as the recommendation of the Directors in respect of the Offer.

## 2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Directors on (a) whether the terms of the Offer are fair and reasonable; and (b) whether the Shareholders should accept or reject the Offer.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future. We are also not expressing any view herein as to the prices at which the Shares may trade after the close of the Offer.

Our evaluation is limited to the terms of the Offer, and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer.

In the course of our evaluation, we have reviewed publicly available financial information relating to the Company and the Group. However, we have not made any independent evaluation or appraisal of each of the assets or liabilities (including without limitation, real properties) of the Company and its subsidiaries (the “**Group**”). In connection with the Offer, the Company commissioned Cushman & Wakefield VHS Pte Ltd (the “**Independent Valuer**”) to perform a valuation on its leasehold property at 450 Lorong 6 Toa Payoh, Singapore 319394 (the “**TPY Property**”). The valuation report from the Independent Valuer dated 25 May 2022 (the “**Valuation Report**”) is a document for inspection for the period during which the Offer remains open for acceptance. A copy of the certificate of valuation summarising the key details of the Valuation Report (the “**Valuation Certificate**”) is appended as Appendix E to the Circular. We are not involved and assume no responsibility for the Valuation Report or the Valuation Certificate. We have not made any independent verification of the matters and bases set out in the Valuation Report or the Valuation Certificate. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of the Valuation Report or the Valuation Certificate. Saved for the Valuation Report and the Valuation Certificate, we have not been furnished with any evaluation or appraisal of any assets or liabilities of the Company or the Group.

We have not been provided with any financial projections or forecasts in respect of the Company or the Group. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.



In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Save for (a) the IFA Letter (for which the IFA takes responsibility); and (b) the information relating to the Offeror, parties acting in concert with the Offeror, the Offer, the offer announcement dated 25 April 2022, the Offer Document and the Valuation Certificate, the Directors (including any Director who may have delegated detailed supervision of the Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Circular are fair and accurate and, where appropriate, no material facts have been omitted in the Circular, the omission of which would make any statement in the Circular misleading. The Directors jointly and severally accept full responsibility accordingly. In respect of this IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated herein with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material respects. Where any information in the Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the offer announcement dated 25 April 2022, the Offer Document, the IFA Letter and the Valuation Certificate), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in the Circular.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information provided to us as at 20 May 2022, being the Latest Practicable Date (the "**Latest Practicable Date**") for the Circular. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

**In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that Shareholders who may require specific advice in relation to their Shares, investment objectives or portfolios to consult their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.**

**This IFA Letter is for the use and benefit of the Directors in connection with and for the purpose of their consideration of the Offer, and the recommendation made by the Directors shall remain their responsibility.**

**The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not**

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**provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).**

Our advice in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Directors advise the Shareholders to read these pages carefully.

### **3. THE OFFER**

The Offer is a mandatory unconditional cash offer in accordance with Section 139 of the SFA and Rule 14 of the Code.

The detailed terms and conditions of the Offer are set out in Section 2 of, and Appendix 1 to, the Offer Document. We extract the following for your reference.

#### **3.1 The Offer Price**

**SGD0.57 in cash for each Offer Share (the “Offer Price”).**

#### **3.2 No Encumbrances**

The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from any lien, equity, mortgage, charge, claim, hypothecation, encumbrance, easement, right of pre-emption, first offer, first refusal, tag-along or drag-along, security, title retention, preferential right, trust arrangement or other security interest or other third party right and interest of any nature whatsoever (“**Encumbrance**”); and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, distributions or return of capital (if any) (collectively, “**Distributions**”) which may be announced, declared, paid or made by the Company on or after the Offer Announcement Date.

As set out in the footnote to Section 2.3 of the Offer Document, the books closure date for the final tax exempt (one-tier) dividend of S\$0.04 per Share in respect of the financial year ended 31 December 2021 (“**FY21 Final Dividend**”) is 5.00 p.m. (Singapore time) on 29 April 2022 (“**BCD**”). As the Offer will only be open for acceptances after the ex-dividend date (that is, after the BCD), the Offer Price will therefore be S\$0.57 per Share.

#### **3.3 The Offer is unconditional in all respects**

As set out in Section 2.4 of the Offer Document, the Offer is unconditional in all respects.

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### 3.4 Irrevocable undertakings from Shareholders not to accept the Offer

As set out in Section 6.1 of the Offer Document, the Offeror has received irrevocable undertakings (“IU”) from three (3) Shareholders (namely Mr Chua Khee Hak (Jack) (Executive Chairman of the Company), Mr Lim Tong Weng, Eugene (Key Executive Officer of the Company) and Mr Poh Chee Yong (Chief Financial Officer of the Company)) that they will not tender all or any of their Shares (aggregating 31,897,639 Shares (the “**Relevant Shares**”), representing approximately 9.0% interest in the capital of the Company) in acceptance of the Offer.

These Shareholders have also undertaken not to sell, dispose of, charge, pledge or otherwise encumber, grant any option or other right over or enter into any arrangement that transfers the legal, beneficial and/or economic ownership of all or any of the Relevant Shares, or otherwise deal with all or any of the Relevant Shares or any interest in them (whether conditionally or unconditionally) in the duration of the Offer.

## 4. INFORMATION ON THE COMPANY

Information on the Company and the Group, as set out below in *italics*, has been extracted from paragraph 2 of Appendix B to the Circular.

*The Company was incorporated on 15 July 2013 and has been listed on the Mainboard of the SGX-ST since 28 September 2017.*

*The Group is a real estate services provider in Asia, operating in three (3) main business segments – real estate brokerage services, franchise arrangements and training, valuation and other ancillary services. The Group’s real estate brokerage services are operated under the “ERA” brand, where the Company holds the exclusive “ERA” regional master franchise rights for 17 countries in Asia Pacific.*

## 5. INFORMATION ON THE OFFEROR

Information on the Offeror, as set out below in *italics*, has been extracted from Section 7 of, and Appendix 3 to, the Offer Document. Capitalised terms not otherwise defined shall have the meaning given to them in the Offer Document.

*The Offeror is a company incorporated in the Cayman Islands on 24 December 2021 for the purpose of this transaction and has not commenced any business operations since its incorporation, except for matters in connection with the making of the Offer. Its principal activity is that of investment holding.*

*As at the date hereof, the Offeror is controlled by HoldCo, which is in turn owned by North Haven Private Equity Asia V Holding ONT, L.P. (“**NHPEA Fund V**”) and North Haven Asia Alpha SMA, L.P. (“**NHPEA SMA**”) The general partner of such funds is Morgan Stanley Private Equity Asia V GP ONT, L.P. (“**Fund V GP**”), which is in turn controlled by MSPEA.*



*MSPEA is a private equity investor in the Asia-Pacific region. It was established in 1993 with the objective of investing in highly structured minority investments and control buyouts in growth-oriented companies in Asia. MSPEA invests across sectors, particularly in the area of consumer products and service providers, industrial products, financial services, healthcare and telecom/technology.*

*As at the Latest Practicable Date, the share capital of the Offeror comprises SGD125,158,840.05.*

*The sole director of the Offeror is Andrew Scobie Hawkyard.*

## **6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY**

The rationale for the Offer and the Offeror's intention for the Company are set out in Sections 9 and 10 of the Offer Document. We extract in *italics* as follows:

### **6.1 Rationale for the Offer**

*The Offeror is making the Offer in compliance with the requirements of Rule 14 of the Code.*

### **6.2 Offeror's intention in relation to the Company**

*Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential.*

*Save for the above, the Offeror presently has no intention to:*

- (i) introduce any major changes to the business of the Company;*
- (ii) re-deploy the fixed assets of the Company; or*
- (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary and usual course of business.*

*However, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interest of the Offeror and the Group.*



## 7. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors:

- (a) the historical market performance of the Shares;
- (b) the historical financial performance of the Group;
- (c) the financial position of the Group;
- (d) the dividend track record of the Company;
- (e) comparison of the valuation ratios of the Company implied by the Offer Price against its listed comparable companies;
- (f) comparison of the valuation ratios of the Offer with recently completed privatisation transactions for companies listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST");
- (g) analysts' target prices for the Shares;
- (h) the estimated range of values of the Shares; and
- (i) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

### 7.1 HISTORICAL MARKET PERFORMANCE OF THE SHARES

The Company has been admitted to the Official List of the SGX-ST and the Shares commenced trading on the SGX-ST Mainboard on 28 September 2017. We note that there has been no change to the share capital of the Company of 355,197,700 Shares since 28 September 2017.

#### 7.1.1 Historical closing price of the Shares

Accordingly, for the purposes of our analysis of market performance of the Shares in respect of the Offer, we have compared the Offer Price against the historical closing price of the

Shares for period since 28 September 2017 (being the first day of trading of the Shares on the SGX-ST Mainboard) and up to the Latest Practicable Date as follows:



Source: Bloomberg L.P.

**Note:**

- denotes events which have a material impact (of more than 5%) to the closing price or volume weighted average price of the Shares as compared to the previous day. Further information of the events are set out in the table below.

The highest closing price of the Shares between 28 September 2017 and the Latest Practicable Date was S\$1.26 on 9 March 2018 while the lowest closing price of the Shares during the same period was S\$0.295 and occurred on 23 March 2020 and 3 April 2020.

The Offer Price represents a discount of 54.8% to the aforementioned highest closing price and a premium of 93.2% to the aforementioned lowest closing price.

We also note that the Shares have not closed below the Offer Price between 28 May 2021 and 25 April 2022, being the Offer Announcement Date.

The Shares closed at S\$0.805 on 25 April 2022, being the Offer Announcement Date and the Offer Price represents a discount of 29.2% to the closing price on 25 April 2022.

As set out in the chart above, the closing prices of the Shares have trended downwards after the Offer Announcement Date up to the Latest Practicable Date, with a 17.6% decrease in the closing price of the Shares from 27 April 2022 (being the first market day where the



Shares were traded after the lifting of the trading halt of the Shares in relation to the Offer) to the Latest Practicable Date. This could be attributed to the following:

- (a) the Shares commenced trading on ex-FY21 Final Dividend basis on 4 May 2022. The Shares closed between S\$0.585 and S\$0.625 for the period between 4 May 2022 and the Latest Practicable Date as compared to S\$0.66 and S\$0.71 between 27 April 2022 and 29 April 2022 (the last day where the Shares were traded on cum-FY21 Final Dividend basis);
- (b) a general downward trend of the Singapore stock market during the aforesaid period. The FTSE ST All Share Index (a market capitalisation weighted index that tracks the performance of companies listed on the SGX-ST that are within the top 98% (by market capitalisation)) decreased 2.9% from 27 April 2022 to the Latest Practicable Date; and
- (c) the negative perception of the sale of Shares by Asia Pacific Realty Holdings Ltd at a discount to market price to the Offeror.

However, although the closing prices of the Shares trended downwards after the Offer Announcement Date, the closing prices of the Shares remained above the Offer Price up to the Latest Practicable Date.

We set out the following events which may have a bearing on the closing prices of the Shares during the above-mentioned period:

<b>Date / Corresponding label in the chart</b>	<b>Event</b>
28 September 2017	The Company was admitted to the Official List of the SGX-ST and the Shares commenced trading on the SGX-ST Mainboard following the completion of the initial public offering of Shares (“IPO”) in the capital of the Company. The Company raised net proceeds of approximately S\$27.0 million from the IPO.
9 November 2017	The Company announced the Group’s results for the nine months ended 30 September (“9M”) 2017. The Group registered a 30.9% increase in revenue <sup>1</sup> from approximately S\$201.6 million in 9M2016 to approximately S\$263.8 million in 9M2017. The Company attributed the increase in revenue to: <ol style="list-style-type: none"><li>(i) higher brokerage income due to an overall increase in resale market transactions in Singapore from 22,138 transactions in 9M2016 to 26,437 transactions in 9M2017 as well as overall increase in rental market transactions in Singapore from 90,591 in 9M2016 to 92,456 in 9M2017; and</li><li>(ii) higher brokerage income due to an overall increase in market transactions of private residential properties and executive condominiums in Singapore from 8,921 transactions in 9M2016 to 12,267 transactions in 9M2017.</li></ol>

<sup>1</sup> Reference to “revenue” in this IFA Letter refers to the Group’s revenue from real estate brokerage fees and related services.

Date / Corresponding label in the chart	Event
	The Group's profit for the period also increased, by 64.6%, from approximately S\$10.9 million in 9M2016 to approximately S\$18.0 million in 9M2017.
13 February 2018	<p>The Company granted exclusive rights to operate or grant memberships for the operation of ERA member broker offices in Cambodia to Smart Property Intelligence Co., Ltd under an ERA Master Franchise Agreement (the "<b>Cambodia Franchise Agreement</b>").</p> <p>The Cambodia Franchise Agreement is for an initial term of 25 years commencing from 8 February 2018, and may be renewed for a further 25 years subject to the fulfilment of certain conditions as set out in the Cambodia Franchise Agreement.</p>
23 February 2018 /	<p>The Company announced the Group's results for the financial year ended 31 December ("<b>FY</b>") 2017. The Group registered a 39.6% increase in revenue from approximately S\$284.4 million in FY2016 to S\$397.0 million in FY2017.</p>
1	<p>The Company attributed the increase in revenue to:</p> <ul style="list-style-type: none"> <li>(i) higher brokerage income due to an overall increase in resale market transactions in Singapore from 29,219 transactions in FY2016 to 36,521 transactions in FY2017 as well as overall increase in rental market transactions in Singapore from 118,490 in FY2016 to 123,607 in FY2017; and</li> <li>(ii) higher brokerage income due to an overall increase in market transactions of private residential properties and executive condominiums in Singapore from 11,971 transactions in FY2016 to 14,577 transactions in FY2017.</li> </ul> <p>The Group's profit for the year also increased, by 63.1%, from approximately S\$15.9 million in FY2016 to approximately S\$25.9 million in FY2017. The Company also announced a final dividend of S\$0.02 per Share ("<b>FY17 Final Dividend</b>"), payable after receipt of Shareholders' approval in the then forthcoming annual general meeting.</p>
14 March 2018	The Company announced the entering of a partnership agreement with MLN Overseas (Singapore) Pte Limited to provide property buyers from China one-stop real estate services in Singapore, Thailand and Malaysia.
25 April 2018	The Company announced the results of the annual general meeting held on the same date and that the FY17 Final Dividend will be paid on 16 May 2018.
9 May 2018	The Company announced the Group's results for the three months ended 31 March (" <b>3M</b> ") 2018. The Group registered a 57.3% increase in revenue from approximately S\$65.9 million in 3M2017 to approximately S\$103.7 million in 3M2018. The Company attributed the increase to a more active Singapore residential property market. The Group's profit for the period also increased, by 46.8%, from approximately S\$4.0 million in 3M2017 to approximately S\$5.9 million in 3M2018.



Date / Corresponding label in the chart	Event
5 June 2018	The Company announced the proposed acquisition of 100% interest in the capital of HC Home Pte. Ltd. (" <b>HC Home</b> ") for an aggregate purchase price of S\$72.8 million. HC Home owns the TPY Property, subject to the receipt of Shareholders' approval at an extraordinary general meeting to be held.
5 July 2018 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">2</span>	The Singapore government announced adjustments to the Additional Buyer's Stamp Duty (" <b>ABSD</b> ") rates and Loan-to-Value (" <b>LTV</b> ") limits on residential property purchases to take effect from 6 July 2018, to cool the property market and keep price increases in line with economic fundamentals.
7 August 2018	The Company announced the Group's results for the first half financial year ended 30 June (" <b>1H</b> ") 2018. The Group registered a 37.6% increase in revenue from approximately S\$163.4 million in 1H2017 to approximately S\$224.9 million in 1H2018. The Company attributed the increase to a more active Singapore residential property market. The Group's profit for the period also increased by 8.7% from approximately S\$12.5 million in 1H2017 to approximately S\$13.6 million in 1H2018. The Company also announced an interim dividend of S\$0.02 per Share, payable on 7 September 2018.
29 August 2018	The Company announced the entering of a joint venture agreement with two third-parties for the setting up of ERA Hainan Real Estate Marketing Co., Ltd (海南易安居房地产营销有限公司 or " <b>ERA Hainan</b> ") whereby the Company will subscribe for new shares representing 40% interest in the capital of ERA Hainan for RMB8 million. The business activities of ERA Hainan include real estate agency services, market research, business management and consulting services, asset valuation services, online trade agency services, corporate training, and property management.
31 August 2018	The Company announced the receipt of Shareholders' approval for the acquisition of 100% interest in the capital of HC Home.
10 September 2018	The Company announced the completion of the acquisition of 100% interest in the capital of HC Home.
12 November 2018	The Company announced the Group's results for 9M2018. The Group registered a 26.4% increase in revenue from approximately S\$268.2 million in 9M2017 to approximately S\$339.0 million in 9M2018. The Group's profit for the period increased by 11.8% from approximately S\$18.0 million in 9M2017 to approximately S\$20.2 million in 9M2018.
11 February 2019 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">3</span>	The Company announced regional expansion plans in Indonesia and Thailand.





Date / Corresponding label in the chart	Event
28 February 2019	The Company announced the Group's results for FY2018. The Group registered a 5.8% increase in revenue from approximately S\$397.0 million in FY2017 to approximately S\$419.9 million in FY2018. However, the Group's profit for the year decreased by 6.4% from approximately S\$25.9 million in FY2017 to approximately S\$24.2 million in FY2018. This was due to a 3.8% decrease in gross profit due to higher payout of commission to the Group's agents for new home sales in FY2018. The Company also announced a final dividend of S\$0.025 per Share, payable on 15 May 2019.
13 May 2019	The Company announced the Group's results for 3M2019. The Group registered a 26.5% decrease in revenue from approximately S\$103.7 million in 3M2018 to approximately S\$76.2 million in 3M2019. Together with higher marketing and promotion expenses and other operating expenses, the Group's profit for the period decreased by 70.6% from approximately S\$5.9 million in 3M2018 to approximately S\$1.7 million in 3M2019.
10 June 2019	The Company announced the entering into of a convertible subscription agreement to invest S\$1 million in Dots Connected Pte. Ltd. The investment shall be funded by the Company's proceeds from the IPO.
15 July 2019	The Company announced changes to its board of Directors (" <b>Board</b> ") and board committees following the appointment of two new independent Directors (namely Mr Wong Hin Sun, Eugene and Mr Tan Kok Ming Desmond); the appointment of Mr Chua Khee Hak as the chairman of the Board; and the resignation of Mr Yen Se-Hua Stewart as independent Director.
5 August 2019 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">4</span>	The Company announced the Group's results for 1H2019. The Group registered a 28.4% decrease in revenue from approximately S\$224.9 million in 1H2018 to approximately S\$161.0 million in 1H2019. The Group's profit for the period decreased by 63.0% from approximately S\$13.6 million in 1H2018 to approximately S\$5.0 million in 1H2019 due to higher operating expenses in addition to lower revenue. Despite the lower profit, the Company announced an interim dividend of S\$0.0075 per Share, payable on 9 September 2019.
13 November 2019	The Company announced the Group's results for 9M2019. The Group registered a 23.7% decrease in revenue from approximately S\$339.0 million in 9M2018 to approximately S\$258.8 million in 9M2019. Together with the higher operating expenses, the Group's profit for the period decreased by 58.0% from approximately S\$20.2 million in 9M2018 to approximately S\$8.5 million in 9M2019.

Date / Corresponding label in the chart	Event
24 February 2020	The Company announced the Group's results for FY2019. The Group registered a 13.1% decrease in revenue from approximately S\$419.9 million in FY2018 to approximately S\$365.1 million in FY2019. Together with the higher operating expenses, the Group's profit for the year decreased by 42.8% from approximately S\$24.2 million in FY2018 to approximately S\$13.9 million in FY2019. Despite the lower profit, the Company announced a final dividend of S\$0.0125 per Share, payable on 15 May 2020. The Company subsequently announced the revised payment date to 3 July 2020 after the postponement of the Company's annual general meeting for FY2019 to 18 June 2020.
26 February 2020	The Company announced the subscription of shares representing 38% in the capital of ERA Vietnam Realty Limited Company for a consideration of S\$1,499,900.
14 April 2020	The Company announced the cessation of quarterly results announcements.
10 June 2020 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">5</span>	The Company announced a 3M2020 business update. The Singapore property market had higher sale and resale transactions in 3M2020 as compared to 3M2019 and the Group registered higher market share in 3M2020.
15 June 2020 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">6</span>	The Company announced changes to its Board and board committees following the resignation of two (2) independent Directors (namely, Mr Hee Theng Fong and Mr Tommy Teo Zhi Zhuang).
28 July 2020	The Company announced the resignation of Mr Tan Kok Ming Desmond as its independent Director.
13 August 2020	The Company announced the Group's results for 1H2020. The Group registered a 5.5% increase in revenue from approximately S\$161.0 million in 1H2019 to approximately S\$169.9 million in 1H2020 despite the suspension of real estate business during the circuit breaker implemented by the Singapore government to curb the spread of COVID-19 for the period from 7 April 2020 to 1 June 2020 (the " <b>Circuit Breaker Period</b> "). The Company explained that, due to the time required for completion of real estate transactions and time lag in revenue recognition, the adverse financial impact from the Circuit Breaker Period will be felt in the third quarter of FY2020. The Group's profit for the period increased by 52.8% from approximately S\$5.0 million in 1H2019 to approximately S\$7.7 million in 1H2020. The Company announced an interim dividend of S\$0.0075 per Share, payable on 9 September 2020.
15 September 2020	The Company announced changes to its Board and board committees following the appointment of Ms Tan Poh Hong as its independent Director.



<b>Date / Corresponding label in the chart</b>	<b>Event</b>
12 November 2020	The Company announced a 9M2020 business update. While the Singapore property market had lower sale and resale transactions in 9M2020 as compared to 9M2019, the Group registered slightly higher market share in 9M2020.
23 February 2021	The Company announced the Group's results for FY2020. The Group registered a 6.7% increase in revenue from approximately S\$365.1 million in FY2019 to approximately S\$389.4 million in FY2020. The Group's profit for the year increased by 17.8% from approximately S\$13.9 million in FY2019 to approximately S\$16.3 million in FY2020. The Company also announced a final dividend of S\$0.0175 per Share, payable on 12 May 2021.
12 May 2021	The Company announced a 3M2021 business update. The Group's revenue increased by 70.9% from approximately S\$88.2 million in 3M2020 to approximately S\$150.7 million in 3M2021. The Company attributed the increase in revenue to an increase in transaction volume of residential properties in the new homes and resale segments in the last six months, which was driven mainly by local buyers, young couples and Housing and Development Board ("HDB") upgraders amid strong global liquidity and low interest rate environment. The Group's profit for the period increased by 114% from approximately S\$3.5 million in 3M2020 to approximately S\$7.5 million in 3M2021.
28 June 2021	The Company announced the appointment of Mr Marcus Chu Weng Kiong to succeed Mr Chua Khee Hak as the Chief Executive Officer and that Mr Chua Khee Hak will continue to provide strategic leadership and have overall executive responsibility for the Group's business as Executive Chairman.
12 August 2021 / 7	The Company announced the Group's results for 1H2021. The Group registered a 109.8% increase in revenue from approximately S\$169.9 million in 1H2020 to approximately S\$356.5 million in 1H2021 mainly due to increase in property transactions. The Group's profit for the period increased by 121.0% from approximately S\$7.7 million in 1H2020 to approximately S\$17.0 million in 1H2021. The Company announced an interim dividend of S\$0.035 per Share and a special dividend of S\$0.03 per Share, payable on 9 September 2021.
11 November 2021	The Company announced the appointment of its Chief Operating Officer, Ms Doris Ong Hwee Peng as the Deputy Chief Executive Officer.

Date / Corresponding label in the chart	Event
12 November 2021	The Company announced a 9M2021 business update. The Group's revenue increased by 115.4% from approximately S\$249.3 million in 9M2020 to approximately S\$537.0 million in 9M2021. The Company attributed the increase in revenue to an increase in transaction volume of residential properties in the new homes and resale segments in this period, which was driven mainly by local buyers, young couples and HDB upgraders amid strong global liquidity and low interest rate environment. The Group's profit for the period increased by 139% from approximately S\$10.9 million in 9M2020 to approximately S\$26.1 million in 9M2021.
15 December 2021 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">8</span>	The Singapore government announced (a) higher ABSD rates; (b) tightening of Total Debt Servicing Ratio threshold; and (c) tightening of the LTV limit for loans from HDB from 90% to 85% to take effect on 16 December 2021.
22 February 2022 / <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">9</span>	The Company announced the Group's results for FY2021. The Group's revenue increased by 88.8% from approximately S\$389.4 million in FY2020 to approximately S\$735.4 million in FY2021. The Group's profit for the year increased by 116.0% from approximately S\$16.3 million in FY2020 to approximately S\$35.3 million in FY2021. The Company also announced a final dividend of S\$0.04 per Share, payable on 10 May 2022.
25 April 2022	SAC Capital Private Limited announced the Offer for and on behalf of the Offeror.

### 7.1.2 Historical trading statistics of the Shares

For a more meaningful analysis, we tabulate the following trading statistics information of the Shares for the period between 28 September 2017 and the Latest Practicable Date:

	VWAP (1)(2) (S\$)	Discount of Offer Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)	Average daily traded volume (1)(3)	Average daily traded volume as percentage of free float (4) (%)
<u>Periods prior to and including the Offer Announcement Date</u>						
Since 28 September 2017	0.7180	(20.6)	1.280	0.285	914,794	0.86
24 months	0.686	(16.9)	0.950	0.325	700,298	0.66
12 months	0.745	(23.5)	0.950	0.465	1,118,472	1.05
6 months	0.743	(23.3)	0.870	0.620	665,937	0.63
3 months	0.722	(21.1)	0.830	0.620	705,570	0.66
1 month	0.786	(27.5)	0.830	0.740	838,080	0.79

	VWAP <sup>(1)(2)</sup> (S\$)	Discount of Offer Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)	Average daily traded volume <sup>(1)(3)</sup>	Average daily traded volume as percentage of free float <sup>(4)</sup> (%)
On the Offer Announcement Date	0.810	(29.6)	0.820	0.800	974,600	0.92
<u>Periods after the Offer Announcement Date</u>						
Up to and including the Latest Practicable Date	0.641	(11.1)	0.725	0.580	1,421,313	1.34
The Latest Practicable Date	0.589	(3.2)	0.595	0.585	530,700	0.50

Source: Bloomberg L.P.

**Notes:**

- (1) Does not include the 217,166,149 Shares acquired by the Offeror via off-market transaction on 25 April 2022.
- (2) VWAP is rounded to three (3) decimal places. The numbers differ from the Offer Document as the cut-off date for calculating the VWAP in the Offer Document is 22 April 2022, being the market day prior to the Offer Announcement Date. As the Offer Announcement was made after the market closed on 25 April 2022, we have included the trades on 25 April 2022 in our calculations.
- (3) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total days where the Shares were traded ("**Trading Days**") during that period.
- (4) Calculated based on 106,133,912 Shares being the difference between (i) the Company's total share capital of 355,197,700 Shares; and (ii) the 217,166,149 Shares held by the Offeror and the 31,897,639 Shares held by the Shareholders who have given IU.

We note the following with regard to the traded prices of the Shares:

- (i) the Offer Price represents discounts of at least 16.9% to the VWAPs of the Shares for all the periods prior to and including the Offer Announcement Date;
- (ii) the lowest traded prices of the Shares for the 6-month, 3-month and 1-month periods prior to and including the Offer Announcement Date were all higher than the Offer Price. The Offer Price represents a discount of 8.1% to the lowest traded price of S\$0.62 during the aforesaid periods;
- (iii) the highest traded price of the Shares for the 12-month period and the 24-month period prior to and including the Offer Announcement Date was S\$0.95 and the Offer Price represents a discount of 40.0% to this highest traded price;
- (iv) the lowest traded price of the Shares for the 12-month period and the 24-month period prior to and including the Offer Announcement Date was S\$0.465 and S\$0.325



respectively, and the Offer Price represents premia of 22.6% and 75.4% respectively to these lowest traded prices;

- (v) on 25 April 2022, being the Offer Announcement Date, the Shares traded between S\$0.80 and S\$0.82. The Offer Price represents discounts of between 28.8% and 30.5% to the traded prices of the Shares on the Offer Announcement Date;
- (vi) the traded prices of the Shares trended downwards to between S\$0.58 and S\$0.725 for the period from 27 April 2022 (being the first market day where the Shares were traded after the lifting of the trading halt of the Shares in relation to the Offer) to the Latest Practicable Date. As mentioned in earlier paragraph, the downward trend of the traded prices (and the closing prices) of the Shares could be attributed to, among others, that the Shares commenced trading on ex-FY21 Final Dividend basis on 4 May 2022, the general downward trend of the Singapore stock market during the aforesaid period and the negative perception of the sale of Shares by Asia Pacific Realty Holdings Ltd at a discount to market price to the Offeror. However, despite the decrease, the traded prices of the Shares remained above the Offer Price and the Offer Price represents discounts of between 1.7% and 21.4% to these traded prices and a discount of 11.1% to the VWAP of the Shares during the aforesaid period; and
- (vii) the Offer Price represents a discount of 3.2% to the VWAP of the Shares traded on the Latest Practicable Date.

We note the following with regard to the trading liquidity of the Shares:

- (a) the average daily traded volume of the Shares between 28 September 2017 and the Offer Announcement Date was 914,794 Shares and represented 0.9% of the Company's free float. The total Shares traded during the aforesaid period amounted to 1,042,865,000 Shares, or 9.8 times of the Company's free float;
- (b) average daily traded volumes for the 6-month period, 3-month period and 1-month period prior to and including the Offer Announcement Date were on an increasing trend from 665,937 Shares for the 6-month period to 705,570 Shares for the 3-month period and 838,080 Shares for the 1-month period prior to and including the Offer Announcement Date;
- (c) total Shares traded during the 6-month period, 3-month period and 1-month period prior to and including the Offer Announcement Date amounted to 83,908,100 Shares, 43,039,800 Shares and 16,761,600 Shares respectively and represents 0.8 times, 0.4 times and 0.2 times of the Company's free float respectively;
- (d) we also note that the Shares are generally traded daily. We calculated that the Shares were traded on 99.2% of the days on which the SGX-ST is open for trading of securities ("**Market Days**") for the period between 28 September 2017 and the Offer Announcement Date and were traded on 100% of the Market Days for the 12-month period, 6-month period, 3-month period and 1-month period prior to and including the Offer Announcement Date; and
- (e) the Shares continued to be traded on a daily basis between 27 April 2022 and the Latest Practicable Date and the average daily traded volume of the Shares during

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the aforesaid period increased to 1,421,313 Shares or 1.3% of the Company's free float.

Based on the above, there is a relatively active market for the Shares and the Shares are relatively liquid.

Shareholders should also note that the historical market performance of the Shares is not indicative of the future price performance of the Shares, which may be affected by factors beyond the scope of our evaluation.

## 7.2 HISTORICAL FINANCIAL PERFORMANCE OF THE GROUP

We set out below a summary of the key audited financial information of the Group for FY2019, FY2020 and FY2021:

S\$'000	FY2019	FY2020	FY2021
Revenue from real estate brokerage fees and related services <sup>(1)</sup>	365,112	389,429	735,369
Profit before tax	17,222	19,649	42,619
Profit for the year	13,877	16,342	35,294
Profit for the year attributable to owners of the Company	14,012	16,438	35,389

### Note:

- (1) Based on the disclosure in the Company's annual report, the Group's revenue for FY2019, FY2020 and FY2021 includes the following:

S\$'million	FY2019	FY2020	FY2021
Revenue - brokerage fees from properties resale and rental transactions	241.6	267.4	449.1
Revenue - brokerage fees from new home sales	117.6	116.4	281.0
Total	359.2	383.8	730.1
As a percentage of revenue from real estate brokerage fees and related services	98.4%	98.6%	99.3%

We note the following with respect to the financial performance of the Group:

- (a) the Group's revenue increased from FY2019 to FY2021;
- (b) the Group's revenue for FY2020 was slightly higher as compared to FY2019 despite the suspension of the Group's business during the Circuit Breaker Period from 7 April 2020 to 1 June 2020. The Company attributed the increase to the gradual recovery of the market in the second half of FY2020 driven by pent-up demand and a conducive low-interest rate environment;

- (c) the Group registered a record high revenue of approximately S\$735.4 million in FY2021. The Company attributed the record high revenue to an increase in the property transactions completed during the year which was brought by increase in the number of property sale and resale transactions in FY2021; and
- (d) with the higher revenue, the Group's profit for the year increased from approximately S\$13.9 million in FY2019 to approximately S\$16.3 million in FY2020 and further increase to approximately S\$35.3 million in FY2021. As the Group's operating cost increased at a lower percentage as compared to its revenue, the Group's profit for the year margin increased from 3.80% in FY2019 to 4.20% in FY2020 and further increased to 4.80% in FY2021.

We also set out the following information which may be relevant to the financial performance of the Group:

	FY2019	FY2020	FY2021
Number of agents / advisers of the Group	7,048 (as at 1 January 2020)	7,688 (as at 31 December 2021)	8,144 (as at 1 January 2022)
Total number of property agents in Singapore <sup>(1)</sup>	30,073 (as at 1 January 2020)	30,399 (as at 1 January 2021)	32,414 (as at 1 January 2022)
As a percentage of total number of property agents in Singapore	23.4%	25.3%	25.1%
Number of private residential and HDB resale transactions in Singapore <sup>(2)(3)</sup>	32,952	35,675	51,547
Market share of the Group (%) <sup>(4)</sup>	40.70	42.90	42.20
Number of new home sale in Singapore <sup>(2)</sup>	9,912	9,982	13,027
Market share of the Group (%) <sup>(4)</sup>	n.a.	28.90	33.70

**Notes:**

- (1) Extracted from the website of Council for Estate Agencies at <https://www.cea.gov.sg/professionals/key-statistics>
- (2) Extracted from the quarterly real estate statistics published by the Urban Redevelopment Authority at <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases>
- (3) Extracted from the resale statistics published by HBD at <https://www.hdb.gov.sg/cs/infoweb/residential/selling-a-flat/overview/resale-statistics>
- (4) Based on the Company's annual report disclosure





As set out above:

- (a) the Group's property agents accounted for a quarter of the total number of property agents in Singapore;
- (b) the Group had more than a quarter of the market share in terms of market transactions;
- (c) the Group has maintained its market share for private residential and HDB resale transactions at 42% for FY2020 and FY2021; and
- (d) the Group has increased its market share for new home sale transactions from 28.9% in FY2020 to 33.7% in FY2021.

#### 7.2.1 Historical price-earnings ratio ("P/E") implied by the Offer Price

P/E illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The P/E is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical P/E is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

Based on the profit for the year attributable to owners of the Company of approximately S\$35.3 million for FY2021, the P/E ratio implied by the Offer Price is 5.7 times.

#### 7.2.2 Enterprise value ("EV") to earnings before interest, tax, depreciation and amortisation ("EBITDA") ("EV/EBITDA") ratio implied by the Offer Price

EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

We calculate the EBITDA of the Group for FY2021 as follows:

S\$'000	FY2021
Profit before tax	42,619
<i>Add back:</i>	
- Depreciation of property, plant and equipment	2,065
- Depreciation of right-of-use assets	1,722
- Amortisation of intangible assets	932
- Interest expense	774



S\$'000	FY2021
Less:	
- Interest income	(521)
EBITDA	47,591

We calculate the EV of the Group as implied by the Offer Price as follows:

	S\$'000
Value of the Company as implied by the Offer Price	202,463
Add: Loan and borrowing, and lease liabilities	50,555 <sup>(1)</sup>
Less: Cash and bank balances	(39,457) <sup>(1) (2)</sup>
EV	213,561

**Notes:**

- (1) As at 31 December 2021
- (2) After excluding the FY21 Final Dividend aggregating approximately S\$14.2 million paid on 10 May 2022.

Based on the above calculations, the EV/EBITDA ratio of the Group implied by the Offer Price is 4.5 times.

### 7.2.3 Outlook of the Group

We extract the following from the Group's annual report for FY2021:

In respect of the Singapore market of the Group

*In response to the robust property market, the Singapore government implemented stringent cooling measures to promote a stable and sustainable property market with effect from 16 December 2021. The new policy raised the Additional Buyer's Stamp Duty by 5ppts for second property purchases for citizens and permanent residents, and by 10ppts for the purchase of any residential property for foreigners and entities. Furthermore, the Total Debt Servicing Ratio threshold was tightened by 5ppts from 60% to 55%, and the HDB housing loan LTV decreased by 5ppts to 85%. While there was a knee jerk reaction on market momentum following the implementation of the cooling measures, we expect the market to readjust to demand from genuine home-buyers and resume positive sustainable growth.*

*Looking ahead, we have secured marketing agent mandates for 33 quality residential projects as of 21 February 2022. These marketing agent mandates comprise close to 7,200 new home units launched and to be launched in FY2022.*

*In February 2022, we set up a new engine of growth for the Group: Capital Markets & Investment Sales ("CMIS") to deal with sizeable assets of high-net-worth individuals, family offices, developers, institutional investors and real estate investment trusts. With an aggregate real estate experience of 100 years of experience and a collective transactional experience amounting to more than S\$4.7 billion, the CMIS team will focus on assets such*

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as commercial and industrial buildings, strata offices and retail spaces, retail malls, collective sales, land for redevelopment, shophouses and good class bungalows across Singapore and the region.

Moving quickly, our CMIS team announced on 10 March 2022, the sale of a portfolio of 23 strata retail shops via expression of interest. This includes two Housing and Development Board (“HDB”) shops located in Toa Payoh and Ang Mo Kio, and 21 strata shops in Far East Plaza, Sims Lim Square, Peninsula Plaza and People’s Park Complex. The sale is expected to draw strong interest from family offices, private equity funds, private investors and high-net-worth individuals who are looking for immediate rental income with potential for capital appreciation in the mid-to-long term.

In respect of the regional market of the Group

Despite the ongoing pandemic challenges, key countries across the region generally staged a recovery from the pandemic-induced recession in 2021. Strong liquidity is expected to fuel the investment market underpinned by a flight to quality. We remain positive on the long-term outlook of our regional investments as each ERA entity has an established brand name, strong reputation with leading developers and clients, and a knowledgeable and capable sales team.

Based on the above, the outlook of the Group is generally positive.

### 7.3 FINANCIAL POSITION OF THE GROUP

We summarise in the table below the balance sheet of the Group as at 31 December 2021:

<b>S\$’000</b>	<b>Audited 31 December 2021</b>
Current assets	210,575
Current liabilities	(175,136)
Net current assets	35,439
Non-current assets	175,275
Non-current liabilities	(50,050)
Net asset value (“NAV”)	160,664
Less: Intangible assets	(96,890)
Net tangible assets (“NTA”)	63,774
NAV attributable to Shareholders (after excluding non-controlling interests)	160,914

The NAV of the Group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the Group while the NTA of the Group refers to the aggregate value of the tangible assets in their existing condition net of all liabilities of the Group.



The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders while the NTA approach provide an estimate on the same formula but exclude the intangible assets of the Group. Therefore, the NAV and NTA provides basis for the value of the Shares.

Notwithstanding the foregoing, Shareholders should note that analyses based on the NAV and/or NTA of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV/NTA that can be realised.

### 7.3.1 NAV per Share

Based on the total number of 355,197,700 issued Shares as at the Latest Practicable Date and the Group's NAV of approximately S\$160.7 million as at 31 December 2021, the NAV per Share is approximately S\$0.4523 and the Offer Price represents a premium of approximately S\$0.1177 or 26.0% to the NAV per Share, or a P/NAV ratio of approximately 1.3 times.

### 7.3.2 NTA per Share

Based on the total number of 355,197,700 issued Shares as at the Latest Practicable Date and the Group's NTA of approximately S\$63.8 million as at 31 December 2021, the NTA per Share is approximately S\$0.1795 and the Offer Price represents a premium of approximately S\$0.3905 or 217.5% to the NTA per Share, or a P/NTA ratio of approximately 3.2 times.

### 7.3.3 Adjustments to the Group's NAV and NTA as at 31 December 2021

In our evaluation of the financial position of the Group, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial positions of the Group as presented in the table above and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV or NTA per Share.

We set out in the table below, the assets and liabilities which accounted for more than 5% of the NAV of the Group as at 31 December 2021:

	Audited as at 31 December 2021	
	S\$'000	As a percentage of the Group's NAV
Trade payables and accruals	(147,717)	(91.94)
Trade and other receivables	133,644	83.18
Intangible assets	96,890	60.31
Property, plant and equipment	72,848	45.34

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**Audited as at 31 December 2021**

	<b>S\$'000</b>	<b>As a percentage of the Group's NAV</b>
Cash and bank balances	53,665	33.40
Loan and borrowing (total)	(48,817)	(30.38)
Unbilled receivables	17,993	11.20
Other payables	(14,045)	(8.74)

We review these material assets and liabilities in the paragraphs below.

(i) Trade payables and accruals

Trade payables and accruals comprised mainly commission and fee income due to the Group's agents. We calculate the trade payables and accruals' turnover of the Group for FY2021 to be 66 days.

(ii) Trade and other receivables

Trade and other receivables as at 31 December 2021 comprised trade receivables of S\$120.8 million and other receivables of approximately S\$12.9 million.

Trade receivables comprised mainly commission and fee income from buyers and sellers of property resale transactions and property developers of new residential projects. We calculate the trade receivables' turnover of the Group for FY2021 to be 50 days which is within the credit terms of 30 to 90 days extended by the Group.

Other receivables comprised mainly advances made in relation to the renovation of the TPY Property which was completed and had its official opening in early April 2022, the amount of which has been capitalised and transferred to the Group's property, plant and equipment.

(iii) Intangible assets

Intangible assets as at 31 December 2021 comprised goodwill of approximately S\$75.2 million and franchise rights of approximately S\$21.7 million.

Goodwill was acquired through business combinations and was allocated to the Group's cash-generating units. Each cash-generating unit to which goodwill has been allocated is tested for impairment annually. The franchise rights relate to three franchise rights for the Group's operations in Singapore and Asia Pacific region. While the useful lives of these intangible assets are finite, the Group amortised these intangible assets on a straight-line method over their estimated useful lives of 16, 37 and 15 years respectively.

The management's cash flow forecasts and the reasonableness of key assumptions applied to determine the recoverable amounts of each cash-generating unit relating to the intangible assets were evaluated and assessed by the Company's auditors and

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**Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司** (Registration No. 200002789M)

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set out as a key audit matter in the independent auditor's report on the financial statements of the Group for FY2021.

(iv) Property, plant and equipment

Property, plant and equipment comprised mainly the TPY Property which has a carrying value of approximately S\$71.2 million as at 31 December 2021.

The Company has commissioned the Independent Valuer to perform a valuation on the TPY Property in connection with the Offer. As disclosed in the Valuation Certificate which is appended as Appendix E to the Circular, the TPY Property has a market value of S\$69.8 million based on the sales comparison method.

Based on the above market value, the Group will register a revaluation deficit of approximately S\$1.4 million.

(v) Cash and bank balances

The Group's cash and bank balances comprise cash at banks and on hand.

The Company has not paid the FY21 Final Dividend as at 31 December 2021. Based on the FY21 Final Dividend of S\$0.04 for each Share, the total dividend pay-out amounted to approximately S\$14.2 million. The Group's cash and bank balances will reduce by approximately S\$14.2 million with the payment of the FY21 Final Dividend on 10 May 2022.

(vi) Loan and borrowing (total)

Loan and borrowing comprised mainly remainder of S\$58 million loan drawn down by the Group in 2018 to fund the acquisition of HC Home Pte. Ltd. (now known as APAC Investment Pte. Ltd.). APAC Investment Pte. Ltd. holds the TPY Property.

(vii) Unbilled receivables

Unbilled receivables relate to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

(viii) Other payables

Other payables comprised mainly goods and services tax ("GST") payable

We have inquired and the Company confirms that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

- (1) save for the FY21 Final Dividend and the latest market value of the TPY Property as disclosed above, there is no event subsequent to 31 December 2021 which would materially affect the NAV of the Group;



- (2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 31 December 2021; and
- (3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 31 December 2021.

In addition, we note from Section 8.3 of the Offer Document that, subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary and usual course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interests of the Offeror and the Group.

Accordingly, save for the FY21 Final Dividend and the latest market value of the TPY Property, no further adjustments will be made to the Group's NAV and NTA.

Based on the above, we made the following adjustments to the Group's NAV and NTA as follows:

	<b>Group's NAV</b>	<b>Group's NTA</b>
As at 31 December 2021	160,664	63,774
Less: FY21 Final Dividend	(14,208)	(14,208)
Dividend Adjusted NAV / Dividend Adjusted NTA (" <b>ANAV</b> " / " <b>ANTA</b> ")	146,456	49,566
Less: Revaluation deficit from the market value of the TPY Property <sup>(1)</sup>	(1,379)	(1,379)
Revalued ANAV/ANTA (" <b>RANAV</b> " / " <b>RANTA</b> ")	145,077	48,187
ANAV per Share / ANTA per Share	0.4123	0.1395
RANAV per Share / RANTA per Share	0.4084	0.1357

**Note:**

- (1) Based on the average of the market values of the TPY Property opined by the Independent Valuer set out in paragraph 7.3.3(iv) of this IFA Letter.

Based on the above:

- (a) the Offer Price represents a premium of approximately S\$0.1577 or 38.2% to the ANAV per Share, or a price-to-ANAV ("**P/ANAV**") ratio of approximately 1.38 times, and represents a premium of approximately S\$0.4305 or 308.6% to the ANTA per Share, or a price-to-ANTA ("**P/ANTA**") ratio of approximately 4.08 times; and



- (b) the Offer Price represents a premium of approximately S\$0.1616 or 39.6% to the RANAV per Share, or a price-to-RANAV (“**P/RANAV**”) ratio of approximately 1.40 times, and represents a premium of approximately S\$0.4343 or 320.2% to the RANTA per Share, or a price-to-RANTA (“**P/RANTA**”) ratio of approximately 4.20 times.

We note from paragraph 9 of Appendix B to the Circular that the potential tax liabilities arising from the sale of the TPY Property at the market value as opined by the Independent Valuer is NIL as the Group will not be registering any gain from the sale. Further, the TPY Property is for the Group’s own use and not intended for sale. Accordingly, the above P/RANAV ratio and P/RANTA ratio are for reference only and not applied in other paragraphs of this IFA Letter.

#### 7.3.4 Ex-cash NAV per Share

As at 31 December 2021, the Group’s cash and bank balances amounted to approximately S\$53.7 million representing 33.4% of the Group’s NAV, or approximately S\$0.1511 per Share.

After adjusting for the FY21 Final Dividend, the Group’s cash and bank balances amounted to approximately S\$39.5 million representing 26.9% of the Group’s ANAV, or approximately S\$0.1111 per Share.

We calculate the ex-cash Offer Price to be approximately S\$0.4589 and the ex-cash ANAV per Share to be approximately S\$0.3012. Based on the above, the ex-cash Offer Price to ex-cash ANAV ratio of the Shares is 1.5 times.

#### 7.4 DIVIDEND TRACK RECORD OF THE COMPANY

We set out below the information on the dividend per Share declared and paid by the Company since its listing in September 2017:

<b>Dividends declared and paid by the Company</b>	<b>S\$</b>
FY2017 final dividend	0.0200
1H2018 interim dividend	0.0200
FY2018 final dividend	0.0250
1H2019 interim dividend	0.0075
FY2019 final dividend	0.0125
1H2020 interim dividend	0.0075
FY2020 final dividend	0.0175
1H2021 interim dividend	0.0350

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<b>Dividends declared and paid by the Company</b>	<b>S\$</b>
1H2021 special dividend	0.0300
FY21 Final Dividend	0.0400
<b>TOTAL</b>	<b>0.2150</b>

The Company has a good track record of paying dividend to its Shareholders since its listing in 2017.

Based on the above track record, we calculate the annualised dividend per Share to be S\$0.0430, which represents a dividend yield of 7.5% based on the Offer Price.

For the purpose of analysing the Offer, we have considered the following scenarios where the Shareholders who accept the Offer re-invest the proceeds from the Offer:

- (a) in alternative equity investments such as STI Exchange-Traded Fund which had a 12-month dividend yield 3.02% as at the Latest Practicable Date;
- (b) to purchase the shares of PropNex Limited, the closest comparable of the Company listed on the SGX-ST which had an annualised dividend yield of 3.65% (calculated based on its dividend pay-outs since listing and its closing price as at the Latest Practicable Date); and
- (c) to invest in Singapore Savings Bonds SBJUN22 GX22060F which forecast an average return of 2.53% over 10 years.

The annualised dividend yield of the Shares (based on historical dividend pay-out) is much higher than the dividend yield or annual returns of the above alternative investments.

We wish to highlight that the above dividend track record analysis only serves as an illustrative guide and is not an indication of the Company's future dividend pay-out nor an indication of the performance of the alternative investments. There is no assurance that the Company or the alternative investments will continue the dividend pay-out or generate such return in the future.

Nevertheless, we note from the annual report of the Company for FY2021 that the board of directors of the Company had, on 12 August 2021, adopted a dividend policy which provided that the distribution of dividend shall be at between 50% to 80% of the Group's net profit after tax.

## **7.5 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST ITS LISTED COMPARABLE COMPANIES**

As set out in paragraph 7.2 of this IFA Letter, more than 98% of the Group's revenue for the last three (3) completed financial years were brokerage fees. Comparison is therefore made to listed and profitable companies which also generate most of its revenue from real estate agencies and/or brokerage services (the "**Comparable Companies**") to assess the Offer

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Price in relation to the valuation ratios of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date.

We set out in the table below the list of Comparable Companies, together with a brief description of their business activities:

<b>Comparable Companies</b>	<b>Business activities</b>
PropNex Limited (“ <b>PropNex</b> ”), listed on the Mainboard of the SGX-ST	<p>PropNex operates as a real estate agency. The company offers business strategies, consultation, training, marketing support, and technological innovations for real estate sector, as buying, selling, and renting of properties. PropNex serves customers in Singapore, Indonesia, and Malaysia.</p> <p>We calculate the percentage of revenue generated by PropNex from brokerage fees to be approximately 99.7% of its revenue for FY2021.</p>
Douglas Elliman Inc. (“ <b>Douglas Elliman</b> ”), listed on the New York Stock Exchange	<p>Douglas Elliman is a residential brokerage company. The company offers a comprehensive suite of technology-enabled real estate services and investments, as well as operates property management, title and escrow companies, among other ancillary services. Douglas Elliman serves customers in the United States of America.</p> <p>We calculate the percentage of revenue generated by Douglas Elliman from brokerage fees to be approximately 95.5% of its revenue for FY2021.</p>
Midland IC&I Limited (“ <b>Midland</b> ”), listed on the Hong Kong Stock Exchange	<p>Midland is a property agency company. The company offers services in commercial, industrial, and retail property brokerage.</p> <p>We calculate the percentage of revenue generated by Midland from brokerage fees to be approximately 92.1% of its revenue for FY2021.</p>
Sinyi Realty Inc. (“ <b>Sinyi</b> ”), listed on Taiwan Stock Exchange	<p>Sinyi is a real estate broker. The company operates branch offices throughout Taiwan. The company also has branches in China, Japan and Malaysia.</p> <p>We calculate the percentage of revenue generated by Sinyi from brokerage fees to be approximately 76.0% of its revenue for the financial year ended 31 December 2021.</p>

Source: Bloomberg L.P. and the respective website of the Comparable Companies.

As set out above, we have identified only four (4) Comparable Companies. Given the limitation of Comparable Companies, we do not further shortlist them based on geographical region and/or market capitalisation. As some of these Comparable Companies are listed on foreign stock exchanges, the accounting policies and tax matters may differ. The property market outlook of the countries where these foreign Comparable Companies operate may

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also affect their financial performance and share prices. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

The closest Comparable Company is PropNex which is also listed on the SGX-ST. We compare some of the key information of PropNex and the Company as follows:

	The Company	PropNex
Revenue (S\$'000)		
- FY2019	365,112	419,837
- FY2020	389,429	513,461
- FY2021	735,369	957,492
Profit before tax (S\$'000)		
- FY2019	17,222	25,578
- FY2020	19,649	36,632
- FY2021	42,619	78,669
Number of property agents as at 1 January 2022 <sup>(1)</sup>	8,144	10,796

Note:

- (1) Extracted from the website of Council for Estate Agencies at <https://www.cea.gov.sg/professionals/key-statistics>

We also note from the website of Council for Estate Agencies that PropNex and the Company are ranked as the first and second largest property agencies in Singapore, respectively, as at 1 January 2022.

For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation ratios	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.

Valuation ratios	General description
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/NTA	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their amortisation and asset valuation policies.

We set out in the table below the valuation ratios of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies	Market Capitalisation <sup>(1)</sup> (S\$m)	Profit attributable to equity holders <sup>(2)</sup> (S\$m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
PropNex	632.7	59.1	10.7	5.9	5.1	5.2
Douglas Elliman	584.1	132.8	4.3	2.6	1.5	2.4
Midland	44.8	8.6	5.1	5.8	0.2	0.2
Sinyi	1,160.8	114.6	10.6	7.1	1.9	1.9
Maximum			10.7	7.1	5.1	5.2
Minimum			4.3	2.6	0.2	0.2
Mean			7.7	5.4	2.2	2.4
Median			7.9	5.9	1.7	2.2



Comparable Companies	Market Capitalisation <sup>(1)</sup> (S\$m)	Profit attributable to equity holders <sup>(2)</sup> (S\$m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
The Company	202.5	35.4	5.7 <sup>(3)</sup>	4.5 <sup>(3)</sup>	1.4 <sup>(4)</sup>	4.1 <sup>(4)</sup>

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.

**Notes:**

- (1) Based on last traded prices of the respective Comparable Companies as at the Latest Practicable Date and the market capitalisation implied by the Offer Price for the Company.
- (2) Based on latest available 12 months or full year revenue/profits attributable to equity holders as announced by the respective Comparable Companies.
- (3) Please refer to paragraph 7.2.1 and 7.2.2 of this IFA Letter for the calculations of the P/E ratio and EV/EBITDA ratio.
- (4) Based on the P/NAV ratio and the P/ANTA ratio of the Company set out in paragraph 7.3.3(a) of this IFA Letter.

For illustrative purpose only, based on the above ratio analysis, we note that:

- (a) the P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price are within the range but lower than the mean and median corresponding ratios of the Comparable Companies. The P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price, in particular the P/E ratio and the P/NAV ratio, are much lower than the corresponding ratios of PropNex, the closest Comparable Company; and
- (b) the P/NTA ratio of the Group as implied by the Offer Price is within the range and higher than the P/NTA ratios of the Comparable Companies. However, the P/NAV ratio of the Group as implied by the Offer Price is below the P/NAV ratio of PropNex, the closest Comparable Company.

## 7.6 COMPARISON OF THE VALUATION RATIOS OF THE OFFER WITH RECENTLY COMPLETED PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in Section 12.3 of the Offer Document, it is the present intention of the Offeror to acquire as many Shares as possible under the Offer and in the event that the trading of the Shares on the SGX-ST is suspended due to a loss of free float, it is the intention of the Offeror to delist the Company.

Accordingly, we have compared the key terms of the Offer with those of selected successful privatisation transactions that were announced and completed since 1 January 2020 and up to the Latest Practicable Date, which were carried out either by way of general takeover offers under the Code or a scheme of arrangement under Section 210 of the Companies Act

1967 of Singapore, where the offeror has stated its intention to delist the listed company from the SGX-ST, whether in cash or otherwise (the “**Privatisation Transactions**”).

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs prior to the announcement of the respective Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target’s business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

The statistics of the Privatisation Transactions are as follows:

Name of companies	Date of announcement <sup>(1)</sup>	Type <sup>(2)</sup>	Premium / (Discount) of offer price over/(to) <sup>(1)</sup> :				Offer price-to-NAV or RNAV <sup>(3)</sup> (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Singapore O&G Ltd	7-Mar-22	VGO	18.0	14.8	12.2	11.3	3.55
Shinvest Holding Ltd.	16-Feb-22	VGO	12.9	8.5	10.2	10.1	0.66
Roxy-Pacific Holdings Limited	15-Dec-21	VGO	19.8	21.0	23.5	30.3	0.64
United Global Limited	10-Dec-21	VGO	12.5	16.7	16.7	16.2	1.06
Starburst Holdings Limited	10-Nov-21	VGO	5.8	3.9	9.2	12.8	1.84
SingHaiyi Group Ltd.	9-Nov-21	VGO	8.3	7.0	10.7	18.3	0.60
Fragrance Group Limited	9-Jul-21	VGO	16.9	19.0	19.0	20.0	0.70
Dutech Holdings Ltd	31-May-21	VGO	60.0	59.4	60.6	59.4	1.06

Premium / (Discount) of offer price over/(to) <sup>(1)</sup>:

Name of companies	Date of announcement <sup>(1)</sup>	Type <sup>(2)</sup>	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV <sup>(3)</sup> (times)
Cheung Woh Technologies Limited	6-May-21	VGO	90.0	90.0	92.6	109.6	1.10
Sin Ghee Huat Corporation Ltd	20-Apr-21	VGO	25.6	68.2	68.2	68.8	0.64
Singapore Press Holdings Limited	30-Mar-21	SOA	57.3	71.5	80.3	94.8	1.05
Neo Group Limited	30-Mar-21	VGO	20.0	17.9	14.5	15.4	1.22
Singapore Reinsurance Corporation Limited	19-Mar-21	VGO	17.8	20.6	20.8	21.8	0.79
World Class Global Limited	12-Mar-21	SOA	112.1	107.9	107.9	89.2	0.83
Top Global Limited	9-Mar-21	VGO	122.9	133.6	146.8	148.7	0.32 <sup>(4)</sup>
International Press Softcom Limited	28-Jan-21	VGO	12.5	25.4	32.0	21.6	1.08
GL Limited	15-Jan-21	VGO	25.0	28.2	33.4	27.5	0.66
CEI Limited	11-Jan-21	VGO	15.0	18.1	20.5	23.6	1.89
Hi-P International Limited	18-Dec-20	VGO	13.6	23.2	42.3	50.6	2.60
Sunvic Chemical Holdings Limited	20-Nov-20	VGO	27.3	40.0	(3.4)	16.7	0.16 <sup>(4)</sup>
LCT Holdings Limited	16-Sep-20	VGO	39.5	60.8	61.7	61.5	0.91
Sunningdale Tech Ltd.	9-Sep-20	SOA	32.0	39.1	45.0	58.2	0.77
SK Jewellery Group Limited	2-Sep-20	VGO	70.5	90.2	94.8	93.7	1.31
China Jishan Holdings Limited	20-Aug-20	VGO	84.2	101.3	106.4	116.7	0.78
Teckwah Industrial Corporation Limited	12-Aug-20	VGO	17.8	23.1	25.0	32.4	0.81
Luzhou Bio-chem Technology Limited	30-Jun-20	VGO	100.0	87.5	130.8	150.0	n.a. <sup>(4)</sup>
Dynamic Colours Limited	1-Jun-20	VGO	13.6	22.8	29.1	26.8	0.91

Name of companies	Date of announcement <sup>(1)</sup>	Type <sup>(2)</sup>	Premium / (Discount) of offer price over/(to) <sup>(1)</sup> :				Offer price-to-NAV or RNAV <sup>(3)</sup> (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Perennial Real Estate Holdings Limited	15-May-20	VGO	88.1	105.2	124.2	112.7	0.58
Elec & Eltek International Company Limited	3-Apr-20	VGO	93.0	61.3	43.8	48.4	1.00
Breadtalk Group Ltd	24-Feb-20	VGO	19.4	30.1	24.0	25.0	2.81
Maximum			122.9	133.6	146.8	150.0	3.55
Minimum			5.8	3.9	(3.4)	10.1	0.16
Mean			41.7	47.2	50.1	53.1	1.11
Median			22.5	29.2	32.7	31.4	0.91
<b>The Company</b>	25-Apr-22	MGO	(29.2)	(27.5)	(21.1)	(23.3)	1.38 <sup>(5)</sup>

**Notes:**

- (1) Date of announcement and premium/(discount) of offer price over last transacted price and VWAPs refer to the date of first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in respective circular of the companies.
- (2) MGO – Mandatory General Offer; VGO – Voluntary General Offer; and SOA – Scheme of Arrangement.
- (3) Based on the NAV per share or adjusted/revalued NAV ("RNAV") per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.
- (4) 'n.a' denotes not available as Luzhou Bio-chem Technology Limited had net liability value position and net tangible liability position for its latest reporting period.
- (5) Based on the P/ANAV ratio set out in paragraph 7.3.3(a) of this IFA Letter.

Based on the above, we note that:

- (i) the discounts implied by the Offer Price over the last transacted price, the 1-month VWAP, the 3-month VWAP and the 6-month VWAP of the Shares are all below the range of discounts of the Privatisation Transactions; and
- (ii) the P/NAV ratio of 1.38 times implied by the Offer Price is within the range and higher than the mean and median P/NAV (or P/RNAV) ratios of the Privatisation Transactions.





## 7.7 ANALYSTS' TARGET PRICES FOR THE SHARES

We have compiled the following recent research reports by analysts in relation to the Shares:

<b>Analyst</b>	<b>Date of research report</b>	<b>Target price</b>
CGS-CIMB Research	25 April 2022	S\$0.93
DBS Group Research	23 February 2022 <sup>(1)</sup>	S\$0.67
RHB Research	24 February 2022 <sup>(2)</sup>	S\$0.75

Source: Bloomberg L.P.

### Notes:

- (1) DBS Group Research issued a Singapore market focus report on 4 May 2022 and maintained its target price for the Shares at S\$0.67 based on 10 times forward FY2022 P/E ratio.
- (2) RHB Research issued a research note and maintained its target price for the Shares at S\$0.75.

The Offer Price is below the target price recommended by analyst and represents discounts of between 14.9% and 38.7% to the target prices as set out above.

## 7.8 ESTIMATED RANGE OF VALUES OF THE SHARES

As mentioned in paragraphs 7.1 to 7.7 of this IFA Letter, we have evaluated various factors, and considered among others, the historical market prices of the Shares, earnings-based ratios such as P/E ratio and EV/EBITDA ratio, asset-based ratios such as P/ANAV ratio, dividend track record and target price of the Shares recommended by brokers.

Given that the Group does not rely on its fixed assets to generate revenue, we have focused on the earnings-based ratios (as opposed to other valuation approaches) for the purpose of evaluating the estimated range of values of the Shares, with the asset value as an underlying reference.

Based on the average P/E ratio and EV/EBITDA ratio of the Comparable Companies, the estimated range of values for the Shares is between S\$0.67 and S\$0.75 per Share, and is higher than the Offer Price. This estimated range of values is also similar to the target price recommended by DBS Group Research and RHB Research set out in paragraph 7.7 of this IFA Letter.

Shareholders should note that the analysis above is solely for illustration purposes and the earnings-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical scenario.



## 7.9 OTHER CONSIDERATIONS

### 7.9.1 Control over the Company by the Offeror

As at the Latest Practicable Date, the Offeror hold 217,166,149 Shares representing 61.1% of the total number of issued Shares. Accordingly, the Offeror has statutory control over the Company which allows the Offeror to significantly influence any corporate actions such as mergers and takeover attempts in a manner which may not be in line with the interests of the remaining Shareholders. The Offeror will also have veto power in relation to any Shareholder's action or approval requiring a majority vote except in situations where any of the Offeror is required by rules or authorities to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change of control of the Company which may not benefit the Shareholders.

### 7.9.2 Likelihood of competing offers

Since the Offeror collectively hold more than 50% interest in the capital of the Company, the likelihood of a competing offer from any third party is remote.

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

### 7.9.3 Compulsory acquisition

We extract the following from Section 12.2 of the Offer Document:

*In this regard, after the completion of the sale of the Shares under the SPA and the completion of the share subscription under the Deed, as at the Despatch Date, the total number of outstanding Shares other than those already held by the Offeror, its related corporations or their respective nominees is 138,031,551 Shares<sup>2</sup> ("**Remaining Shares**"). In order for the Offeror to be entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Offeror would need to acquire not less than 90% of the Remaining Shares. Given that the aggregate number of Relevant Shares (being 31,897,639 Shares) held by all the IU Shareholders who have agreed not to tender their Relevant Shares in acceptance of the Offer already exceeds 10% of the Remaining Shares, **the Offeror will not be entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.***

### 7.9.4 Listing status of the Company and suspension risk

Under Rule 1105 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and the parties acting in concert with it to above 90% of the total number of issued Shares, the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares are held by at least 500 Shareholders who are members of the public.



In addition, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares is at all times held by the public. In accordance with Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

As at the Latest Practicable Date, after excluding the 217,166,149 Shares held by the Offeror and the 31,897,639 Shares held by the Shareholders who have given IU, the remaining Shares held by public amounted to 106,133,912 Shares, representing 29.9% of the Company's total share capital of 355,197,700 Shares. The trading of the Shares may be suspended if the total number of Shares held by public falls below 35,519,770 Shares (being 10% of the Company's total share capital). The Offeror will need to receive acceptances of more than 70,614,142 Shares to achieve a trading suspension of the Shares.

Based on the Company's annual report for FY2021, the Company had in total 2,359 Shareholders as at 11 March 2022.

#### **7.9.5 Transaction costs in connection with the disposal of the Shares**

Based on the traded prices of the Shares of between S\$0.58 and S\$0.66 for the period between 4 May 2022 (the date on which the Shares traded on ex-FY21 Final Dividend basis) and the Latest Practicable Date, Shareholders may potentially obtain a price higher than the Offer Price (after deducting all brokerage commissions or transaction costs in connection with open market transactions) if they sell their Shares in the open market.

### **8. OUR ADVICE**

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the "fairness" of the Offer:

#### **Factors for the Offer Price**

- (i) the Offer Price represents premia to the NAV per Share, NTA per Share, ANAV per Share, ANTA per Share, RANAV per Share and RANTA per Share;
- (ii) the ex-cash Offer Price to ex-cash ANAV per Share is 1.5 times;



- (iii) the P/NTA ratio of the Group as implied by the Offer Price is within the range and higher than the P/NTA ratios of the Comparable Companies; and
- (iv) the P/NAV ratio of 1.38 times implied by the Offer Price is within the range and higher than the mean and median P/NAV (or P/RNAV) ratios of the Privatisation Transactions.

Factors against the Offer Price

- (a) the Offer Price is below the VWAPs of the Shares for the periods prior to and including the Offer Announcement Date;
- (b) the Offer Price is below the closing prices and traded prices of the Shares for the 6-month, 3-month and 1-month periods prior to and including the Offer Announcement Date and the period after the Offer Announcement Date from 27 April 2022 to the Latest Practicable Date;
- (c) the Company has a good track record of paying dividend to its Shareholders since its listing in 2017 and the annualised dividend yield of the Shares (based on historical dividend pay-out) is much higher than the dividend yield or annual returns of the above alternative investments;
- (d) the P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price are lower than the mean and median corresponding ratios of the Comparable Companies. The P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price, in particular the P/E ratio and the P/NAV ratio, are much lower than the corresponding ratios of PropNex, the closest Comparable Company;
- (e) the discounts implied by the Offer Price over the last transacted price, the 1-month VWAP, the 3-month VWAP and the 6-month VWAP of the Shares are all below the range of discounts of the Privatisation Transactions;
- (f) the Offer Price is below the target prices recommended by analysts and represents discounts of between 14.9% and 38.7% to the target prices set out in paragraph 7.7 of this IFA Letter; and
- (g) the Offer Price is below the estimated range of values of the Shares set out in paragraph 7.8 of this IFA Letter.

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

Factors against the Offer Price

- (1) there is a relatively active market for the Shares and the Shares are relatively liquid;
- (2) the Group has registered improving financial performance for the last three completed financial years. Its revenue and profit were barely affected by COVID-19 in FY2020 and it registered record high revenue in FY2021;



- (3) the Group has maintained its market share for private residential and HDB resale transactions at 42% for FY2020 and FY2021, and increased its market share for new home sale transactions from 28.9% in FY2020 to 33.7% in FY2021; and
- (4) other relevant consideration as set out in paragraph 7.9 of this IFA Letter.

**Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Directors to recommend Shareholders to REJECT the Offer.**

This IFA Letter is addressed to the Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**XANDAR CAPITAL PTE. LTD.**

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Chua Khee Hak	c/o 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394	Executive Chairman
Mr. Tan Choon Hong	c/o 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394	Non-Executive Non-Independent Director
Mr. Tan Bong Lin	c/o 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394	Lead Independent Director
Mr. Wong Hin Sun, Eugene	c/o 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394	Non-Executive Independent Director
Ms. Tan Poh Hong	c/o 450 Lorong 6 Toa Payoh #03-01 ERA APAC Centre Singapore 319394	Non-Executive Independent Director

### 2. HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated on 15 July 2013 and has been listed on the Mainboard of the SGX-ST since 28 September 2017.

The Group is a real estate services provider in Asia, operating in three (3) main business segments – real estate brokerage services, franchise arrangements and training, valuation and other ancillary services. The Group's real estate brokerage services are operated under the "ERA" brand, where the Company holds the exclusive "ERA" regional master franchise rights for 17 countries in Asia Pacific.

### 3. SHARE CAPITAL

#### 3.1. Issued Shares

Based on the business profile of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$98,946,111 comprising 355,197,700 Shares.

As at the Latest Practicable Date, the Company does not have any treasury shares or subsidiary holdings.

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2021, being the date to which the Company's last published audited financial statements were made up.

There is no restriction in the Constitution on the right to transfer any Shares, which have the effect of requiring the holders of Offer Shares, before transferring them, to offer them to members of the Company or to any other person.

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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### 3.2. Convertible Securities

As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

### 3.3. Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For ease of reference, selected extracts of the Constitution in respect of capital, dividends and voting have been extracted and reproduced in **Appendix C (Extracts from the Constitution)** to this Circular. Capitalised terms and expressions not defined in the extract shall have the meanings ascribed to them in the Constitution.

## 4. DISCLOSURE OF INTERESTS

### 4.1. Interests of the Company in the Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in the Offeror Securities.

### 4.2. Dealings in the Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 4.3. Interests of the Directors in the Offeror Securities

As at the Latest Practicable Date, none of the Directors have any direct or deemed interests in the Offeror Securities.

### 4.4. Dealings in the Offeror Securities by the Directors

As at the Latest Practicable Date, none of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 4.5. Interests of the Directors in the Company Securities

Save as disclosed below and in this Circular, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date:

	Direct Interest	%	Deemed Interest	%
Mr. Chua Khee Hak	29,960,509 Shares	8.435	-	-

### 4.6. Dealings in the Company Securities by the Directors

Save as disclosed below and in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNet), none of the Directors has dealt for value in the

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

Company Securities during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date:

Name of Director	Date of Transaction	No. of Shares	Transaction Price per Share (S\$)	Nature of Transaction
Mr. Chua Khee Hak	26 April 2022	29,880,509	See Note (1)	See Note (1)
Mr. Tan Choon Hong	26 April 2022	212,348,325	See Note (2)	See Note (2)
Mr. Tan Choon Hong	26 April 2022	39,337,721	See Note (3)	See Note (3)

Notes:

- (1) In connection with the Offer, as part of the restructuring of Asia Pacific Realty Holdings Ltd (“APRH”), Mr. Chua Khee Hak (“**Mr. Chua**”) entered into a share redemption letter with APRH, Canopus Realty Ltd and APAC Realty 1 pursuant to which, among others, all the Class B shares which Mr. Chua held in APAC Realty 1 were redeemed by APAC Realty 1 in consideration for: (a) 29,880,509 Shares transferred by APRH to Mr. Chua on 26 April 2022; and (b) payment of a deferred cash consideration of up to S\$650,000, which is payable at the discretion of APRH within three (3) months after 26 April 2022.
- (2) In connection with the Offer, on 26 April 2022, APRH completed its sale of 212,348,325 Shares to the Offeror at S\$0.61 per Share. Mr. Tan Choon Hong (“**Mr. Tan**”) holds 100% of PGA Realty Partners Ltd. The 212,348,325 Shares are held by APRH through its nominee account maintained with DBS Nominees (Private) Limited. PGA Realty Partners Ltd holds 100% of the class A voting shares of APRH.
- (3) In connection with the Offer, on 26 April 2022, APRH completed a transfer of 39,337,721 shares to nine (9) persons in exchange for the redemption and cancellation of 2,755,700 Class B shares in APRH held through their interests in APAC Realty 1 and APAC Realty 2. Mr. Tan holds 100% of PGA Realty Partners Ltd. The deemed interest is held by Asia Pacific Realty Holdings Ltd through its nominee account maintained with DBS Nominees (Private) Limited. PGA Realty Partners Ltd holds 100% of the class A voting shares of APRH.

#### 4.7. **Company Securities owned or controlled by the IFA**

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Company Securities.

#### 4.8. **Dealings in the Company Securities by the IFA**

During the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities.

#### 4.9. **Offeror Securities owned or controlled by the IFA**

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Offeror Securities.

#### 4.10. **Dealings in Offeror Securities in the IFA**

During the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Offeror Securities.



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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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### 4.11. Directors' Intentions

The Director (being Mr. Chua Khee Hak) who holds 29,960,509 Shares as at the Latest Practicable Date has provided the IU, under which he has undertaken not to tender all or any of the Shares held by him in acceptance of the Offer. For further information on the IU, please refer to section 4 (*Irrevocable Undertaking*) of this Circular.

## 5. OTHER DISCLOSURES

### 5.1. Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no service contracts entered into or amended between any of the Directors or proposed directors with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 5.2. Arrangements Affecting Directors

As at the Latest Practicable Date, save as disclosed in the Offer Document (including in relation to the sale and purchase agreement entered into between the Offeror and APRH on 25 April 2022 and the IU) and this Circular (including paragraph 4.6 (*Dealings in the Company Securities by the Directors*)) of this Appendix B (**Additional General Information**):

- (a) there are no agreements, arrangements or understandings for any payment or other benefit to be made or given to any Director or director of any other corporation which is by virtue of section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contracts entered into by the Offeror.

## 6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor its subsidiaries are engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such litigation, claims or proceedings, which might materially and adversely affect the financial position of the Group, taken as a whole.

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**APPENDIX B – ADDITIONAL GENERAL INFORMATION**

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**8. FINANCIAL INFORMATION**

**8.1. Consolidated Statements of Comprehensive Income**

Certain financial information extracted from the annual reports of the Company for the past three (3) financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 is set out below. The summary set out below should be read together with the audited consolidated financial statements for the Group for the relevant financial periods and the accompanying notes thereto, contained in the annual reports of the Company for the relevant financial periods.

Copies of these are available for inspection at the registered office of the Company. Please refer to paragraph 11 (*Documents Available for Inspection*) of this **Appendix B (Additional General Information)** for further information.

<b>(S\$'000)</b>	<b>FY2021 Audited</b>	<b>FY2020 Audited</b>	<b>FY2019 Audited</b>
<b>Total revenue</b>	739,750	395,125	369,524
<b>Items of expense</b>			
Cost of services	664,343	347,610	323,157
Personnel costs	15,072	13,074	13,041
Marketing and promotion expenses	3,692	2,860	3,212
Depreciation of property, plant and equipment	2,065	615	590
Depreciation of right-of-use assets	1,722	1,722	1,596
Amortisation of intangible assets	932	932	932
Impairment losses on financial assets	3,873	2,384	2,039
Other operating expenses	4,258	5,049	5,952
Finance costs	774	1,069	1,783
	<u>696,731</u>	<u>375,315</u>	<u>352,302</u>
<b>Operating profit</b>	43,019	19,810	17,222
Share of results of associates	(400)	(161)	-
<b>Profit before tax</b>	42,619	19,649	17,222
Income tax expense	(7,325)	(3,307)	(3,345)
<b>Profit for the year</b>	<u>35,294</u>	<u>16,342</u>	<u>13,877</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income – net change in fair value	(16)	-	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	110	(110)	1
<b>Other comprehensive income for the year, net of tax</b>	<u>94</u>	<u>(110)</u>	<u>1</u>
<b>Total comprehensive income for the year</b>	<u>35,388</u>	<u>16,232</u>	<u>13,878</u>
<b>Profit attributable to:</b>			
Owners of the Company	35,389	16,438	14,012
Non-controlling interests	(95)	(96)	(135)
	<u>35,294</u>	<u>16,342</u>	<u>13,877</u>

**APPENDIX B – ADDITIONAL GENERAL INFORMATION**

(S\$'000)	FY2021 Audited	FY2020 Audited	FY2019 Audited
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	35,466	16,326	14,013
Non-controlling interests	(78)	(94)	(135)
	<u>35,388</u>	<u>16,232</u>	<u>13,878</u>
<b>Exceptional items (expenses)</b>	<u>(4,585)</u>	<u>(3,485)</u>	<u>(2,050)</u>
<b>Net earnings per Share (cents per Share)</b>	<u>9.96</u>	<u>4.63</u>	<u>3.94</u>
<b>Net dividends per Share (cents per Share)</b>	<u>10.5</u>	<u>2.50</u>	<u>2.00</u>

8.2. **Consolidated Statements of Financial Position**

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2021 and as at 31 December 2020 is set out below. The following summary should be read in conjunction with the Audited FY2021 Results and the accompanying notes thereto, which are reproduced in **Appendix D (Audited FY2021 Results)** to this Circular.

(S\$'000)	FY2021 Audited	FY2020 Audited
<b>Non-current assets</b>		
Property, plant and equipment	72,848	73,918
Right-of-use assets	1,988	3,710
Intangible assets	96,890	97,719
Investment in associates	2,360	2,427
Other investments	789	1,000
Fixed deposits	400	400
	<u>175,275</u>	<u>179,174</u>
<b>Current assets</b>		
Convertible loan	3,587	3,587
Trade and other receivables	133,644	90,938
Unbilled receivables	17,993	10,002
Prepaid operating expenses	1,686	2,464
Cash and bank balances	53,665	35,119
	<u>210,575</u>	<u>142,110</u>
<b>Total assets</b>	<u>385,850</u>	<u>321,284</u>
<b>Current liabilities</b>		
Trade payables and accruals	147,717	90,887
Other payables	14,045	10,902
Deferred income	1,299	1,214
Lease liabilities	1,694	1,879
Loan and borrowing	2,900	2,900
Provision for taxation	7,481	4,159
	<u>175,136</u>	<u>111,941</u>
<b>Non-current liabilities</b>		
Lease liabilities	44	1,738
Loan and borrowing	45,917	48,817
Deferred taxation	4,089	4,200
	<u>50,050</u>	<u>54,755</u>
<b>Total liabilities</b>	<u>225,186</u>	<u>166,696</u>
<b>Net assets</b>	<u>160,664</u>	<u>154,588</u>

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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(S\$'000)	FY2021 Audited	FY2020 Audited
<b>Equity attributable to owners of the Company</b>		
Share capital	98,946	98,946
Fair value reserve	(16)	-
Foreign currency translation reserve	(21)	(114)
Accumulated profits	62,005	55,920
	<hr/>	<hr/>
Non-controlling interests	(250)	(164)
<b>Total equity</b>	<hr/> <b>160,664</b> <hr/>	<hr/> <b>154,588</b> <hr/>

### 8.3. Significant Accounting Policies

The summary of significant accounting policies of the Company is disclosed in Note 2 to the Audited FY2021 Results, which is reproduced in **Appendix D (Audited FY2021 Results)** to this Circular. Save as disclosed in Note 2 to the Audited FY2021 Results, there are no significant accounting policies or any points from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

### 8.4. Changes in Accounting Policies

Save as disclosed in Note 2 to the Audited FY2021 Results, as at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

### 8.5. Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and any other information on the Group which is publicly available (including without limitation the announcements released by the Company on the SGXNet, or which may be released by the Company subsequent to the despatch date of this Circular), there are no known material changes in the financial position of the Group since 31 December 2021, being the date of the Group's last published audited financial statements.

## 9. VALUATION CERTIFICATE

The Company has commissioned an independent valuation of the TPY Property. As disclosed in the Valuation Certificate, the basis of valuation is sales comparison method. A copy of the Valuation Certificate is set out as **Appendix E (Valuation Certificate)** to this Circular. The Valuation Certificate and its underlying valuation report is available for inspection at the registered office of the Company.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the TPY Property, which is the subject of a valuation given in connection with the Offer, were to be sold at the valuation. The management of the Company estimates the potential tax liabilities on a hypothetical sale of the TPY Property to be NIL as the market value is below the carrying value of the TPY Property as at 31 December 2021. Further, the TPY Property is for the Group's own use and not intended for sale.

## 10. GENERAL

- 10.1. All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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- 10.2. Xandar Capital Pte. Ltd., named as the IFA in this Circular, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name, the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular and all references thereto in the form and context in which each they appear in this Circular.
- 10.3. Cushman & Wakefield VHS Pte. Ltd., named as the Valuer in this Circular, has given and has not withdrawn its written consent to act in such capacity in relation to this Circular and to the issue of this Circular with the inclusion of its name, the Valuation Certificate set out as **Appendix E (Valuation Certificate)** to this Circular and all references thereto and the underlying valuation report in the form and context in which they appear in this Circular.

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports for FY2019, FY2020 and FY2021;
- (c) the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular;
- (d) the Valuation Certificate set out as **Appendix E (Valuation Certificate)** to this Circular;
- (e) the underlying valuation report in relation to the Valuation Certificate; and
- (f) the letters of consent referred to in paragraphs 10.2 and 10.3 of **Appendix B (Additional General Information)** to this Circular.

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced as follows:

### (I) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

#### ISSUE OF SHARES

6. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. *Shares of a class other than ordinary shares*
- (B) The Company may issue shares for which no consideration is payable to the Company. *Issue of shares for no consideration*
7. Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:
- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply; and
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 11(B), shall be subject to the approval of the Company in General Meeting.
8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear. *Preference shares*
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued. *Issue of further preference capital*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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### VARIATION OF RIGHTS

9. Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- Variation of rights*
10. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.
- Issue of further shares ranking pari passu*

### ALTERATION OF SHARE CAPITAL

11. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).
- Offer of new shares to members*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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(B) Notwithstanding article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

*General authority*

- (a) (i) issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or,
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided always that:

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;
- (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and
- (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

*New shares subject to the Statutes and this Constitution*

12. (A) The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its shares;

*Power to consolidate, subdivide and redenominate shares*



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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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- (b) subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.
- (B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares. *Power to convert shares*
13. (A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. *Power to reduce capital*
- (B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. *Power to repurchase shares*
- (C) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. *Treasury shares*

### SHARES

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect *Absolute owner of shares*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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- of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
15. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed. *Rights and privileges of new shares*
16. Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. *Power of Directors to issue shares*
17. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. *Power to pay commission and brokerage*
18. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose. *Allotment of shares*

### SHARE CERTIFICATES

19. Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class. *Share certificates*
20. (A) The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member. *Joint holders*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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- (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all. *Issue of certificate to joint holders*
21. Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange. *Entitlement to certificate*
22. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge. *Consolidation of share certificates*
- (B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange. *Subdivision of share certificates*
- (C) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders. *Requests by joint holders*
23. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. *Replacement share certificates*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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### CALLS ON SHARES

24. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments. *Calls on shares*
25. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine. *Notice of calls*
26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part. *Interest on unpaid calls*
27. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *When calls made and payable*
28. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. *Power of Directors to differentiate*
29. The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits. *Payment of calls in advance*

### FORFEITURE AND LIEN

30. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. *Notice requiring payment of calls*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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31. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited. *Notice to state place and time of payment*
32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. *Forfeiture on non-compliance with notice*
33. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid. *Sale of forfeited shares*
34. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part. *Rights and liabilities of members whose shares have been forfeited*
35. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this article. *Company to have paramount lien*
36. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. *Sale of shares subject to lien*

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37. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser. *Application of sale proceeds*
38. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share. *Title to forfeited or surrendered shares*

### TRANSFER OF SHARES

39. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof. *Form and execution of transfer*
40. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than 30 days in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made. *Closure of Register of Members*

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41. (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Stock Exchange) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes. *Directors' powers to decline to register a transfer*
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless: *When Directors may refuse to register a transfer*
- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.
42. If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the listing rules of the Stock Exchange) send to the transferor and the transferee notice of the refusal as required by the Statutes. *Notice of refusal to register a transfer*
43. All instruments of transfer which are registered may be retained by the Company. *Retention of transfers*
44. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe. *Fees for registration of transfer*

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45. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:
- Destruction of transfers*
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
  - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this article; and
  - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

### TRANSMISSION OF SHARES

46. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- Survivor or legal personal representatives of deceased member*
- (B) In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- Survivor or legal personal representatives of deceased Depositor*
- (C) Nothing in this article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
- Estate of deceased holder*



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47. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person. *Transmission of shares*
48. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to article 46(A) or (B) or article 47 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share. *Rights of person on transmission of shares*

### STOCK

49. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares. *Conversion of shares to stock and reconversion*
50. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine. *Transfer of stock*
51. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. *Rights of stockholders*

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### (II) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

#### GENERAL MEETINGS

52. (A) Save as otherwise permitted under the Act, an Annual General Meeting shall be held in accordance with the provisions of the Act. All other General Meetings shall be called Extraordinary General Meetings. *Annual General Meeting and Extraordinary General Meeting*
- (B) The time and place of any General Meeting shall be determined by the Directors. *Time and place*
53. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting. *Calling Extraordinary General Meeting*

#### NOTICE OF GENERAL MEETINGS

54. Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

55. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. *Contents of notice for General Meeting*

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- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such. *Contents of notice for Annual General Meeting*
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect. *Notice of General Meeting for special business and Special Resolutions*
56. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say: *Routine business*
- (a) declaring dividends;
  - (b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
  - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
  - (d) appointing or re-appointing the Auditor;
  - (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
  - (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 82 and/or article 83(A).
57. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. *Statement regarding effect of special business*

### PROCEEDINGS AT GENERAL MEETINGS

58. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting. *Chairman of General Meeting*
59. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum. *Quorum*

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60. If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum. *If quorum not present, adjournment or dissolution of meeting*
61. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. *Business at adjourned meeting*
62. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. *Notice of adjournment not required*
63. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon. *Amendment of resolutions*
64. (A) If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange). *Mandatory polling*
- (B) Subject to article 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting; or
  - (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or
  - (c) a member present in person or by proxy and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or
- Method of voting where mandatory polling not required*

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- (d) a member present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this article 64(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

65. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. *Taking a poll*
66. A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. *Timing for taking a poll*
67. In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote. *Casting vote of chairman*

### VOTES OF MEMBERS

68. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall: *How members may vote*
- (a) on a poll, have one vote for every share which he holds or represents; and
- (b) on a show of hands, have one vote, Provided always that:
- (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

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- (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

69. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share. *Voting rights of joint holders*
70. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company. *Voting by receivers*
71. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid. *Entitlement of members to vote*
72. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive. *When objection to admissibility of votes may be made*
73. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. *Votes on a poll*
74. (A) Save as otherwise provided in the Act: *Appointment of proxies*
- (a) a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

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- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (B) In any case where a member is a Depositor, the Company shall be entitled and bound:
- Shares entered in Depository Register*
- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- Notes and instructions*
- (D) A proxy need not be a member of the Company.
- Proxy need not be a member*
75. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- Execution of proxies*
- (a) in the case of an individual, shall be:
- (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or
- (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

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- (b) in the case of a corporation, shall be:
  - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or
  - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 76(A), failing which the instrument may be treated as invalid. *Witness and authority*
- (C) The Directors may, in their absolute discretion: *Directors may approve method and manner, and designate procedure, for electronic communications*
  - (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
  - (b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in articles 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 75(A)(a)(i) and/or (as the case may be) article 75(A)(b)(i) shall apply.

- 76. (A) An instrument appointing a proxy: *Deposit of proxies*
  - (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or
  - (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same



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day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 76 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

- (B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 76(A)(a) shall apply.

*Directors may specify means for electronic communications*

77. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

*Rights of proxies*

78. A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

*Intervening death or mental disorder*

### CORPORATIONS ACTING BY REPRESENTATIVES

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

*Corporations acting by representatives*

### (III) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

#### RESERVES

123. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide

*Reserves*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.

### DIVIDENDS

124. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares. *Declaration of dividends*
125. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit. *Interim dividends*
126. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act: *Apportionment of dividends*
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.
- For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.
127. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. *Dividends payable out of profits*
128. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company. *No interest on dividends*
129. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. *Retention of dividends on shares subject to lien*
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those *Retention of dividends pending transmission*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

130. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company. *Waiver of dividends*
131. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable. *Unclaimed dividends or other moneys*
132. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. *Payment of dividend in specie*
133. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply: *Scrip dividend scheme*
- (a) the basis of any such allotment shall be determined by the Directors;
  - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 133;

- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
  - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the “elected shares”) and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 138, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.
- (B) The shares of the relevant class allotted pursuant to the provisions of article 133(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

*Ranking of  
shares*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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- (C) The Directors may, on any occasion when they resolve as provided in article 133(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of article 133 shall be read and construed subject to such determination. *Record date*
- (D) The Directors may, on any occasion when they resolve as provided in article 133(A), further determine that:
- (a) no allotment of shares or rights of election for shares under article 133(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared. *Eligibility*
- (E) Notwithstanding the foregoing provisions of this article, if at any time after the Directors' resolution to apply the provisions of article 133(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 133(A). *Disapplication*
- (F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 133(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down). *Fractional entitlements*
134. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person *Dividends payable by cheque or warrant*

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

135. Notwithstanding the provisions of article 134 and the provisions of article 137, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment. *Payment to Depository good discharge*
136. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share. *Payment of dividends to joint holders*
137. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. *Resolution declaring dividends*

### BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

138. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 11(B): *Power to issue free bonus shares and/or to capitalise reserves*
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and/or
- (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons

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## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

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registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under article 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

*Power of Directors to give effect to bonus issues and capitalisations*

139. In addition and without prejudice to the powers provided for by article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

*Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration*

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

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## APPENDIX D – AUDITED FY2021 RESULTS

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The information set out in this **Appendix D (Audited FY2021 Results)** is a reproduction of selected financial information extracted from the annual report of the Company for FY2021, and was not specifically prepared for inclusion in this Circular.



## Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2021.

### 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 2021 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  
Tan Bong Lin  
Wong Hin Sun, Eugene  
Tan Poh Hong

### 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 1967, an interest in the shares of the Company and its ultimate holding company as stated below:

Name of director	Holdings registered in the name of director		Deemed interest	
	At beginning of year	At end of the year	At beginning of year	At end of the year
<b>Ultimate Holding Company</b>				
Tan Choon Hong	3	3	–	–
<b>Company</b>				
Tan Choon Hong	–	–	255,040,674	251,686,046
Chua Khee Hak	80,000	80,000	–	–

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

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 or end of the financial year.

# Directors' Statement

## AUDIT AND RISK COMMITTEE

The audit and risk committee (ARC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967.

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

## AUDITORS

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

On behalf of the board of directors,

### **Chua Khee Hak**

Director

### **Tan Choon Hong**

Director

Singapore  
28 March 2022

# Independent Auditor's Report

To the members of APAC Realty Limited  
For the financial year ended 31 December 2021

## 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 2021, 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 Singapore Companies Act 1967 (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 2021 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 2021, the carrying value of goodwill is \$75 million, which represents 19% of the Group's total assets. The goodwill was allocated to the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs were determined based on value-in-use calculations using the CGU's expected future cash flows. We considered the audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable amounts involved significant management judgement and are based on assumptions that are affected by expected future market and economic conditions. There has also been an increase in the level of estimation uncertainty and judgement arising from the changes in market and economic conditions due to COVID-19 pandemic.

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

# Independent Auditor's Report

To the members of APAC Realty Limited  
For the financial year ended 31 December 2021

## Key Audit Matters (cont'd)

### Impairment assessment of trade receivables

As at 31 December 2021, the gross balance of trade receivables amounted to \$126 million, against which allowance for impairment amounted to \$5 million. Trade receivable balances are significant to the Group as they represent 57% of the total current assets and 75% of net assets. Management assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery is doubtful. Management determined the expected credit losses of trade receivables by making debtor-specific assessment for long overdue debts and used a provision matrix that is based on the historical observed default rates, adjusted for current and forward-looking information. The assessment of the expected credit losses requires significant management estimates and judgement. There are also higher levels of judgement required due to the heightened level of estimation uncertainty associated with current market and economic conditions. As such, we considered this to be a key audit matter.

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

### Revenue recognition

For the year ended 31 December 2021, the Group recognised revenue arising from brokerage fees from resale, rental and new home of \$730 million. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on the legal completion of the home sales, where the sale & purchase agreement between the developers and the customers are executed. Judgement is required in determining the point of revenue recognition for brokerage fees arising from new home sales, which is based on management's estimates on the timing on when the sale transactions and the legal completion have taken place. These are significant estimates and hence we considered this to be a key audit matter.

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

### **Other Information**

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

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

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

# Independent Auditor's Report

To the members of APAC Realty Limited  
For the financial year ended 31 December 2021

## **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditor's Report

To the members of APAC Realty Limited  
For the financial year ended 31 December 2021

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

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  
28 March 2022

## Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	4	–	–	–	–
Property, plant and equipment	5	72,848	73,918	–	–
Right-of-use assets	6	1,988	3,710	–	–
Intangible assets	7	96,890	97,719	1,866	2,102
Investment in subsidiaries	8	–	–	189,943	190,236
Investment in associates	9	2,360	2,427	2,950	2,661
Other investments	10	789	1,000	250	1,000
Fixed deposits	11	400	400	400	400
		<u>175,275</u>	<u>179,174</u>	<u>195,409</u>	<u>196,399</u>
<b>Current assets</b>					
Convertible loan	12	3,587	3,587	–	–
Trade and other receivables	13	133,644	90,938	617	609
Unbilled receivables	13	17,993	10,002	–	–
Amounts due from subsidiaries	13	–	–	15,297	14,142
Tax recoverable		–	–	–	24
Prepaid operating expenses		1,686	2,464	14	22
Cash and bank balances	14	53,665	35,119	6,632	4,058
		<u>210,575</u>	<u>142,110</u>	<u>22,560</u>	<u>18,855</u>
<b>Total assets</b>		<u>385,850</u>	<u>321,284</u>	<u>217,969</u>	<u>215,254</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables and accruals	15	147,717	90,887	449	403
Other payables	15	14,045	10,902	7	24
Amount due to a subsidiary	15	–	–	52,312	55,131
Deferred income	16	1,299	1,214	–	2
Lease liabilities	17	1,694	1,879	–	–
Loan and borrowing	18	2,900	2,900	–	–
Provision for taxation		7,481	4,159	15	–
		<u>175,136</u>	<u>111,941</u>	<u>52,783</u>	<u>55,560</u>
<b>Net current assets/(liabilities)</b>		<u>35,439</u>	<u>30,169</u>	<u>(30,223)</u>	<u>(36,705)</u>
<b>Non-current liabilities</b>					
Lease liabilities	17	44	1,738	–	–
Loan and borrowing	18	45,917	48,817	–	–
Deferred taxation	19	4,089	4,200	–	–
<b>Net assets</b>		<u>160,664</u>	<u>154,588</u>	<u>165,186</u>	<u>159,694</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	20	98,946	98,946	98,946	98,946
Fair value reserve		(16)	–	–	–
Foreign currency translation reserve		(21)	(114)	–	–
Accumulated profits		62,005	55,920	66,240	60,748
		<u>160,914</u>	<u>154,752</u>	<u>165,186</u>	<u>159,694</u>
Non-controlling interests	21	(250)	(164)	–	–
<b>Total equity</b>		<u>160,664</u>	<u>154,588</u>	<u>165,186</u>	<u>159,694</u>

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 2021

	Note	Group	
		2021 \$'000	2020 \$'000
<b>Revenue</b>			
Real estate brokerage fees and related services	22	735,369	389,429
Other revenue	23	4,381	5,696
<b>Total revenue</b>		<b>739,750</b>	<b>395,125</b>
<b>Items of expense</b>			
Cost of services		664,343	347,610
Personnel costs	24	15,072	13,074
Marketing and promotion expenses		3,692	2,860
Depreciation of property, plant and equipment	5	2,065	615
Depreciation of right-of-use assets	6	1,722	1,722
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets:			
– Trade receivables	13	3,873	2,384
Other operating expenses	23	4,258	5,049
Finance costs	25	774	1,069
		<b>696,731</b>	<b>375,315</b>
<b>Operating profit</b>		<b>43,019</b>	<b>19,810</b>
Share of results of associates		(400)	(161)
<b>Profit before tax</b>		<b>42,619</b>	<b>19,649</b>
Income tax expense	26	(7,325)	(3,307)
<b>Profit for the year</b>		<b>35,294</b>	<b>16,342</b>
<b>Attributable to:</b>			
Owners of the Company		35,389	16,438
Non-controlling interests		(95)	(96)
		<b>35,294</b>	<b>16,342</b>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic and diluted	27	<b>9.96</b>	<b>4.63</b>

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 2021

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year</b>	35,294	16,342
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income ("FVOCI") – net change in fair value	(16)	–
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	110	(110)
<b>Other comprehensive income for the year, net of tax</b>	<u>94</u>	<u>(110)</u>
<b>Total comprehensive income for the year</b>	<u>35,388</u>	<u>16,232</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	35,466	16,326
Non-controlling interests	(78)	(94)
	<u>35,388</u>	<u>16,232</u>

*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 2021

Group	Attributable to owners of the Company							
	Share Capital (Note 20) \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>2021</b>								
Opening balance at 1 January 2021	98,946	–	(114)	55,920	55,806	154,752	(164)	154,588
Profit/(loss) for the year	–	–	–	35,389	35,389	35,389	(95)	35,294
Other comprehensive income								
– Equity instruments at FVOCI – net change in fair value	–	(16)	–	–	(16)	(16)	–	(16)
– Foreign currency translation	–	–	93	–	93	93	17	110
Total comprehensive income for the year	–	(16)	93	35,389	35,466	35,466	(78)	35,388
Total contributions by and distributions to owners – Dividends on ordinary shares (Note 28)	–	–	–	(29,304)	(29,304)	(29,304)	–	(29,304)
Total changes in ownership interests in subsidiaries								
– Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	(8)	(8)
– Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	–	–	–*	–*
Closing balance at 31 December 2021	98,946	(16)	(21)	62,005	61,968	160,914	(250)	160,664

\* Less than \$1,000

## Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

Group	Attributable to owners of the Company						Non-controlling interests \$'000	Total equity \$'000
	Share Capital (Note 20) \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000	Total equity \$'000		
<b>2020</b>								
Opening balance at 1 January 2020	98,946	(2)	46,586	46,584	145,530	(70)	145,460	
Profit/(loss) for the year	–	–	16,438	16,438	16,438	(96)	16,342	
Other comprehensive income – Foreign currency translation	–	(112)	–	(112)	(112)	2	(110)	
Total comprehensive income for the year	–	(112)	16,438	16,326	16,326	(94)	16,232	
Total contributions by and distributions to owners – Dividends on ordinary shares (Note 28)	–	–	(7,104)	(7,104)	(7,104)	–	(7,104)	
Closing balance at 31 December 2020	98,946	(114)	55,920	55,806	154,752	(164)	154,588	

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 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Profit before tax		42,619	19,649
Adjustments for:			
Depreciation of property, plant and equipment	5	2,065	615
Depreciation of right-of-use assets	6	1,722	1,722
Amortisation of intangible assets	7	932	932
Impairment losses on financial assets	13	3,873	2,384
Bad debts recovered	23	(161)	(67)
Loss on disposal of plant and equipment	23	88	53
Impairment loss on goodwill	23	128	–
Write off of plant and equipment	23	–	49
Write off of other investments	23	745	500
Write off of investment in associate	23	–	619
Share of results of associates		400	161
Interest expense	25	774	1,069
Interest income	23	(521)	(520)
<b>Operating cash flows before working capital changes</b>		<b>52,664</b>	<b>27,166</b>
<b>Changes in working capital</b>			
Increase in trade receivables, other receivables and unbilled receivables		(53,570)	(24,814)
Increase in trade and other payables		60,015	20,504
<b>Cash flows from operations</b>		<b>59,109</b>	<b>22,856</b>
Interest income received		521	520
Interest paid		(657)	(874)
Income taxes paid		(4,115)	(2,473)
<b>Net cash flows generated from operating activities</b>		<b>54,858</b>	<b>20,029</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(1,081)	(161)
Proceeds from disposal of plant and equipment		3	3
Acquisition of subsidiary, net of cash acquired	8	(206)	(268)
Investment in associates		(32)	(2,207)
Investment in convertible loan		–	(801)
Investment in other investment		(539)	(500)
Loan extended to an associate	9	(257)	(1,000)
<b>Net cash used in investing activities</b>		<b>(2,112)</b>	<b>(4,934)</b>
<b>Cash flow from financing activities</b>			
Repayment of lease liabilities	17	(1,996)	(1,996)
Repayment of loan and borrowing	18	(2,900)	(2,900)
Payment of dividends		(29,304)	(7,104)
<b>Net cash flows used in financing activities</b>		<b>(34,200)</b>	<b>(12,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>18,546</b>	<b>3,095</b>
Net cash and cash equivalents at beginning of year		35,119	32,024
<b>Net cash and cash equivalents at end of year</b>	14	<b>53,665</b>	<b>35,119</b>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 1. CORPORATE INFORMATION

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any effect on the financial performance or position of the Group.

### 2.3 Standards issued but not yet effective

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

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

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

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

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

#### (b) Business combinations and goodwill

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

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.5 Transactions with non-controlling interests

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

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

### 2.6 Foreign currency

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

#### (a) Transactions and balances

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

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

#### (b) Consolidated financial statements

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

### 2.7 Investment property

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.8 Property, plant and equipment

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

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

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

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

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

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

### 2.9 Intangible assets

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

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

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

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

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



# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.10 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

### 2.11 Subsidiaries

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

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

### 2.12 Associates

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

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

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

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.13 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

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

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

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

##### Subsequent measurement

###### Investments in debt instruments

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

###### *Amortised cost*

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

###### *Fair value through profit or loss*

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

###### Investments in equity instruments

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

##### De-recognition

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

#### (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.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.13 Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

##### Subsequent measurement

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

##### De-recognition

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

### 2.14 Impairment of financial assets

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

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

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

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

### 2.15 Cash and cash equivalents

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

### 2.16 Provisions

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.17 Borrowing costs

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

### 2.18 Employee benefits

#### (a) Defined contribution plan

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

#### (b) Employee leave entitlement

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

### 2.19 Leases

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

#### (a) As lessee

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

#### Right-of-use assets

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

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

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

#### 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.19 Leases (cont'd)

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

##### Lease liabilities (cont'd)

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

##### Short-term leases and leases of low-value assets

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

#### (b) *As lessor*

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

### 2.20 Revenue

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

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

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

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

#### (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.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.21 Government grants

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

#### *Government grant related to income*

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

### 2.22 Taxes

#### (a) Current income tax

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

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

#### (b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiaries and investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries and investment in associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### 2.22 Taxes (cont'd)

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

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

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

#### (c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.23 *Share capital and share issue expenses*

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### 3.1 *Judgement made in applying accounting policies*

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

### 3.2 *Key sources of estimation uncertainty*

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

#### *Impairment of goodwill*

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

The carrying amount of the goodwill as at 31 December 2021 is \$75,224,000 (2020: \$75,121,000).

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 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 2021 is \$120,792,000 (2020: \$79,568,000) net of allowance for expected credit losses of \$5,439,000 (2020: \$3,752,000).

#### 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 2021, the Group recognised revenue from brokerage fees from resale, rental and new home of \$730,108,000 (2020: \$383,791,000).

## 4. INVESTMENT PROPERTY

	Group	
	2021	2020
	\$'000	\$'000
As at 1 January	–	72,800
Transfer to property, plant and equipment (Note 5)	–	(72,800)
Fair value as at 31 December	–	–
<u>Consolidated income statement:</u>		
Rental income derived from investment property	–	1,362
Less: Direct operating expenses (excluding other expenses and finance cost) generating rental income	–	(1,294)
	–	68

#### Transfer to property, plant and equipment

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



## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 5. PROPERTY, PLANT AND EQUIPMENT

Group	Land and building \$'000	Computers \$'000	Furniture and fittings \$'000	Office equipment \$'000	Electrical installation and fittings \$'000	Renovation \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost:</b>								
At 1 January 2020	–	201	1,927	416	609	217	35	3,405
Additions	–	66	24	63	11	–	–	164
Transfer from investment property (Note 4)	72,800	–	–	–	–	–	–	72,800
Disposal/write-off	–	(100)	(66)	(110)	(48)	(28)	–	(352)
Translation difference	–	–	–	(1)	–	(2)	–	(3)
At 31 December 2020 and 1 January 2021	72,800	167	1,885	368	572	187	35	76,014
Additions	–	125	563	53	336	8	–	1,085
Acquired through business combinations	–	–	–	5	–	–	–	5
Disposal/write-off	–	(133)	(454)	(124)	–	–	(35)	(746)
Translation difference	–	–	–	(2)	–	(8)	–	(10)
At 31 December 2021	72,800	159	1,994	300	908	187	–	76,348
<b>Accumulated depreciation:</b>								
At 1 January 2020	–	100	1,239	180	147	39	23	1,728
Charge for the year	125	68	197	68	110	38	9	615
Disposal/write-off	–	(100)	(20)	(72)	(48)	(7)	–	(247)
Translation difference	–	–	–	–*	–	–*	–	–*
At 31 December 2020 and 1 January 2021	125	68	1,416	176	209	70	32	2,096
Charge for the year	1,496	73	245	69	145	35	2	2,065
Disposal/write-off	–	(129)	(371)	(121)	–	–	(34)	(655)
Translation difference	–	–	–	(2)	–	(4)	–	(6)
At 31 December 2021	1,621	12	1,290	122	354	101	–	3,500
<b>Net carrying amount:</b>								
At 31 December 2020	72,675	99	469	192	363	117	3	73,918
At 31 December 2021	71,179	147	704	178	554	86	–	72,848

\* Less than \$1,000

#### Transfer from investment property

As disclosed in Note 4, the leasehold building was transferred from investment property to property, plant and equipment in FY2020 due to the change in use to owner-occupied property.

#### Security

As at 31 December 2021, the property of the Group with carrying amount of \$71,179,000 (2020: \$72,675,000) is mortgaged to secure a bank loan (Note 18).

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 6. RIGHT-OF-USE ASSETS

The Group has a lease contract for the use of office space, with a lease term of 4 years (2020: 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.

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

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

<b>Group</b>	<b>Office space \$'000</b>
<b>Cost:</b>	
At 1 January 2020	6,649
Additions	379
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>7,028</u>
<b>Accumulated amortisation:</b>	
At 1 January 2020	1,596
Charge for the year	1,722
At 31 December 2020 and 1 January 2021	<u>3,318</u>
Charge for the year	1,722
At 31 December 2021	<u>5,040</u>
<b>Net carrying amount:</b>	
At 31 December 2020	<u>3,710</u>
At 31 December 2021	<u>1,988</u>

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Expense relating to leases of low-value assets and short term leases (included in other operating expenses)	91	273
Interest expense on lease liabilities (included in finance costs)	117	195
Depreciation expense of right-of-use assets	1,722	1,722
<b>Total amount recognised in consolidated income statement</b>	<u>1,930</u>	<u>2,190</u>

The Group had total cash outflows of leases of \$1,996,000 in 2021 (2020: \$1,996,000).

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 7. INTANGIBLE ASSETS

Group	Goodwill \$'000	Franchise rights \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2020	75,575	29,473	105,048
Additions	128	–	128
At 31 December 2020 and 1 January 2021	75,703	29,473	105,176
Additions (Note 8)	231	–	231
At 31 December 2021	75,934	29,473	105,407
<b>Accumulated amortisation and impairment:</b>			
At 1 January 2020	582	5,943	6,525
Charge for the year	–	932	932
At 31 December 2020 and 1 January 2021	582	6,875	7,457
Charge for the year	–	932	932
Impairment loss (Note 23)	128	–	128
At 31 December 2021	710	7,807	8,517
<b>Net carrying amount:</b>			
At 31 December 2020	75,121	22,598	97,719
At 31 December 2021	75,224	21,666	96,890
<b>Company</b>			<b>Franchise rights \$'000</b>
<b>Cost:</b>			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021			3,816
<b>Accumulated amortisation:</b>			
At 1 January 2020			1,478
Charge for the year			236
At 31 December 2020 and 1 January 2021			1,714
Charge for the year			236
At 31 December 2021			1,950
<b>Net carrying amount:</b>			
At 31 December 2020			2,102
At 31 December 2021			1,866

### 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 2021, the carrying amount of the ERA franchise right in Asia Pacific region is \$1,866,000 (2020: \$2,102,000) and has remaining amortisation period of 8 years (2020: 9 years).

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 7. INTANGIBLE ASSETS (cont'd)

#### Franchise rights (cont'd)

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2021. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 31 December 2021, the carrying amount of the ERA Singapore Subfranchise right is \$19,799,000 (2020: \$20,494,000) and has remaining amortisation period of 29 years (2020: 30 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 agreement for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2021, the carrying amount of the Coldwell Banker Franchise right is \$1,000 (2020: \$1,000) and has remaining amortisation period of 7 years (2020: 8 years).

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

Group	2021 \$'000	2020 \$'000
Real estate brokerage income (Singapore)	61,345	61,345
Real estate brokerage income (Thailand)	231	–
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	582	582
Others	128	128
	<u>75,934</u>	<u>75,703</u>
Less: Impairment losses	(710)	(582)
	<u>75,224</u>	<u>75,121</u>

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

	2021	2020
Growth rate	1.2% – 1.7%	1.2% – 1.7%
Discount rate	9% – 10%	9% – 10%

#### Amortisation expenses

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

#### Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to its cash-generating units ("CGU"), for impairment testing. During the full year ended 31 December 2021, the Group has assessed that the recoverable amount of goodwill relating to the "Others" CGU was lower than its carrying amount and has recognised impairment loss of \$128,000. The carrying amount of this CGU is fully impaired.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 7. INTANGIBLE ASSETS (cont'd)

### [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](#)

An increase in pre-tax discount rate by 2% in the "Property management, valuation, consultancy, training and related services" CGU would result in an impairment of \$52,000. With regards to the assessment of value in use for the Group's other 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	
	2021 \$'000	2020 \$'000
Unquoted shares, at cost	190,984	191,135
Less: Impairment losses	(1,041)	(899)
	<u>189,943</u>	<u>190,236</u>

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 8. INVESTMENT IN SUBSIDIARIES (cont'd)

#### Composition of the Group

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

Name	Effective interest		Principal activities (Place of business)	Cost of investments carried by the Company	
	2021 %	2020 %		2021 \$'000	2020 \$'000
<b>Held by the Company</b>					
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
<sup>B</sup> Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	— <sup>#</sup>	— <sup>#</sup>
APAC Investment Pte Ltd	100	100	Rental of Investment Property. (Singapore)	72,800	72,800
APAC Investment 2 Pte Ltd	100	100	Investment holding. (Singapore)	— <sup>#</sup>	— <sup>#</sup>
Fang Pte Ltd	100	100	Advertising activities and those relating to research and experimental development on IT. (Singapore)	116	267

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 8. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name	Effective interest		Principal activities (Place of business)	Cost of investments carried by the Company	
	2021 %	2020 %		2021 \$'000	2020 \$'000
<b>Held by the Company</b>					
<sup>9</sup> Estatify Pte Ltd	51	–	Advertising activities and those relating to production of advertisements, corporate videos and event videos. (Singapore)	– <sup>#</sup>	–
<sup>6</sup> APAC Holding (Thailand) Co. Limited <sup>(1)</sup>	49	49	Investment holding. (Thailand)	42	42
<sup>6</sup> ERA Holding (Thailand) Co. Limited <sup>(1)</sup>	49	49	Investment holding. (Thailand)	42	42
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	– <sup>#</sup>	– <sup>#</sup>
<b>Held by ERA Holding (Thailand) Co. Limited</b>					
<sup>6</sup> ERA Property Network Co., Ltd	49	–	Real estate brokerage and related services. (Thailand)	– <sup>Δ</sup>	–
				190,984	191,135

<sup>#</sup> Investment cost less than \$1,000

<sup>Δ</sup> Shares held by ERA Holding (Thailand) Co. Limited

\* Audited by Shanghai Xinyun Certified Public Accountants

<sup>6</sup> Audited by Winplus Audit and Associate Company Limited.

<sup>5</sup> Not required to be audited as the company is dormant

<sup>9</sup> Newly incorporated and will be audited in financial year 31 December 2022 by Ernst & Young LLP, Singapore

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

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

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 8. INVESTMENT IN SUBSIDIARIES (cont'd)

#### Acquisitions in 2021

On 1 June 2021, the Group has acquired 99.99% of the issued share capital of ERA Property Network Co., Ltd, a company incorporated in Thailand. The fair value of the identifiable assets and liabilities of ERA Property Network Co., Ltd as of the date of acquisition were:

	<b>Fair value recognised on acquisition \$'000</b>
<b>Assets</b>	
Plant and equipment	5
Other receivables	4
Cash and cash equivalents	5
Total assets	<u>14</u>
<b>Liabilities</b>	
Other payables	(42)
Total liabilities	<u>(42)</u>
<b>Total identifiable net liabilities at fair value</b>	<u>(28)</u>
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	8
Goodwill on acquisition (Note 7)	<u>231</u>
<b>Purchase consideration transferred, settled in cash</b>	<u>211</u>

The transaction costs of \$2,500 incurred in connection with the acquisition has been expensed off and included in "other operating expenses".

#### Impairment testing of investment in subsidiaries

The movement in impairment losses is as follows:

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	899	867
Impairment losses recognised	<u>142</u>	<u>32</u>
At end of year	<u>1,041</u>	<u>899</u>

During the current financial year, management performed an impairment test for the investments in Fang Pte Ltd and Coldwell Banker Real Estate (S) Pte Ltd as the subsidiaries had been persistently making losses. An impairment loss of \$116,000 was recognised to impair the investment in Fang Pte Ltd and an additional impairment loss of \$26,000 were recognised for Coldwell Banker Real Estate (S) Pte Ltd the year ended 31 December 2021 to its recoverable amount. The recoverable amount of these investments have been determined based on fair value less costs to sell.

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



## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 9. INVESTMENT IN ASSOCIATES

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ERA Vietnam*	2,103	2,324	2,500	2,500
Other associate	257	103	450	161
	<u>2,360</u>	<u>2,427</u>	<u>2,950</u>	<u>2,661</u>

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

Included in the investment in associate ERA Vietnam is a loan of \$1,000,000 (2020: \$1,000,000) denominated in Singapore Dollar. The loan is unsecured, bears interest at 1.5% per annum and is to be settled in cash.

Included in other associate is a loan of \$257,000 (2020: Nil) denominated in Malaysian Ringgit. The loan is unsecured, non-interest bearing and is to be settled in cash.

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

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2021 %	2020 %
ERA Vietnam <sup>(1)</sup>	Strategic partner for real estate brokerage & consultancy services in Vietnam	Vietnam	38	38

<sup>(1)</sup> Audited by FAC Auditing Company Limited, Vietnam

In 2020, the Group invested:

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

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

	Group	
	2021 \$'000	2020 \$'000
Loss after tax, representing total comprehensive income	(276)	(119)

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 9. INVESTMENT IN ASSOCIATES (cont'd)

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

<b>Summarised balance sheet</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Current assets	3,902	4,544
Non-current assets	745	345
Total assets	<u>4,647</u>	<u>4,889</u>
Current liabilities	(3,126)	(2,739)
Non-current liabilities	–	–
Total liabilities	<u>(3,126)</u>	<u>(2,739)</u>
<b>Net assets</b>	<u>1,521</u>	<u>2,150</u>
Proportion of the Group's ownership	38%	38%
Group's share of net assets	596	817
Goodwill	507	507
Loan	1,000	1,000
<b>Carrying amount of the investment</b>	<u>2,103</u>	<u>2,324</u>
<b>Summarised statement of comprehensive income</b>		
Loss after tax, representing total comprehensive income	<u>(697)</u>	<u>(270)</u>

### 10. OTHER INVESTMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2021 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Equity securities at fair value through profit or loss:				
– Equity shares (unquoted)				
Dots Connected Pte Ltd	–	500	–	500
Turning-Point Pte Ltd	250	500	250	500
Equity securities at fair value through other comprehensive income:				
– Equity shares (quoted)				
PT ERA Graharealty Tbk ("PT ERA")	539	–	–	–
	<u>789</u>	<u>1,000</u>	<u>250</u>	<u>1,000</u>

#### Equity securities at fair value through profit or loss

The fair value of these equity shares is determined by reference to its fair value less costs to sell.

#### Equity securities at fair value through other comprehensive income

This relates to investment in PT ERA whose shares are listed on the Indonesian Stock Exchange and the fair value of these equity securities are determined by reference to published price quotations in an active market. The Group holds non-controlling interest of 5.24% in PT ERA. The investment is irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

### 11. FIXED DEPOSITS

Fixed deposits in 2021 and 2020 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% (2020: 0.5%) per annum.

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 12. CONVERTIBLE LOAN

In November 2018, the Group entered into a convertible loan agreement with a company incorporated in Indonesia. The convertible loan with a fair value of \$3,587,000 (2020: \$3,587,000) 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables	120,792	79,568	63	75
Other receivables				
Deposits	1,646	891	532	532
Advances in relation to a proposed acquisition	10,359	9,660	–	–
Other advances	390	428	–	–
Sundry receivables	457	391	22	2
	12,852	11,370	554	534
Trade and other receivables	133,644	90,938	617	609
Unbilled receivables	17,993	10,002	–	–
Add:				
Amounts due from subsidiaries	–	–	15,297	14,142
Total trade and other receivables	151,637	100,940	15,914	14,751
Less:				
Advances	(10,749)	(10,088)	–	–
Unbilled receivables	(17,993)	(10,002)	–	–
Add:				
Fixed deposits (Note 11)	400	400	400	400
Cash and bank balances (Note 14)	53,665	35,119	6,632	4,058
Total financial assets carried at amortised cost	176,960	116,369	22,946	19,209

#### 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	
	2021 \$'000	2020 \$'000
Movement in allowance accounts:		
At beginning of year	3,752	3,295
Charge for the year	3,873	2,384
Written off	(2,186)	(1,927)
At end of year	5,439	3,752

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables – nominal amount	12	12
Less: Allowance for impairment	(12)	(12)
	<u>–</u>	<u>–</u>
Movement in allowance accounts:		
At beginning and end of year	<u>12</u>	<u>12</u>

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

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

### 14. CASH AND BANK BALANCES

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at banks and on hand	<u>53,665</u>	<u>35,119</u>	<u>6,632</u>	<u>4,058</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Group and the Company were 0.01% to 0.80% (2020: 0.01% to 0.80%) per annum.

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables and accruals	147,717	90,887	449	403
Other payables				
Deposits	273	265	–	–
GST payable	12,228	8,680	7	5
Sundry payables	1,544	1,957	–	19
	14,045	10,902	7	24
Amount due to a subsidiary	–	–	52,312	55,131
Total trade and other payables	161,762	101,789	52,768	55,558
Less: GST payable	(12,228)	(8,680)	(7)	(5)
Add: Lease liabilities (Note 17)	1,738	3,617	–	–
Add: Loan and borrowing (Note 18)	48,817	51,717	–	–
Total financial liabilities carried at amortised cost	200,089	148,443	52,761	55,553

#### [Trade payables/Other payables](#)

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

#### [Amount due to a subsidiary](#)

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

### 16. DEFERRED INCOME

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

### 17. LEASE LIABILITIES

	Group	
	2021 \$'000	2020 \$'000
As at 1 January	3,617	5,039
Accretion of interest	117	195
Additions	–	379
Payments	(1,996)	(1,996)
As at 31 December	1,738	3,617
Representing:		
Current	1,694	1,879
Non-current	44	1,738

The maturity analysis of lease liabilities is disclosed in Note 31(b).

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 18. LOAN AND BORROWING

	Maturity	Group	
		2021 \$'000	2020 \$'000
<b>Current:</b>			
SGD loan at Compounded SORA + 1.15% p.a.	2022	2,900	2,900
<b>Non-current:</b>			
SGD loan at Compounded SORA + 1.15% p.a.	2022 – 2023	45,917	48,817
<b>Total</b>		<b>48,817</b>	<b>51,717</b>

#### SGD bank loan at Compounded SORA + 1.15% per annum

The loan bears interest at the prevailing 3-month Compounded SORA plus 1.15% per annum for the first 3 years and 3-month Compounded SORA plus 4.00% per annum thereafter 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 loan is secured by way of a first legal mortgage over the Group's leasehold property at 450 Lorong 6 Toa Payoh, Singapore 319394 (Note 5) and a corporate guarantee from the Company.

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

	1.1.2021 \$'000	Cash flows \$'000	Non-cash flows Reclassification \$'000	Others \$'000	31.12.2021 \$'000
Interest bearing loan and borrowing					
– Current	2,900	(2,900)	2,900	–	2,900
– Non-current	48,817	–	(2,900)	–	45,917
Lease liabilities					
– Current	1,879	(1,996)	1,694	117	1,694
– Non-current	1,738	–	(1,694)	–	44
<b>Total</b>	<b>55,334</b>	<b>(4,896)</b>	<b>–</b>	<b>117</b>	<b>50,555</b>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 19. DEFERRED TAXATION

	Group	
	2021 \$'000	2020 \$'000
The deferred tax liabilities arise as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	217	218
Fair value adjustment on acquisition of franchise	3,686	3,851
Others	186	131
	4,089	4,200

## 20. SHARE CAPITAL

	Group and Company			
	2021		2020	
	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

	Group	
	2021 \$'000	2020 \$'000
<b>Accumulated balances of non-controlling interests</b>		
Singapore subsidiary <sup>(1)</sup>	58	–
Foreign subsidiaries <sup>(2)</sup>	192	164
	250	164

<sup>(1)</sup> 49% shareholding not held by the Group.

<sup>(2)</sup> Non-controlling interests relates to the 51% shareholding in foreign subsidiaries not held by the Group but which the Group has control based on the voting rights allocated under the Cooperation Agreement signed by all the shareholders of the foreign subsidiary.

The non-controlling interests as at 31 December 2021 and 2020 are not material to the Group.

## 22. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Major product or service lines</b>						
Brokerage fees from resale, rental and new home	730,108	383,791	–	–	730,108	383,791
Others	–	–	5,261	5,638	5,261	5,638
	730,108	383,791	5,261	5,638	735,369	389,429
<b>Timing of transfer of goods or services</b>						
At a point in time	730,108	383,791	4,018	3,756	734,126	387,547
Over time	–	–	1,243	1,882	1,243	1,882
	730,108	383,791	5,261	5,638	735,369	389,429

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 23. OTHER REVENUE AND OTHER OPERATING EXPENSES

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

	Group	
	2021	2020
	\$'000	\$'000
<b>Other revenue</b>		
Rental of properties, workstations, lockers and furniture	1,239	1,112
Professional indemnity insurance fees	948	204
Incentives, referral and administrative fees	1,054	699
Government grants	275	1,919
Interest income from cash at bank and fixed deposits	521	520
Bad debts recovered	161	67
Sundry income	183	1,175
	4,381	5,696

	Group	
	2021	2020
	\$'000	\$'000
<b>Other operating expenses</b>		
Audit fees:		
– Auditors of the Company	194	184
– Other auditors	4	1
Non audit services:		
– Auditors of the Company	21	18
– Others	6	6
Expense relating to leases of low-value assets and short term leases	91	273
Electricity and water	191	197
Entertainment and F&B expenses	103	119
Legal and professional fees	330	267
Photocopy charges	88	115
Property tax	267	263
Printing and stationery	71	75
Secretarial services	78	74
Telephone charges	124	164
Travel and transport expenses	107	90
Upkeep of computers and office equipment	722	413
Loss on disposal of plant and equipment	88	53
Impairment loss on goodwill	128	–
Write off of plant and equipment	–	49
Write off of other investments	745	500
Write off of investment in associate	–	619
Donations	17	11
Repair and maintenance	308	426
Other administrative expenses	575	1,132
	4,258	5,049



## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 24. PERSONNEL COSTS

	Group	
	2021	2020
	\$'000	\$'000
Directors:		
– Directors of the Company		
Directors' fees	196	253
– Directors of subsidiaries		
Salary, bonus and incentive	2,483	1,865
Central Provident Fund	40	40
	2,719	2,158
Staff:		
Salary and bonus	10,900	9,484
Central Provident Fund	1,321	1,147
Provision for leave entitlement	56	206
Grant income from Special Employment Credit	(8)	(12)
	12,269	10,825
Other related expenses	84	91
	15,072	13,074

### 25. FINANCE COSTS

	Group	
	2021	2020
	\$'000	\$'000
Interest expense on loan and borrowing	657	874
Interest on lease liabilities	117	195
	774	1,069

### 26. INCOME TAX EXPENSE

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

	Group	
	2021	2020
	\$'000	\$'000
Tax expense recognised in respect of profit for the year		
Current tax	7,532	3,389
Over provision in respect of previous years	(96)	(93)
	7,436	3,296
Deferred tax provided		
Origination and reversal of temporary differences	(111)	11
Income tax expense	7,325	3,307

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	42,619	19,649
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	7,239	3,327
<i>Adjustments:</i>		
Non-deductible expenses	486	530
Effect of partial tax exemption and tax relief	(304)	(457)
Over provision in respect of previous years	(96)	(93)
Income tax expense	7,325	3,307

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

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

### 27. EARNINGS PER SHARE

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year attributable to owners of the Company	35,389	16,438
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 28. DIVIDENDS PAID

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Declared and paid during the financial year:</b>		
<i>Dividends on ordinary shares:</i>		
– Final exempt (one-tier) dividend for 2020: 1.75 cents per share (2019: 1.25 cents)	6,216	4,440
– Interim exempt (one-tier) dividend for 2021: 3.5 cents per share (2020: 0.75 cents)	12,432	2,664
– Special exempt (one-tier) dividend for 2021: 3.0 cents per share (2020: nil)	10,656	–
	<u>29,304</u>	<u>7,104</u>
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:</i>		
– Final exempt (one-tier) dividend for 2021: 4.0 cents per share (2020: 1.75 cents)	14,208	6,216
	<u>14,208</u>	<u>6,216</u>

### 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

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Subsidiaries</b>		
Dividend income	35,700	9,500
Membership fees received	747	524
	<u>36,447</u>	<u>10,024</u>
<b>Group</b>		
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fellow subsidiaries</b>		
Training fees	369	297
	<u>369</u>	<u>297</u>

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Real estate brokerage fees	4	10
	<u>4</u>	<u>10</u>

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.

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 29. RELATED PARTY TRANSACTIONS (cont'd)

#### (b) Compensation of key management personnel

	Group	
	2021	2020
	\$'000	\$'000
Remuneration (including commission and incentives) of the 5 key management personnel	1,076	926

### 30. COMMITMENTS

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

The Group has entered into commercial property leases on its leasehold 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 2021 amounted to \$343,000 (2020: \$1,362,000).

	Group	
	2021	2020
	\$'000	\$'000
Within one year	86	442
Later than one year but not later than five years	28	289
	114	731

#### (b) Other commitments

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

	Group	
	2021	2020
	\$'000	\$'000
Later than one year but not later than five years	936	844
More than five years	258	105
	1,194	949

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### (a) *Interest rate risk*

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

Surplus funds are placed with reputable banks.

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

#### [Sensitivity analysis for interest rate risk](#)

At the end of the reporting period, if SGD interest rates had been 25 (2020: 25) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$122,000 (2020: \$129,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loan.

### (b) *Liquidity risk*

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

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

At the end of the reporting period approximately 5.9% (31 December 2020: 5.6%) 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

Group	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2021</b>				
<b>Financial assets</b>				
Fixed deposits	–	402	–	402
Convertible loan (Note 12)	3,587	–	–	3,587
Trade and other receivables (Note 13)	122,895	–	–	122,895
Cash and bank balances (Note 14)	53,665	–	–	53,665
Total undiscounted financial assets	<u>180,147</u>	<u>402</u>	<u>–</u>	<u>180,549</u>
<b>Financial liabilities</b>				
Trade and other payables (Note 15)	149,534	–	–	149,534
Lease liabilities	1,730	44	–	1,774
Loan and borrowing (Note 18)	3,519	46,384	–	49,903
Total undiscounted financial liabilities	<u>154,783</u>	<u>46,428</u>	<u>–</u>	<u>201,211</u>
Total net undiscounted financial assets/(liabilities)	<u>25,364</u>	<u>(46,026)</u>	<u>–</u>	<u>(20,662)</u>
<b>2020</b>				
<b>Financial assets</b>				
Fixed deposits	–	402	–	402
Convertible loan (Note 12)	3,587	–	–	3,587
Trade and other receivables (Note 13)	80,850	–	–	80,850
Cash and bank balances (Note 14)	35,119	–	–	35,119
Total undiscounted financial assets	<u>119,556</u>	<u>402</u>	<u>–</u>	<u>119,958</u>
<b>Financial liabilities</b>				
Trade and other payables (Note 15)	93,109	–	–	93,109
Lease liabilities	1,996	1,774	–	3,770
Loan and borrowing (Note 18)	3,543	49,883	–	53,426
Total undiscounted financial liabilities	<u>98,648</u>	<u>51,657</u>	<u>–</u>	<u>150,305</u>
Total net undiscounted financial assets/(liabilities)	<u>20,908</u>	<u>(51,255)</u>	<u>–</u>	<u>(30,347)</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 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
<b>2021</b>				
<b>Financial assets</b>				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 13)	15,914	–	–	15,914
Cash and bank balances (Note 14)	6,632	–	–	6,632
Total undiscounted financial assets	<u>22,546</u>	<u>402</u>	<u>–</u>	<u>22,948</u>
<b>Financial liabilities</b>				
Trade and other payables (Note 15)	52,761	–	–	52,761
Total undiscounted financial liabilities	<u>52,761</u>	<u>–</u>	<u>–</u>	<u>52,761</u>
Total net undiscounted financial (liabilities)/assets	<u>(30,215)</u>	<u>402</u>	<u>–</u>	<u>(29,813)</u>
<b>2020</b>				
<b>Financial assets</b>				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 13)	14,751	–	–	14,751
Cash and bank balances (Note 14)	4,058	–	–	4,058
Total undiscounted financial assets	<u>18,809</u>	<u>402</u>	<u>–</u>	<u>19,211</u>
<b>Financial liabilities</b>				
Trade and other payables (Note 15)	55,553	–	–	55,553
Total undiscounted financial liabilities	<u>55,553</u>	<u>–</u>	<u>–</u>	<u>55,553</u>
Total net undiscounted financial (liabilities)/assets	<u>(36,744)</u>	<u>402</u>	<u>–</u>	<u>(36,342)</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### (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, loan due from associates 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.

#### (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	
	2021 \$'000	2020 \$'000
<b>As at 1 January</b>	3,764	3,552
Loss allowance measured at:		
12-month ECL	–	(245)
Lifetime ECL		
– Trade amounts (Simplified approach)	1,687	457
<b>As at 31 December</b>	<b>5,451</b>	<b>3,764</b>

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

Group		2021 \$'000	2020 \$'000
12-month ECL	Financial assets at amortised cost	12	12
Lifetime ECL	Financial assets at amortised cost	128,334	84,602
	Total	<b>128,346</b>	<b>84,614</b>

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



# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

#### (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 2021 and 2020 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:

	31 December 2021					Total \$'000
	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	
<b>Brokerage income from real estate services:</b>						
Gross carrying amount	99,428	6,383	8,268	8,899	2,928	125,906
Loss allowance provision	(110)	(102)	(104)	(2,155)	(2,915)	(5,386)
<b>Rental income:</b>						
Gross carrying amount	2	–	–	–	20	22
Loss allowance provision	–	–	–	–	(20)	(20)
<b>Others:</b>						
Gross carrying amount	260	1	9	33	–	303
Loss allowance provision	–	–	–	(33)	–	(33)
	31 December 2020					Total \$'000
	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	
<b>Brokerage income from real estate services:</b>						
Gross carrying amount	71,060	5,272	2,884	1,405	2,067	82,688
Loss allowance provision	(83)	(81)	(87)	(1,352)	(2,067)	(3,670)
<b>Rental income:</b>						
Gross carrying amount	140	19	27	7	–	193
Loss allowance provision	–	(19)	(27)	(7)	–	(53)
<b>Others:</b>						
Gross carrying amount	370	30	10	29	–	439
Loss allowance provision	–	–	–	(29)	–	(29)

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

#### Credit risk concentration profile

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

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

#### Financial assets that are neither past due nor impaired

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

#### Financial assets that are either past due or impaired

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

## 32. FAIR VALUES OF ASSETS AND LIABILITIES

### (a) *Fair value hierarchy*

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

## Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

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

		<b>Group 2021</b>			
		<b>Fair value measurements at the end of the reporting period using</b>			
Note	<b>Quoted prices in active markets for identical instruments (Level 1) \$'000</b>	<b>Significant observable inputs other than quoted prices (Level 2) \$'000</b>	<b>Significant unobservable inputs (Level 3) \$'000</b>	<b>Total \$'000</b>	
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
<u>Equity securities at FVOCI</u>					
– Equity shares (quoted)	10	539	–	–	539
<u>Equity securities at fair value through profit or loss</u>					
– Equity shares (unquoted)	10	–	–	250	250
<b>Financial assets as at 31 December 2021</b>		<b>539</b>	<b>–</b>	<b>250</b>	<b>789</b>

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

## Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

		Company 2021			
		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	–	–	250	250
<b>Financial assets as at 31 December 2021</b>		–	–	250	250

		Company 2020			
		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
<b>Financial assets as at 31 December 2020</b>		–	–	1,000	1,000

# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

### (c) Level 3 fair value measurements

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

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

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

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.

There is no movement in Level 3 assets and liabilities measured at fair value in 2021 and 2020.

#### (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 and Risk Committee.

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 33. SEGMENT INFORMATION

### [Analyses by segment](#)

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

- I. Real estate brokerage income – relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties and new residential projects for sale by various developers.
- II. Rental income – relates to rental income generated from properties, workstations, lockers and furniture.
- III. Others – relate to incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

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

### [Allocation basis and transfer pricing](#)

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 33. SEGMENT INFORMATION (cont'd)

	Real estate brokerage income \$'000	Rental income \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>2021</b>					
<b>Revenue:</b>					
Real estate brokerage fees and related services	730,108	1,872	4,919	(1,530)	735,369
Other revenue	192	1	4,188	–	4,381
<b>Total revenue</b>	<b>730,300</b>	<b>1,873</b>	<b>9,107</b>	<b>(1,530)</b>	<b>739,750</b>
Segment results	41,499	349	1,424	–	43,272
Share of results of associates					(400)
Interest income					521
Finance costs					(774)
<b>Profit before tax</b>					<b>42,619</b>
Income tax expense					(7,325)
<b>Profit for the year</b>					<b>35,294</b>
<b>Others:</b>					
Bad debts recovered	161	–	–	–	161
Impairment losses on financial assets					
– trade	(3,896)	31	(8)	–	(3,873)
Depreciation and amortisation	(3,858)	(25)	(836)	–	(4,719)
<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 of 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
Impairment losses on financial assets					
– trade	(2,315)	(49)	(20)	–	(2,384)
Depreciation and amortisation	(2,282)	(19)	(968)	–	(3,269)

### 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.

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 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 2021 and 2020.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loan and borrowing (Note 18)	48,817	51,717
Trade and other payables (Note 15)	161,762	101,789
	<u>210,579</u>	<u>153,506</u>
Less: Cash and bank balances (Note 14)	(53,665)	(35,119)
	<u>156,914</u>	<u>118,387</u>
Equity attributable to the owners of the Company	160,914	154,752
Capital and net debt	<u>317,828</u>	<u>273,139</u>
Gearing ratio	<u>49.4%</u>	<u>43.3%</u>

### 35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 28 March 2022.



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## APPENDIX E – VALUATION CERTIFICATE

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### VALUATION CERTIFICATE

<b>Prepared For:</b>	APAC Investment Pte Ltd
<b>Date of Valuation:</b>	12 May 2022
<b>Valuation Purpose:</b>	For an intended transaction purpose
<b>Property:</b>	<b>450 Lorong 6 Toa Payoh, ERA APAC CENTRE, Singapore 319394</b>
<b>Brief Description of Property:</b>	The Property is a 4-storey commercial building.
<b>Legal Description:</b>	Lot 3403A of Mukim 17
<b>Tenure/ Interest Valued:</b>	Leasehold 99 years commencing 1 August 1970 (Balance of about 47.2 years)
<b>Registered Proprietor:</b>	APAC Investment Pte Ltd
<b>Master Plan (2019 Edition):</b>	Commercial
<b>Land Area:</b>	1,392.4 sq m
<b>Gross Floor Area (GFA):</b>	Approximately 4,121.4 sq m or 44,362 sq. ft – according to information provided
<b>Year of Completion:</b>	The building was originally completed in 1970s and subsequently underwent some upgrading/ addition and alteration works circa 2012. We understand exterior refurbishment works as well as some interior renovation works were completed recently in April 2022.
<b>Condition:</b>	Fairly good
<b>Occupancy Details:</b>	The Property is predominantly owner-occupied except for two (2) small retail shop units on the 1 <sup>st</sup> storey tenanted to third parties.
<b>Method of Valuation:</b>	Sales Comparison Method
<b>Market Value, assuming free from encumbrances:</b>	<b>SGD69,800,000/-</b> <b>(Singapore Dollars Sixty-Nine Million and Eight Hundred Thousand Only)</b>
<b>Value per GFA:</b>	Approximately SGD16,936 per square metre or SGD1,573 per square feet
<b>General Comments:</b>	This Valuation Certificate is a summary of the full report that Cushman & Wakefield has prepared and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report, copies of which are held by client. Our valuation is exclusive of Goods and Services Tax, where applicable.

Yours faithfully,  
For and on behalf of  
**CUSHMAN & WAKEFIELD VHS PTE. LTD.**

Chew May Yen  
Executive Director - Valuation & Advisory  
MSISV  
Licensed Appraiser No AD41-2004419H

Thomas Teh  
Manager - Valuation & Advisory  
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