

The background of the cover is a red-tinted aerial night photograph of a city skyline. The image is overlaid with several glowing red light trails that create a sense of motion and connectivity. Two large, white-outlined geometric shapes, resembling stylized chevrons or arrows, are positioned on the left and right sides of the cover, pointing towards each other.

ANNUAL REPORT

**20
21**

APAC
REALTY

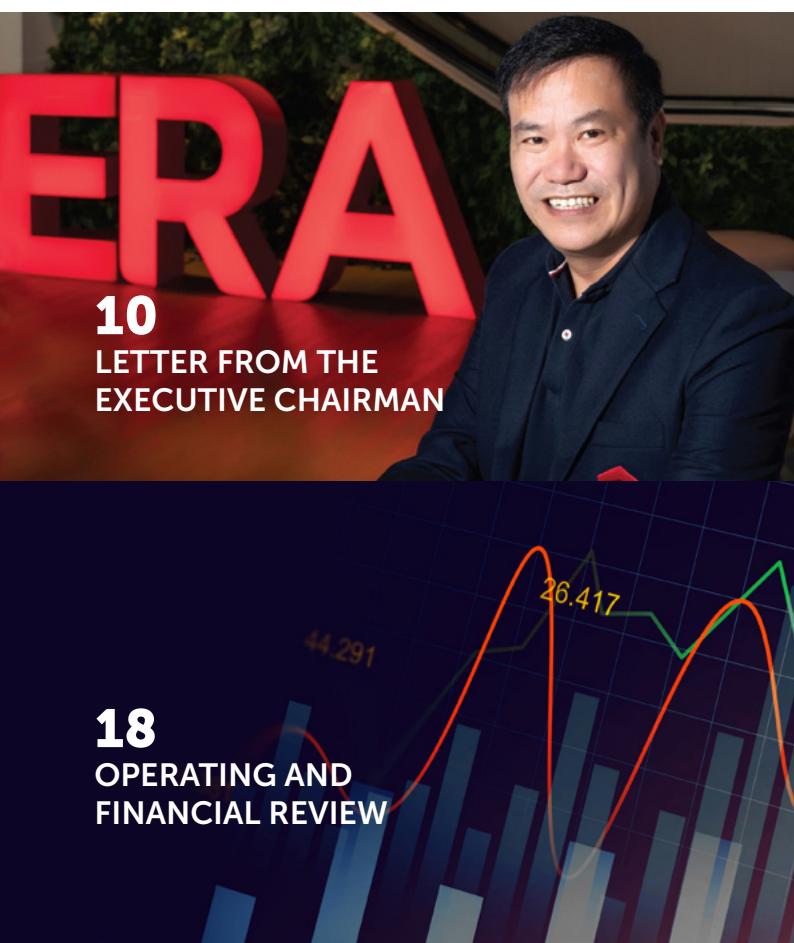


Our Vision

To be Asia Pacific's leading Real Estate Agency by providing evolutionary solutions and services to clients.

Our Mission

To provide superior real estate transaction experience with efficient, professional Trusted Advisers.



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Our Philosophy

In accomplishing our Vision and Mission, we believe in the five pillars of philosophy:

- **Result-oriented** – Focus on goals and growth; expect higher per capita productivity.
- **Recruit the Best** – Focus on attracting the best talents.
- **Harness the power of Tech Tools** – Grow our businesses with technology; redefine our competitiveness and relevance to the real estate world.
- **We Rise by Raising Others** – Provide an environment where everyone is given the equal opportunity to grow and be recognised.
- **Values Creation** – Instill in every teammate the mindset of “what can I do to make a difference?”

Our Core Values

What defines Us and our Culture: (U & I In Great Possibilities)

- **Unity** – Win-win partnership amongst agents, leaders, staff and company; synergised by the OneERA camaraderie spirit, trust and respect.
- **Integrity** – Always do the right thing; promote ERA as the trusted brand.
- **Innovation** – Challenge the norm, promote changes, improve efficiency, think outside the box and revolutionise the world we envision.
- **Gratitude** – Pay it forward with Givers’ Movement.
- **Passion** – Love for the job, career, company, industry and, most importantly, our people and family.

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Corporate Profile

2021 Awards and Accolades



Distinction Award for Outstanding Financial Communications Award



2021 Best Luxury Real Estate Brokerage in Singapore by Luxury Lifestyle Awards



Trusted Brands Award Platinum Winner by Reader's Digest Asia



Billion Dollar Club 2021 by The Edge Singapore



Quality Service Award Gold Winner by Reader's Digest Asia



APAC Realty Limited ("APAC Realty", the "Company" or together with its subsidiaries, the "Group") is a

leading real estate services provider in Asia.

The Group operates three main business segments – real estate brokerage services; franchise arrangements; and training, valuation and other ancillary services.

APAC Realty's real estate brokerage services are operated by its wholly-owned subsidiary ERA Realty Network Pte Ltd ("ERA Realty") under the ERA brand. ERA Realty derives commission-based fees through the provision of property brokerage

services for primary sales; secondary sales; and rental of residential, commercial and industrial properties.

APAC Realty holds the exclusive ERA regional master franchise rights for 17 countries in Asia Pacific, acquired from Realogy Group LLC. Through its ERA franchisee network, the Group has one of the largest brand footprints in Asia with more than 20,300 salespersons across 653 offices. The Group also holds the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States.

ERA Realty is one of the largest ERA Member Brokers globally by transaction value, and is also one of Singapore's largest real estate agencies with 8,434 agents registered as at 28 February 2022. As an industry pioneer, ERA Realty has constantly been at the forefront

of technological innovations with an emphasis on enhancing agent productivity and service excellence for the past 40 years.

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

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

Our Business



Real Estate Brokerage Services

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

- Primary home sales
- Secondary home sales
- Rental of residential, commercial and industrial properties
- Capital markets & investment sales
- Auction for financial institutions and property owners



Franchise Arrangements

Derives royalties from sub-franchisees:



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



Singapore

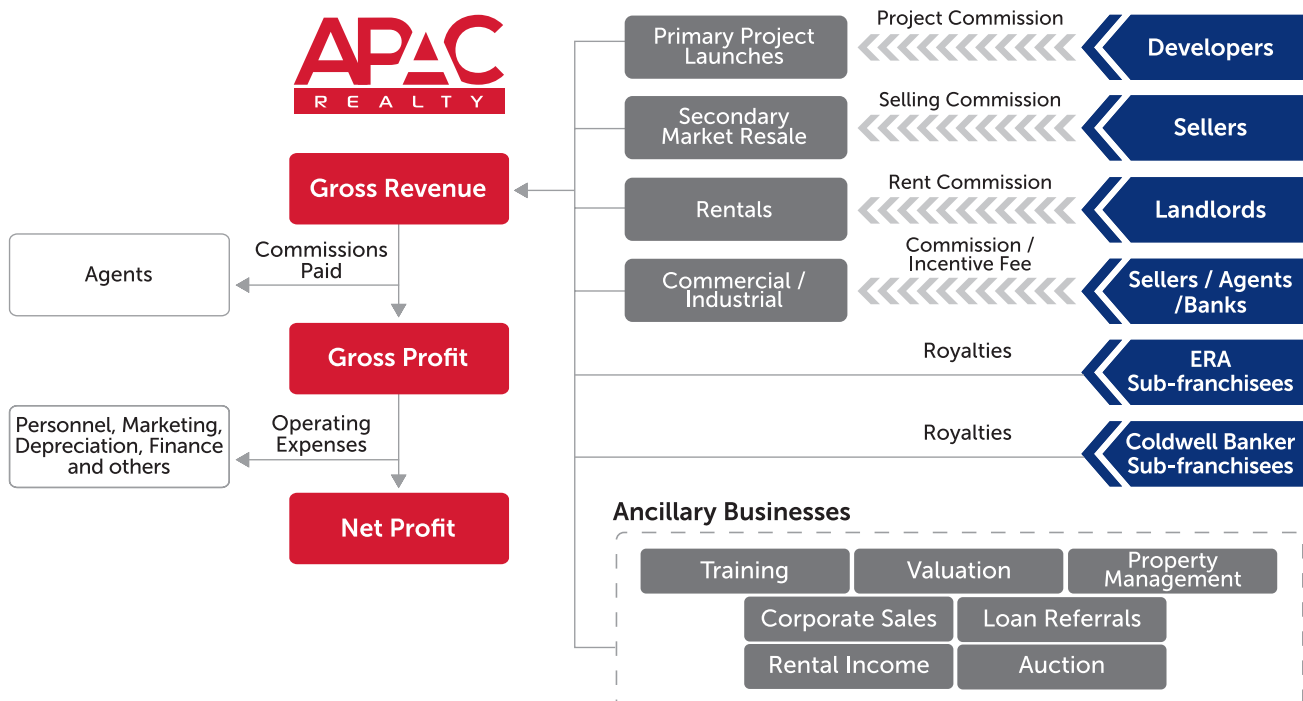


Training, Valuation and Other Ancillary Services

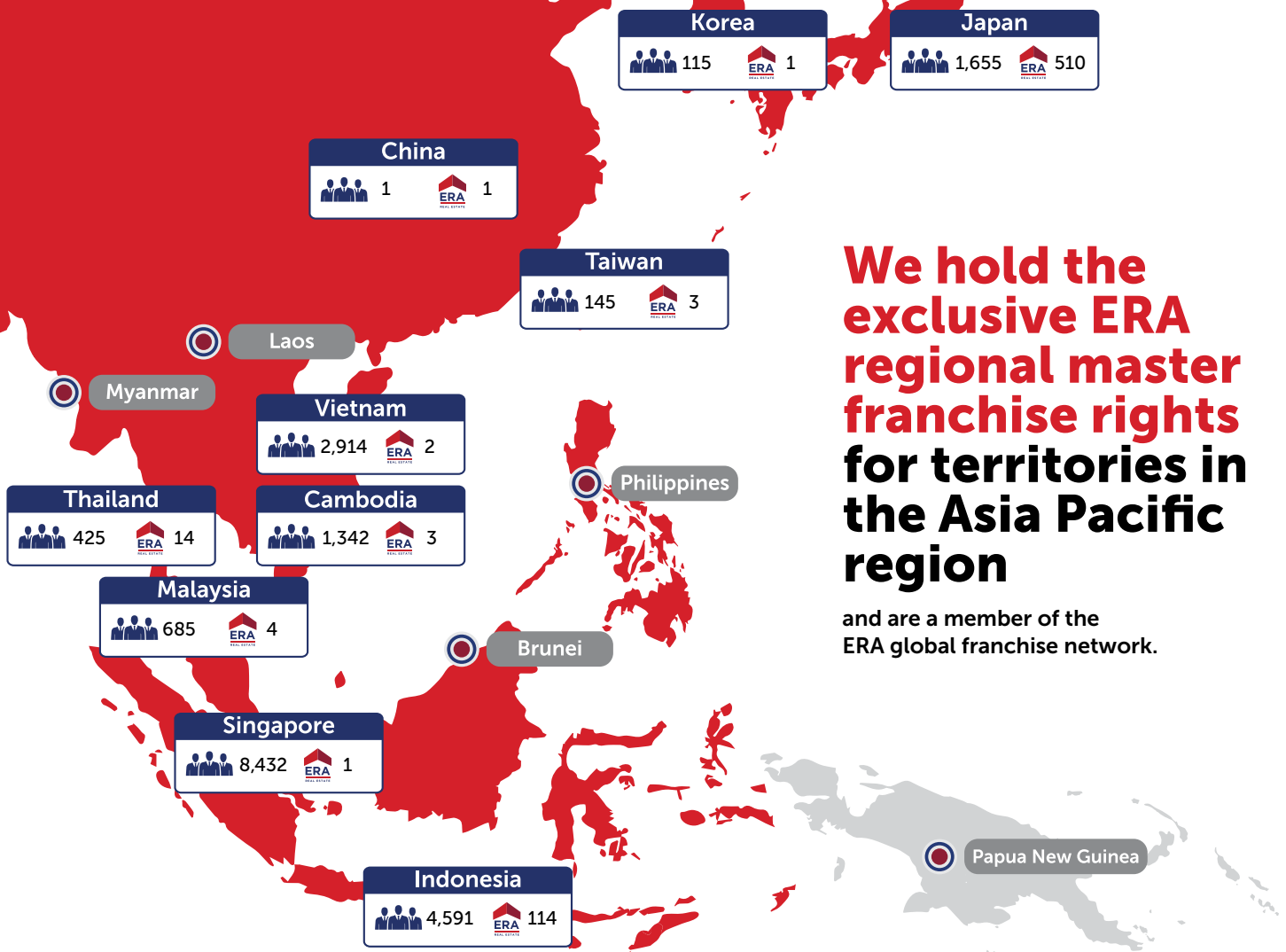
Derives revenue from:

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

Robust Business Model



Our Asia Pacific Presence



We hold the exclusive ERA regional master franchise rights for territories in the Asia Pacific region

and are a member of the ERA global franchise network.

Over the last 40 years, we have built our business by leveraging on the ERA System to establish our presence in Singapore.

Over time, we have adapted our business model to cater to the unique attributes of the Singapore residential property market.

The master franchise model provides us with the ability to build our regional presence and network in a capital-efficient manner.

- Number of Brokerage Offices as at 31 December 2021
- Number of Agents as at 31 December 2021
- Existing ERA Sub-franchisees under Regional MFA
- Other Countries under Regional MFA

Our Strategies for Sustainable Growth



Strengthen and expand our presence in Singapore

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



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

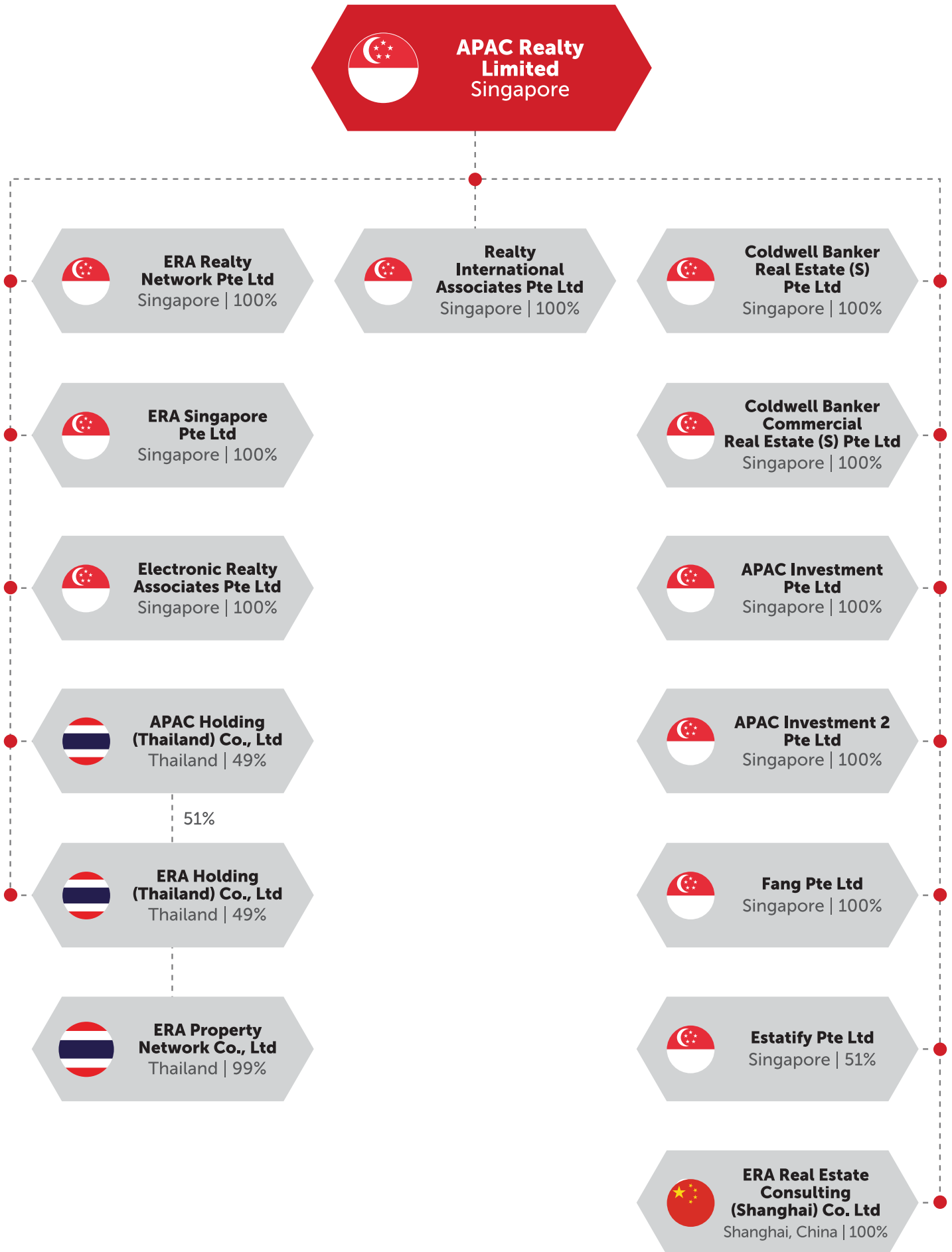
- Further diversify our business into other real estate related services that offer higher margins, while maintaining our focus on our brokerage business.
- Expand and deepen our existing presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise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



Enhance our technological capabilities

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

Corporate Structure



Developments During the Year in Review

May 2021



Acquired 99.99% of the shares in ERA Property Network Co., Ltd (“EPN”) for S\$0.2 million. EPN is a key member broker currently operating under ERA Thailand. It has around 100 real estate agents and is the largest ERA member broker in Thailand.

June 2021



Jack Chua relinquished his position as Chief Executive Officer and remained as Executive Chairman, in line with the Company’s succession plan.



Appointment of Marcus Chu as Chief Executive Officer.



Subscribed for 49,773,900 new ordinary shares in PT ERA Graharealty Tbk (“ERA Indonesia”) during its initial public offering, which represents 5.24% of the enlarged share capital of ERA Indonesia. ERA Indonesia holds the ERA country master franchise for Indonesia. It has 116 active member broker offices in the major cities of Indonesia with 4,591 agents as at 31 December 2021.

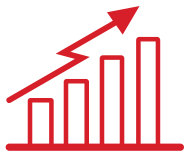
November 2021



Appointment of Doris Ong as Deputy Chief Executive Officer.

Financial Highlights

Key Highlights



40
Years of solid track record in Singapore



>20,300
Agents in 653 offices across 10 countries¹



8,432
Agents in Singapore¹



40.3%
Market share by transaction value in FY2021²



S\$739.8m
Revenue generated in FY2021



75.5%
Dividend payout for FY2021



11.5%
Dividend yield³ for FY2021

Notes:

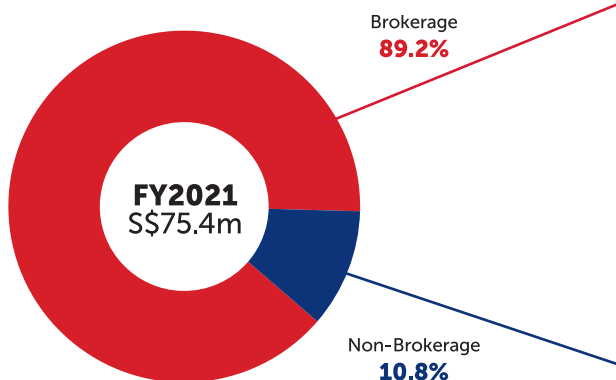
¹ As at 31 December 2021

² Based on URA and HDB market data released on 28 January 2022

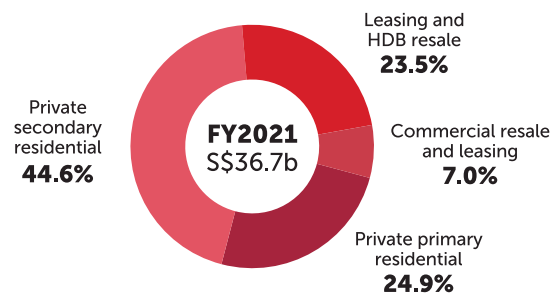
³ Based on closing price of S\$0.65 per share as at 21 February 2022

Contribution by Our Business Segments

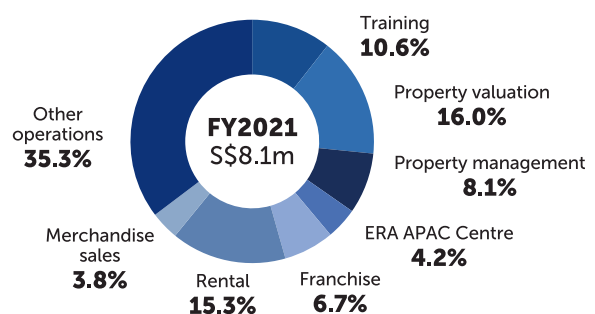
FY2021 Gross Profit by Business Segments



FY2021 Brokerage Transaction Value by Property Segments

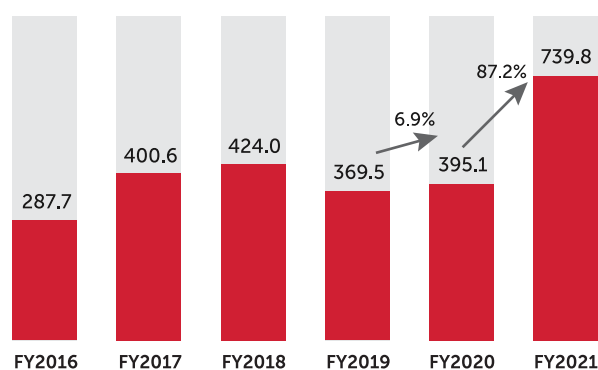


FY2021 Non-brokerage Gross Profit by Business Segments

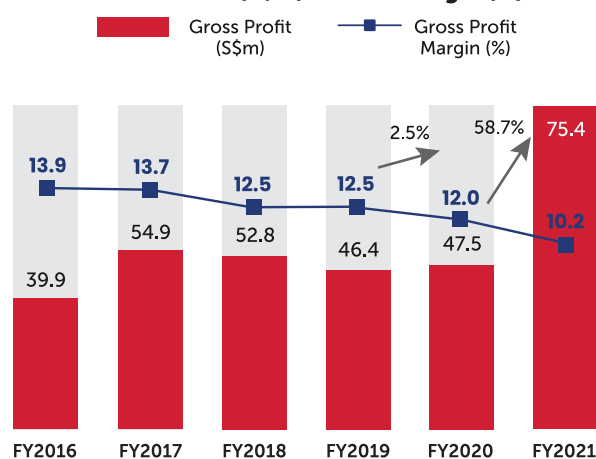


~54% of our non-brokerage gross profit consists of services offered to agents

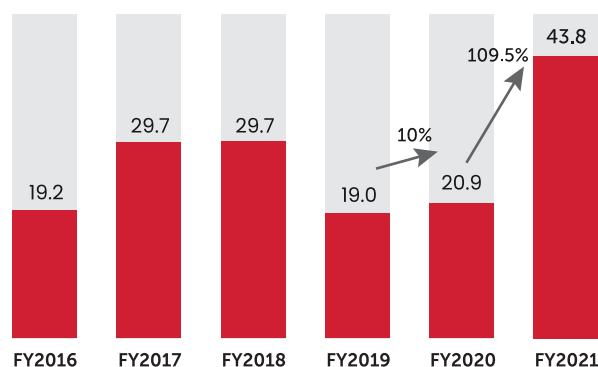
Revenue (\$m)



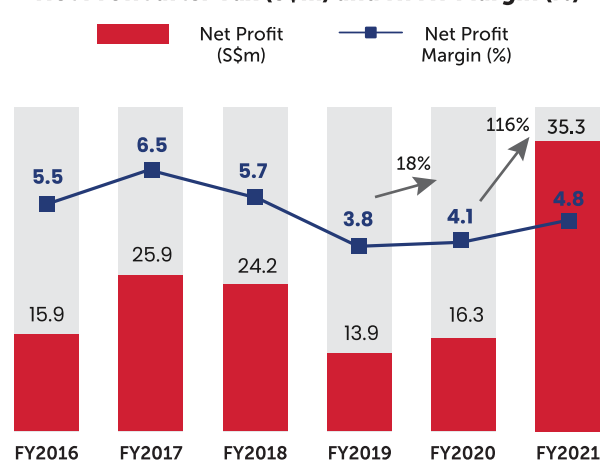
Gross Profit (\$m) and GP Margin (%)



EBIT (\$m)



Net Profit after Tax (\$m) and NPAT Margin (%)



Group Simplified Financial Position

	FY2017 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2021 S\$'000
Assets					
Investment property	-	72,800	72,800	-	-
Plant and equipment	1,223	1,076	1,677	73,918	72,848
Intangible assets	100,388	99,455	98,523	97,719	96,890
Right-of-use assets	-	-	5,053	3,710	1,988
Trade and other receivables including recoverables	71,725	64,098	81,826	106,991	156,910
Cash and cash equivalents including fixed deposits	62,371	43,419	32,424	35,519	54,065
Other assets	286	2,356	2,838	3,427	3,149
Total	235,993	283,204	295,141	321,284	385,850
Total Equity					
Capital and reserves	133,026	143,061	145,530	154,752	160,914
Non-controlling interests	-	43	(70)	(164)	(250)
Liabilities					
Borrowings					
Non-current	-	54,617	51,717	48,817	45,917
Current	-	2,900	2,900	2,900	2,900
Trade and other payables	91,516	71,281	81,211	101,789	161,762
Lease liabilities					
Non-current	-	-	3,359	1,738	44
Current	-	-	1,680	1,879	1,694
Taxation					
Deferred	4,489	4,290	4,190	4,200	4,089
Current	4,989	5,172	3,336	4,159	7,481
Other liabilities	1,973	1,840	1,288	1,214	1,299
Total	235,993	283,204	295,141	321,284	385,850

Letter from the Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present APAC Realty Limited's ("APAC Realty" or the "Group") annual report for the year ended 31 December 2021 ("FY2021").

A RECORD YEAR FOR APAC REALTY

In the face of limitations and uncertainties presented by the pandemic and a volatile geopolitical landscape, more than 8,100 dedicated ERA Trusted Advisers turned in an impressive performance to deliver an outstanding year for APAC Realty. We increased our share of market across business verticals, delivering commendable top and bottom line growth to post a record year in FY2021. Our outperformance was underpinned by our unrelenting focus on digitalization and IT transformation which continues to strengthen our differentiation and value proposition in an increasingly sophisticated and digital marketplace.

FY2021 revenue increased 87.2% or S\$344.7 million to S\$739.8 million – a record-high since our listing on the Mainboard of the Singapore Exchange in FY2017. The improvement was primarily due to a 68.0% increase in brokerage income from resale and rental of properties to S\$449.1 million, and a 141.4% increase in brokerage income from new home sales to S\$281.0 million. As a result, the Group closed FY2021 with a net profit of S\$35.3 million, an increase of 116.0% as compared to FY2020.



DELIVERED HIGHEST ANNUAL DIVIDEND IN FY2021

To thank our shareholders for their continued trust and support, the Board has declared a final dividend of 4.0 cents per share. Including the interim dividend of 3.5 cents per share distributed in September 2021, the aggregate dividend of 7.5 cents per share represents a dividend yield of 11.5%¹. Our ability to provide shareholders with consistent returns is underpinned by APAC Realty's strong cash flow generation ability and robust balance sheet.

We are pleased to share that total dividend distributed in FY2021 is the highest annual dividend distributed since our founding and represents a payout ratio of 75.5%. This is in-line with our stated dividend policy of distributing between 50% to 80% of our profits as dividends on a semi-annual basis.

Demonstrating our ability to deliver quality returns through market cycles, APAC Realty provided shareholders with a total return of 58.14% since the onset of COVID-19 on 1 January 2020 to 28 February 2022, compared to the FTSE All Share Index total return of 7.68%².

WE ARE FUTURE-READY WITH A STRONG FOUNDATION

As a next generation real estate agency, we are cognisant of the need to continually evolve to ensure our market leadership and sustainability of our business. On this front, we have taken bold but measured steps over the past five years to future-proof APAC Realty through our three-pillar growth strategy: (1) strengthen and expand our presence in Singapore; (2) enhance technological capabilities; and (3) expand our range of services and geographical presence in Asia-Pacific. Whilst we have established a robust foundation, there is still much to be done.

To this end, we bolstered our senior team during the year with two key promotions to enhance management's agility, leadership, knowledge and experience. On 28 June 2021, the Chairman and Chief Executive Officer roles were separated to enhance APAC Realty's corporate governance, allowing for effective oversight by the Board of Directors of the business in the best interest of the Company and its shareholders. With this development, we promoted Marcus Chu, a 25-year ERA veteran with a strong and successful track record of innovation and business growth to the position of Chief Executive Officer. On 11 November 2021, Doris Ong, an industry veteran who pioneered ERA's foray into project marketing, was promoted to the position of Deputy CEO. With Marcus and Doris at the helm, shareholders can look forward to exciting developments and greater value creation in the new era.

Since our listing, we have grown our base of trusted advisers by 38.3% from 5,885 trusted advisers on 1 January 2017 to 8,144 trusted advisers on 1 January 2022. This well ahead of the Singapore market's 14.1% growth, demonstrating the appeal of ERA Realty as an agency of choice and our leadership in the real estate brokerage industry. To meet growing market demand and to realise our market share objectives, we aim to grow our salesforce to more than 10,000 trusted advisers over the next three years.

Our trusted advisers are at the heart of the organisation. Their individual skills, deep knowledge and growth mindset are integral to conversion of new opportunities and securing repeat business. Accordingly, we continue to raise the proficiency of our salespeople through robust and specialised training programmes such as the ERA Ultimate Agent Training Roadmap, and equip them with the latest real estate applications and proptech.

Our digitalization and IT transformations are focused on supporting ERA trusted advisers to raise their level of professionalism and build stronger client relationships. Over the past 5 years, we have invested more than S\$2.6 million to acquire and integrate third-party proptech and develop our proprietary apps to enhance our ability to deliver service excellence and quality data-supported advice to customers. A case in point is the development of our proprietary app, RealtyWatch, which continues to deliver significant value-add to our trusted advisers and clients with comprehensive real-time updates on property transactions, financial advice and market information.

You may recall that we acquired the former Hersing Centre in Toa Payoh in 2018 for S\$72.8 million and renamed it ERA APAC Centre. Through a gradual asset enhancement programme covering exterior refurbishment and internal renovations, we have transformed the well-located property to a home for our trusted advisers. The official opening of ERA APAC Centre is scheduled for early April 2022 and our new home will play a central role in fostering the ERA culture, as well as driving efficiency and innovation in a positive knowledge-sharing and collaborative workplace.

DELIVERING VALUE IN SINGAPORE

As Singapore's economy grew 7.6% in FY2021, developers sold 15,146 private residential units (including ECs), an increase of 38.4% from 10,940 units in FY2020. Based on market data, our estimated market share of the new homes segment was 33.7% in FY2021, a significant increase from 28.9% in FY2020.

Singapore's private residential resale market recorded sales of 20,530 units in FY2021, 87.9% higher than 10,927 units transacted in FY2020. The HDB resale market remained relatively healthy with 31,017 transactions completed in FY2021, an increase of 25.3% from 24,748 units sold in FY2020. Based on market data, the Group closed the year with a commendable 42.2% share of the combined private residential and HDB resale market.

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 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.

Singapore's economy remains one of the most stable in the world. The industry expects the country's high vaccination rates to support further reopening and limiting the risk of disruptive restrictions as the recovery broadens across sectors³. With an expected GDP growth of 3%-5% in FY2022, Singapore remains a preferred destination for global investors.

REGIONAL GROWTH STRATEGY

We have a long-term approach to our regional expansion which has provided us with an established presence in five of the top six largest economies in Southeast Asia: Indonesia, Thailand, Singapore, Malaysia and Vietnam. Collectively, these countries have an aggregate GDP of US\$2.5 trillion and a population of more than 478 million⁴, allowing us to engage homeowners and buyers with a differentiated offer which combines ERA's globally recognised best-in-class service model with local knowledge and networks.

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 quality⁵. 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.

During the year in Indonesia, ERA Indonesia was successfully listed on the Indonesian Stock Exchange ("IDX") on 30 June 2021, becoming the first and only real estate agency to be listed on the IDX. The central bank of the world's fourth most populous nation and Southeast Asia's largest economy, Bank Indonesia, has projected economic growth of 4.7%-5.5% in 2022⁶.

Over in Thailand, the Finance Ministry has projected economic growth of 4.0% for 2022, as the country continues to open up with more than two-thirds of the country's population vaccinated⁷. Whilst the property market remains weak, ERA Thailand continues to prepare its business and sales teams to capture a rebound in real estate demand. The Finance Ministry has projected foreign visitorship to rise to 7 million in 2022, a significant increase from 428,000 in 2021.

ERA Vietnam continues to make headway to position itself for a hopeful industry recovery in 2022. Industry watchers expected the recovery to be driven by increasing vaccination rates, the government's socioeconomic recovery

and development programme, and continued foreign direct investment which amounted to more than US\$2 billion in 2021⁸. The Group continues to strengthen its market position with close to 2,800 salespersons, and has established strong relationships with developers, especially in the areas of project marketing. In January 2022, ERA Vietnam expanded its operations with the signing of ERA Sol and ERA Capital as its first franchisees. With this, ERA has become the first international real estate brokerage brand to develop franchise services in Vietnam.

Our newest member of our network, ERA Malaysia, attained its first year milestone in September 2021. With an agent salesforce of more than 680, ERA Malaysia expects to benefit from a market recovery in 2022. Bank Negara projects the domestic economy to remain on a recovery path in 2022, enabled by higher vaccination rates and supported by global demand, higher private sector expenditure and ongoing policy support⁹.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank our employees and ERA trusted advisers for their unwavering commitment and invaluable contributions to the Group over the past year. I would also like to thank our customers and business partners for their support and loyalty.

To our shareholders, thank you for your continued support and confidence in the Board and management. As a leading real estate agency in Asia and with the foundations which we have laid, we enter 2022 poised to compete effectively and benefit from a post-pandemic industry up-cycle across our markets.

Chua Khee Hak Executive Chairman

¹ Based on the closing price of S\$0.65 per share on 21 February 2022

² Bloomberg LLP

³ "Singapore's GDP up 7.2% in 2021; strong Q4 growth brings upside risks to 2022 forecasts", The Business Times, 3 January 2022

⁴ World Bank Data for 2020 (Latest as at 6 March 2022)

⁵ "Asia Pacific Real Estate Market Outlook 2022", CBRE Research, January 2022

⁶ "Indonesia poised for stronger GDP growth in 2022", The Business Times, 30 December 2021

⁷ "Thai finance ministry keeps 2022 GDP outlook despite Omicron", Reuters, 28 January 2022

⁸ "Riding the wave in Vietnam's real estate market in 2022", Vietnam Investment Review, 8 January 2022

⁹ "Economic and Financial Developments in Malaysia in the Fourth Quarter of 2021", Bank Negara, 11 February 2022

In Conversation with Our CEO

Marcus Chu, Chief Executive Officer of APAC Realty and ERA Asia Pacific, shares his views on the key aspects that led to the Group's record performance in FY2021, and how the Group's Digital Transformation will drive sustainable long-term growth in Singapore and the Asia Pacific.

Q: What were some of the defining moments in FY2021?

With the trust and support of the Board of Directors, I took on the role of Chief Executive Officer on 28 June 2021. I am delighted with the mandate bestowed by the Board as it provided me with the opportunity to take the Group to its next phase of growth. I am familiar and understand the Group well given my 25 years with the agency and I had a hand in shaping its strategy and business working closely with my mentor and Executive Chairman, Jack Chua.

FY2021 was a milestone year for the Group as we increased our market share substantially and delivered record revenue and profits. This is an early indication of our success for the on-going efforts in training and recruitment, as well as our continued focus on digitalization and IT transformation to build a future-ready Group.

To date, we have established a robust and market leading support ecosystem to empower more than 8,400 trusted advisers in providing leading-edge solutions, bespoke advice and service excellence to clients. Our ability to grow our trusted adviser count in a competitive market place is testament to our reputation in Singapore. Sales agents in the market are drawn to our established brand name, quality training programmes and leadership in proptech.

Over the past two years, our salesforce has grown by 15.6% from 7,048 trusted advisers on 1 January 2020 to 8,144 trusted advisers on 1 January 2022. This is more than double the market pool growth rate of 7.5% over the period. Our primary mode of recruitment is through word-of-mouth, demonstrating that our trusted advisers are happy and willing to spread the word to have their friends or family join the same company they are at. Our advocates are the very people who continue to live the ERA culture and core values, benefiting from the invaluable and comprehensive training and support programmes we have in place.

We aim to be Asia Pacific's leading real estate agency and the real estate agency of choice amongst discerning clients in our markets of operation. Our digital and IT transformation

continues to gain pace and we continue to be differentiated from our competitors by our regional expansion strategy. Over the past year, we continued to strengthen our operations in Indonesia, Thailand, Vietnam and Malaysia, positioning these regional investments for growth in a post-pandemic era.

Q: Can you discuss the Group's digital and IT transformation roadmap? How has this differentiated ERA Realty from the competition?

As the fourth industrial revolution began in the mid-2010s, we saw how new-to-market innovations were changing the face of other industries, disrupting value chains and evolving the way companies engage customers. Cognisant of the need to keep on the front foot, we embarked on a strategic digital and IT transformation to position ERA as Asia's leading digital real estate agency with a competitive advantage.

We launched RealtyWatch in August 2021, the first and only client-agent-enabling CRM tool in the real estate industry, offering 24/7 updates on the latest neighbourhood property transactions. This software has now evolved into an everyday app where some of our proprietary tech tools are made available to consumers to help them better understand their home buying and selling options.

RealtyWatch was enhanced with several major value-added features through collaborations signed during the year. First was a collaboration with Redbrick Mortgage Advisory to supply property buyers and sellers with up-to-date property transaction and financing information through RealtyWatch. We also entered into an MOU with Singapore Land Authority to incorporate the latter's OneMap3D data into our RealtyWatch app to bring the smart property viewing experience to users. Our third major collaboration in FY2021 allowed us to integrate



EdgeProp's estimated valuations into RealtyWatch, enhancing the effectiveness of the app. RealtyWatch, along with our other digital investments and innovations – including iERA mobile app, FindPropertyAgent.sg, Agent Review Portal, Robo Advisor, Property Calculators, Project Web and Personal Web – have significantly improved the effectiveness of our trusted agents in Singapore's highly competitive market.

As a result of our advancements in digitalization and IT transformation, APAC Realty continued to record productivity improvements with the average income per ERA trusted adviser up 72% year-on-year to S\$90,000 in FY2021, from S\$52,000 in FY2020. In aggregate, ERA trusted advisers delivered 60,602 property transactions in FY2021, 23.0% higher compared to 49,260 property transactions in FY2020.

Although these new technologies are important, it is vital to understand that proptech is only an enabler. While process automation and artificial intelligence can make the process of buying and selling seamless and increase the overall productivity of our trusted advisers, it will not replace the human touch and personalisation of our client's journey.

In the upcoming months, a new digital marketing academy will be launched across APAC to support the digital marketing training needs of all our teammates. ERA will also partner Metigy - to provide all agents across APAC - access to an AI predictive technology platform for self-serving content push and ad-buys as part of the digital marketing enablement. This is the first-of such partnership for the property industry.

We understand the increasingly sophisticated customer and their demands for bespoke quality advice based on experience and data. Our digital and IT transformation empowers our trusted agents to raise their professional competency, build stronger client relationships, and meet the needs of a multi-generational market.

Q: The Group set up the new business unit - Capital Markets & Investment Sales ("CMIS"). Can you share what shareholders can expect from CMIS?

In February 2022, CMIS was established to manage the sizeable assets of high-net-worth individuals, family offices, developers, institutional investors and real estate investment trusts in Singapore and the region.

Led by Stephen Tan, Managing Director, the CMIS team has an aggregate real estate experience of 100 years of experience and a collective transactional experience amounting to more than S\$4.7 billion. They were involved in the collective sales of City Tower (S\$402 million), Flamingo Valley (S\$194 million) and Amberville (S\$183 million). The team has overseen the transactions of close to 40 property developments – from residences to vacant lands and strata retail units across Singapore.

Stephen and his team will focus on assets, including commercial and industrial buildings, strata offices and retail spaces, retail malls, collective sales, land for redevelopment, shophouses and Good Class Bungalows.

We are very excited about the prospect that this new revenue pillar will bring, as it elevates ERA as a full-fledged real estate company that provides a comprehensive suite of services for our customers.

Q: Can you elaborate on the Group's sustainability and corporate governance achievements in FY2021?

At APAC Realty, we are committed to sustainable practices and operations across every level in our Group. Our ESG (Environmental, Social, and Governance) efforts are prioritised at the board level and

delivered by management with the strong support of our people. Our ESG efforts focused on three priority areas – creating a green and sustainable living environment for Singaporeans, employee well-being, and development of evolutionary solutions.

During the year, we launched "ESG by ERA" under the strong leadership of our Deputy CEO, Doris Ong, who is also the Chairperson of the initiative. We garnered the support of over 8,400 ERA trusted advisors across Singapore, to create positive environmental impact and enhance social responsibility in ERA's business.

As determined champions of corporate governance, the Board and Management of APAC Realty seek to continually enhance our performance in line with GRI reporting framework, especially in areas such as ethics and integrity. We take a strong stance against corruption and do not tolerate any statutory non-compliance or wrongdoing by staff in the course of their work. Our full guidelines and principles can be found in our comprehensive sustainability report.

In FY2021, APAC Realty was bestowed the Distinction Award, Outstanding Financial Communications Campaign at the Institute of Public Relations of Singapore (IPRS) PRISM Awards 2021. We were recognised for the quality and effectiveness of our investor relations programme during 2019-2021 by a panel of distinguished judges at the award ceremony on 15 December 2021.

Marcus Chu
Chief Executive Officer

Our Board of Directors



From Left to Right: Tan Bong Lin (Lead Independent Director), **Jack Chua** (Executive Chairman), **Tan Poh Hong** (Non-Executive Independent Director), **Tan Choong Hong** (Non-Executive Non-Independent Director), & **Eugene Wong** (Non-Executive Independent Director)

Mr. Chua Khee Hak Executive Chairman

Mr. Chua was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018 and 22 April 2019. He joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as the Chief Executive Officer in August 2013 and Chairman in July 2019. He stepped down as Chief Executive Officer on 30 June 2021 but remained as Chairman of the Group. Prior to joining our Group, he was with the Public Works Department of Singapore from 1984 to 1990, his last held position being head of building management and building development services. Mr. Chua holds a Bachelor of Science (Building) (Hons) and a Master of Science (Project Management) from the National University of Singapore. He also holds a Diploma in Computer Studies from the National Centre for Information Technology and a Certified Diploma in Accounting & Finance from the Chartered Association of Certified Accountants.

Mr. Tan Choon Hong Non-Executive Non-Independent Director

Mr. Tan was first appointed to the Board on 15 July 2013, re-appointed on 4 September 2017 and re-elected on 25 April 2018 and 18 June 2020. Mr. Tan joined GIC as the Head of Direct Investments Group for Developed and Southeast Asia private equity on 1 March 2022. Prior to that, he was the Chief Executive Officer of Northstar Advisors Pte. Ltd. Mr. Tan was a director for special projects at C S Partners Pte. Ltd. from 2007 to 2011 and a vice president at GIC Special Investments Pte Ltd from 2005 to 2007. Earlier, he spent five years doing corporate finance advisory work at Deutsche Bank AG, from 2001 to 2005. He began his career with the Ministry of Trade and Industry as an Assistant Director in 1999. He currently serves on the board of Nera Telecommunications Ltd., a company listed on the Mainboard of SGX-ST. Mr. Tan is a Chartered Financial Analyst and holds a Master of Engineering and Bachelor of Arts from Cambridge University.

Mr. Tan Bong Lin
Lead Independent Director

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

Mr. Wong Hin Sun, Eugene
Non-Executive Independent Director

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

Ms. Tan Poh Hong
Non-Executive Independent Director

Ms. Tan was appointed to the Board on 1 October 2020. She is an Independent Director of Sheng Siong Limited, Centurion Corporation Limited, Vicom Ltd, AnnAik Limited and OTS Holdings Ltd which are all listed on the Singapore Stock Exchange. Prior to joining the Group, she was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. Prior to her appointment at AVA, Ms. Tan was the Deputy CEO of the Housing and Development Board (HDB) from 2004 to 2009. Ms. Tan has also held various headship positions throughout the HDB, with oversight of corporate governance, organisational development and transformation, human resource management, public communications and community engagement. She has extensive experience in policy development and led operations for sales and estate management. Ms. Tan holds a BSc (Hons) in Estate Management from the National University of Singapore (1981), and a Master of Business Administration (with Distinction) from New York University (1988). Ms. Tan was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government.

Our Management Team



From Left to Right: Eugene Lim (Key Executive Officer), **Kim Lee** (Chief Marketing & Digital Officer), **Marcus Chu** (Chief Executive Officer), **Doris Ong** (Deputy Chief Executive Officer), **Poh Chee Yong** (Chief Financial Officer) & **Thomas Tan** (Chief Operating Officer)

Marcus Chu Chief Executive Officer

Mr. Marcus Chu was appointed as the Chief Executive Officer of APAC Realty Limited on 1 July 2021. He joined the Group in 1996 as a budding trusted advisor and quickly made his mark as the Top Sales Achiever in ERA Singapore and ERA International. He has been a consummate mentor to the ERA Leaders, and his revolutionary vision of creating a dual career path in sales and team building for trusted advisors helped to model the industry's remuneration scheme and was integral to the growth and success of APAC Realty.

Under Marcus' leadership, the Group accelerated its digital transformation and spearheaded numerous proptech innovations and initiatives. He recently led the innovation of RealtyWatch, ERA's CRM tech tool which is currently the first and only client-agent-enabling CRM tool offering round-the-clock updates on the latest neighbourhood property transactions. RealtyWatch complements a range of robust applications, such as, iERA mobile app, FindPropertyAgent.sg, Agent Review Portal, Robo Advisor, Property Calculator, Project Web and Personal Web, developed under his guidance. These proprietary proptech applications enable ERA trusted advisors to remain at the forefront of the industry's transformation, delivering exceptional service and quality advice to their clients.

Marcus will continue to elevate the Group into a New ERA in APAC with the expansion of its range of services and geographical presence in the APAC region.

Doris Ong
Deputy Chief Executive Officer

Ms. Doris Ong joined the Group in 1991 and pioneered ERA's foray into project marketing. Today, she heads the project marketing team and is responsible for leading strategic partnerships and creating strong relationships with property developers, whilst spearheading new opportunities to expand the market share in Singapore and beyond. Doris is well-versed in both the international and local property markets, from the ultra-luxury private homes to suburban Executive Condominiums. Under her astute leadership, her team quickly establishes ERA as Singapore's leading project marketing real estate agency with a strong track record of selling more than 50,000 new homes, overseeing a multi-billion dollar portfolio. Doris graduated with a Bachelor Degree of Science (Honours) in Estate Management from the National University of Singapore. She is also a licensed appraiser and a member of the Singapore Institute of Surveyors and Valuers.

Thomas Tan
Chief Operating Officer

Mr. Thomas Tan joined the group on 1 July 2021 to oversee the alignment of operations and elevate the professional competence of fellow professionals through effective training and development programmes, as well as digital initiatives. An accomplished leader in the real estate industry, he boasts 18 years of industry experience, from a salesperson to Key Executive Officer of his own agency. Thomas is very passionate about education, and has been providing training for the real estate salesperson and continuous professional development courses from 2011, sharing his knowledge with over 11,000 learners. Thomas was also the President of the Singapore Estate Agents Association, where he worked closely with the regulators, industry leaders and property agents to raise the bar of professionalism in estate agency work in Singapore.

Eugene Lim
Key Executive Officer

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

Poh Chee Yong
Chief Financial Officer

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

Kim Lee
Chief Marketing & Digital Officer

A globetrotter who truly thinks the world is her oyster, Kim is a global digital and creative head, change agent who co-drives digital transformation. She is a strategist who believes in a data-driven approach to marketing, communications, social commerce and business planning. Her career has taken her from Singapore to London, New York, Amsterdam and even Warsaw, Poland. She has a love for cultural differences and diversity. She spent the bulk of her career as a multi-award-winning Executive Creative Director and Managing Creative Director in doing global integrated work for Heineken, Nike, Volvo, Becks Beer, HP with a digital and tech innovation-first approach. She also set up a conference company in Amsterdam. On the client side – she was Global Digital Lead / Regional Head of Asia, Middle East, Africa at Novartis Pharmaceuticals and Global Creative Marketing at Netflix. Not one to contend with mediocrity and run of the mill, she strives for originality and creativity in everything she does.

Operating and Financial Review

Operating Review

Despite the ongoing Covid-19 pandemic, residential home sales and rentals have consistently risen quarter-on-quarter where market transactions have surpassed 2020.

The Group has performed better for FY2021 as compared to FY2020, with an increase in revenue from real estate brokerage fees and related services by approximately S\$346.0 million or 88.8% year-on-year.

For the year 2021, developers sold 15,146 private residential units (including ECs), an increase of 38.4% from 10,940 units in 2020. The private residential resale market recorded sales of 20,530 units, an increase of 87.9% from 10,927 units sold in 2020. The HDB resale market also reported an increase of 25.3% to 31,017 units in 2021 from 24,748 units in 2020.

The vacancy rate of completed private residential units have decreased to 6.0% as at 31 December 2021, from 7.0% a year ago. Apart from the 16,139 unsold units (including ECs) with planning approval as at 31 December 2021, there is a potential supply of 6,900 units (including ECs) from Government Land Sales (GLS) sites that have not been granted planning approval yet.

With the latest round of property cooling measures including ABSD

rates, lower TDSR and LTV rules on 16 December 2021, this may affect the underlying demand for residential properties in Singapore. The Singapore property market may also be affected by any adverse global economic conditions and changes in mortgage interest rates.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its investments in Indonesia, Thailand, Vietnam and Malaysia given the prevailing Covid-19 pandemic and is cautiously optimistic on the recovery of their respective economies as vaccination rates increase and each country is gradually moving on to learn to live with Covid-19.



Projects Launched in 1Q 2022



Belgravia Ace

D28 | Belgravia Drive | 107 units
Fairview Developments Pte Ltd
(A joint venture between Tong Eng Group and
Yeap Holdings Pte Ltd)



265 Outram Road

D3 | Outram Road | 21 units
Chiu Teng @ Kallang Pte Ltd (Chiu Teng Group)

Upcoming Projects in 2Q 2022



The Arden

D23 | Phoenix Road | 105 units
CNQC Realty (Phoenix) Pte Ltd
(QingJian Realty Pte Ltd)



North Gaia

D27 | Yishun Close | 616 units
Sing Holdings (Yishun) Pte Ltd (Sing Holdings Ltd)



Piccadilly Grand

D8 | Northumberland Road | 407 units
A joint venture between City Developments Ltd
and MCL Land Ltd



Liv @ MB

D15 | Arthur Road | 298 units
BSEL Development Pte Ltd (Bukit Sembawang
Estate Ltd)

Operating and Financial Review

Financial Review

Income Statement Review

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

	FY2021 \$'000	FY2020 \$'000	Change (%)
Total Revenue	739,750	395,125	87.2
Cost of Services	664,343	347,610	91.1
Gross Profit	75,407	47,515	58.7
Gross Profit Margin	10.2%	12.0%	

Revenue

Revenue from real estate brokerage fees and related services increased by approximately \$346.0 million or 88.8%, from \$389.4 million in FY2020 to \$735.4 million in FY2021 following an increase in property transactions completed during the year. The increase in brokerage income is contributed by the following:

- resale and rental of properties of \$181.7 million or 68.0%, from \$267.4 million in FY2020 to \$449.1 million in FY2021; and
- new home sales of \$164.6 million, from \$116.4 million in FY2020 to \$281.0 million in FY2021.

Other revenue decreased by approximately \$1.3 million or 23.1%, from \$5.7 million in FY2020 to \$4.4 million in FY2021 mainly due to the decrease in government grant income under Jobs Support Scheme of \$1.6 million.

Cost of Services

Cost of services increased by approximately \$316.7 million or 91.1%, from \$347.6 million in FY2020 to \$664.3 million in FY2021, in line with the increase in revenue from real estate brokerage fees and related services.

Gross Profit

Gross profit increased by approximately \$27.9 million or 58.7%, from \$47.5 million in FY2020 to \$75.4 million in FY2021. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

Operating Expenses

Personnel cost increased by approximately \$2.0 million or 15.3%, from \$13.1 million in FY2020 to \$15.1 million in FY2021 mainly due to higher provision for staff bonus because of the better results in FY2021 and a special one month staff bonus paid in September 2021.

Marketing and promotion expenses increased by approximately \$0.8 million or 29.1%, from \$2.9 million in FY2020 to \$3.7 million in FY2021 due to increase in marketing activities carried out in FY2021.

Depreciation of property, plant and equipment increased by \$1.5 million, from \$0.6 million in FY2020 to \$2.1 million in FY2021 due to the depreciation of ERA APAC Centre. The building was reclassified from investment property to property, plant and equipment in the fourth quarter of 2020 ("4Q2020").

Depreciation of right-of-use assets was approximately \$1.7 million for both FY2021 and FY2020.

Amortisation of intangible assets was approximately \$0.9 million for both FY2021 and FY2020.

Allowance for doubtful debts (trade) increased by approximately \$1.5 million or 62.5%, from \$2.4 million in FY2020 to \$3.9 million in FY2021 mainly due to higher general provision made on expected credit loss as a result of higher trade receivables as at 31 December 2021.

Finance costs of approximately \$0.8 million in FY2021 (FY2020: \$1.1 million) comprised mainly interest expense from bank borrowings. The decrease is in line with the lower bank borrowings in FY2021 due to loan repayments over time and lower bank interest rates ranging from 1.26% to 1.33% p.a. in FY2021 (FY2020: 1.05% to 2.65% pa).

Other operating expenses decreased by approximately \$0.7 million or 15.7%, from \$5.0 million in FY2020 to \$4.3 million in FY2021 mainly due to the absence of investment in associate that was written off in FY2020.

Overall, total operating expenses increased by approximately \$4.7 million or 16.9%, from \$27.7 million in FY2020 to \$32.4 million in FY2021.

Share of Results of Associates

The increase in share of loss of associates was mainly due to the increase in loss from operations from the Group's associates in Vietnam and Malaysia.

Profit Before Tax

As a result of the foregoing, profit before tax increased by approximately \$23.0 million, from \$19.6 million in FY2020 to \$42.6 million in FY2021.

Tax Expense

Tax expense increased by approximately \$4.0 million, from \$3.3 million in FY2020 to \$7.3 million in FY2021. The increase was mainly due to the higher taxable income in FY2021.

Profit for the Year

As a result of the foregoing, profit for the year increased by approximately \$19.0 million or 116.0%, from \$16.3 million in FY2020 to \$35.3 million in FY2021.

Financial Position Review

Non-Current Assets

The Group's total non-current assets amounted to approximately \$175.3 million and \$179.2 million as at 31 December 2021 and 31 December 2020 respectively. The decrease of approximately \$3.9 million or 2.2% was mainly due to depreciation of property, plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$4.7 million, partially offset by purchase of plant and equipment which amounted to \$1.1 million in FY2021.

Current Assets

Trade receivables amounted to approximately \$120.8 million and \$79.6 million as at 31 December 2021 and 31 December 2020 respectively. The increase of approximately \$41.2 million or 51.8% was mainly due to the higher brokerage revenue invoiced in fourth quarter of 2021 ("4Q2021") of \$193.1 million as compared to 4Q2020 of \$134.5 million.

Other receivables amounted to approximately \$12.9 million and \$11.4 million as at 31 December 2021 and 31 December 2020 respectively. The increase was mainly due to advance payments made for ERA APAC Centre's renovation, which is still in progress.

Unbilled receivables amounted to approximately \$18.0 million and \$10.0 million as at 31 December 2021 and 31 December 2020 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately \$1.7 million and \$2.5 million as at 31 December 2021 and 31 December 2020 respectively. The decrease of \$0.8 million was mainly due to the recognition of expenses in FY2021.

Cash and bank balances increased by approximately \$18.6 million or 53.0%, from \$35.1 million as at 31 December 2020 to \$53.7 million as at 31 December 2021.

As a result of the foregoing, total current assets increased by approximately \$68.5 million or 48.2%, from \$142.1 million as at 31 December 2020 to \$210.6 million as at 31 December 2021.

Non-Current Liabilities

The Group's total non-current liabilities decreased from \$54.8 million as at 31 December 2020 to \$50.1 million as at 31 December 2021. The decrease of \$4.7 million or 8.6% was mainly due to the repayment of loan and borrowing of \$2.9 million and lease liabilities of \$2.0 million in FY2021.

Operating and Financial Review

Current Liabilities

Trade payables and accruals amounted to approximately \$147.7 million and \$90.9 million as at 31 December 2021 and 31 December 2020 respectively. The increase of approximately \$56.8 million or 62.5% was due to an increase in commission payables which corresponds with the higher trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$14.0 million and \$10.9 million as at 31 December 2021 and 31 December 2020 respectively. The increase of approximately \$3.1 million or 28.4% was mainly due to higher GST payable as a result of the higher brokerage revenue invoiced in 4Q2021 as compared to 4Q2020.

Deferred income amounted to approximately \$1.3 million and \$1.2 million as at 31 December 2021 and 31 December 2020 respectively. The increase of approximately \$0.1 million or 8.3% was mainly due to the collections for the annual business conference scheduled to be held in 2021 but has since been deferred indefinitely.

Lease liabilities represent the current portion of the lease obligations and was approximately \$1.7 million and \$1.9 million as at 31 December 2021 and 31 December 2020 respectively.

Provision for taxation amounted to approximately \$7.5 million and \$4.2 million as at 31 December 2021 and 31 December 2020 respectively. The increase of approximately \$3.3 million or 78.6% was mainly due to higher income tax provided for FY2021 as a result of higher taxable income.

As a result of the foregoing, total current liabilities increased by approximately \$63.2 million or 56.5%, from \$111.9 million as at 31 December 2020 to \$175.1 million as at 31 December 2021.

Equity Attributable to the Owners of the Company

The equity attributable to the owners of the Company increased by approximately \$6.1 million or 3.9%, from \$154.8 million as at 31 December 2020 to \$160.9 million as at 31 December 2021. The increase was mainly attributable to the net profit of \$35.3 million for FY2021, partially offset by dividend payments of \$29.3 million during the year.

Cash Flow Review

Net cash generated from operating activities was approximately \$54.9 million in FY2021 as compared to approximately \$20.0 million in FY2020. The increase of \$34.9 million was mainly due to the higher operating profit of \$43.0 million in FY2021 as compared to \$19.8 million in FY2020 and improvement in working capital of \$10.8 million.

Net cash used in investing activities was approximately \$2.1 million and \$4.9 million in FY2021 and FY2020 respectively. The decrease of \$2.8 million was mainly due to the lower investment in associates, loan to associate and convertible loan, partially offset by the higher purchase of plant and equipment in FY2021 as compared to FY2020.

Net cash used in financing activities was approximately \$34.2 million and \$12.0 million in FY2021 and FY2020 respectively. The increase of \$22.2 million was mainly due to higher dividend payments of \$29.3 million in FY2021 (FY2020: \$7.1 million).

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately \$18.5 million for FY2021, higher than the increase of approximately \$3.1 million in FY2020. Cash and cash equivalents stood at \$53.7 million as at 31 December 2021.

Collaborations in the Year 2021



Redbrick Mortgage Advisory

ERA and Redbrick Mortgage Advisory, Singapore's largest independent mortgage advisory firm have signed an agreement to enrich property buyers and sellers with the most up-to-date property transactions information, while promoting financial prudence.



EdgeProp Singapore

Under the MOU, ERA trusted advisers and their clients will now have access to EdgeProp's Edge Fair Value and Home Report while EdgeProp's users will be able to tap on the iERA Robo Advisor, an advanced technology with personalised advisory tool.



EcoProp

Under the MOU, ERA trusted advisers will enjoy first-hand features on MixGo's newly developed project information sharing mobile app, EcoProp. EcoProp covers 99.9% of the new projects and launches in Singapore in the past 3 years, as well as the hottest selling projects in the past week. Utilising MixGo's expertise in Augmented Reality (AR) and Virtual Reality (VR), the mobile app is also completed with the biggest library of drones, sales galleries, show units and 3D floor plans in Singapore.



Singapore Land Authority

Under the MOU, ERA will incorporate SLA's OneMap3D data into its iERA and RealtyWatch mobile apps, which allows ERA trusted advisers and clients to experience a richer view of the surroundings of a particular property and shadow casting according to different time of a day for a particular property, as well as other useful capabilities such as location-based information, navigational services and the use of open-source technologies.



CGS-CIMB Securities

ERA and CGS-CIMB Securities, the #1 market share brokerage firm in Singapore for the last three years, signed a MOU which aims to provide guidance to individuals so that they can build a more diversified and sustainable portfolio that fits their long-term financial goals.



Endowus

Under the MOU, both organisations will also work together to conduct regular financial literacy programmes for ERA trusted advisers and their clients, as well as Endowus' investors to meet their investment needs in real estate asset progression and wealth planning.

Sustainability Report

Statement by Executive Chairman

APAC Realty Limited (hereafter referred to as "APAC Realty", and collectively with its subsidiaries, "the Group") is committed to developing sustainable practices and operations in our Group.

We believe that incorporating sustainability in our business has benefited our stakeholders.

The Group's sustainability efforts are supported by robust governance practices and strong economic

performance. We strive to be an organisation that takes ownership on our environmental impacts. Human capital development and digital innovation to improve productivity and customer experiences are integral to improving the Group's efficiency of operations and service quality. Community engagement is prioritised as we strive to make a positive impact on the communities that we interact with.

In FY2021, the COVID-19 pandemic remains an ongoing challenge. During these unsettling times, we stay committed to prioritising the safety of our employees. We comply strictly with the local COVID-19 safety measures to minimise risks of transmission among employees, ERA salespersons and clients.

We comply strictly with environmental regulations in all of our operating locations and have taken notable measures to better manage our carbon footprint in an effort to operate more sustainably. For instance, the Group has installed solar panels at ERA APAC Centre to reduce our reliance on non-renewable energy.

The Group has achieved remarkable results in our sustainability performance in FY2021, and will continue to engage with our stakeholders to ensure that our policies and practices reflect their interests.

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

About This Report

Reporting Principles & Statement of Use

This report is produced in accordance with the Global Reporting Initiative ("GRI") Standards "Core" option for the period from 1 January 2021 to 31 December 2021. The GRI standards were selected as it is a globally recognised sustainability reporting standard that is recommended by the Singapore Exchange Securities Trading Limited ("SGX-ST") and represents the global best practices for reporting on economic, environmental and social topics. The following principles were

applied to determine relevant topics that define the report content and ensure quality of information: a) GRI principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; b) GRI principles for defining report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness. The Board of Directors of APAC Realty Limited has reviewed and approved the reported information, including the material topics.

The report is also prepared in accordance with SGX-ST Listing Rules 711A, SGX-ST's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B and Practice Note 7F.

The United Nations Sustainable Development Goals ("UN SDGs") have also been incorporated into the report, which highlights the Group's contributions to sustainable development.



Reporting Scope

This report covers the entirety of the Group's operations.

Restatements

The CO₂ emissions for FY2020 have been restated due to a change in emissions factor. Due to this change, average monthly CO₂ Emission in FY2020 for Mountbatten Square was restated from 26,655 kgCO₂e to 15,400 kgCO₂e and ERA APAC Centre from 41,819 kgCO₂e to 24,162 kgCO₂e.

Assurance

Internal controls and verification mechanisms have been established by management to ensure the accuracy and reliability of narratives and data. We have also considered the recommendations of an external Environmental, Social and Governance ("ESG") consultant for the selection of material topics as well as compliance with GRI Standards and SGX-ST Listing Rules. The Board of Directors has therefore assessed that external assurance is not required for the report. The Group will continue to assess the need to further enhance the credibility of our sustainability report through internal review or external assurance.

Availability & Feedback

This report supplements the Group's Annual Report 2021 and is available online at SGXNet and <https://www.apacrealty.com.sg>. A detailed section reference with GRI Standards is documented in the GRI Standards Content Index section of this report.

We welcome feedback from our stakeholders regarding this report to assist us in improving our sustainability practices. Feedback and comments may be sent to ir@apacrealty.com.sg.

Sustainability Strategy Overview

APAC Realty Limited strives for strong economic performance to generate wealth for our stakeholders. In addition to running our business operations profitably, we recognise that our ESG-related responsibilities are equally essential. While implementing sustainable practices, the Group has robust corporate governance practices to ensure that the concerns of our stakeholders are considered while managing ESG-related matters.

The Group believes in the benefits of a diverse workplace to enhance the quality of our services. We are dedicated to the empowerment of our employees by providing career development opportunities and ensure their safety by implementing strict safety measures at all premises. The Group also recognises the potential of technology to improve customer experiences. We are committed to integrating digital innovation to improve our customers' property purchasing experiences.

The Group shall continue to maintain and uphold its energy saving standards in all offices in order to minimise our carbon footprint. We will continue to monitor and analyse energy consumption patterns with the aim to lower the energy intensity ratio and greenhouse gas emissions.

ESG Performance Highlights and Awards



More than 8,100 ERA salespersons attended training for professional development



Zero incidents of significant non-compliance with laws and regulations



Met energy intensity targets at the Mountbatten Square office and C.P. Tower 3 office










Incorporated digital capabilities to enhance the performance of our salespersons and streamline compliance capabilities

Sustainability Report

Contribution to the Sustainable Development Goals

The Group's business focus is aligned with the United Nations Sustainable Development Goals ("UN SDG"). The attainment of the UN SDGs is a continuing global effort and forms part of the Group's long-term focus on sustainability. The Group's contributions to this global agenda are highlighted below.



UN SDG	The Group's Contribution	Read more in the following sections
4 QUALITY EDUCATION 	Provide training programmes and performance appraisals to ensure equal development opportunities for all employees.	Focus 4: Human Capital
5 GENDER EQUALITY 	Provide equal opportunities in employment, remuneration and career development irrespective of gender.	
8 DECENT WORK AND ECONOMIC GROWTH 	Provide work opportunities and a conducive working environment to the community.	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Pursue digital innovation to increase resource productivity and achieve sustainable work practices.	Focus 5: Digital Innovation
11 SUSTAINABLE CITIES AND COMMUNITIES 	Promote sustainable and resilient urbanisation to improve quality of life for the community.	Focus 6: Community Engagement
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Reduce energy consumption whenever possible.	Focus 3: Environmental Responsibility
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Promote good corporate governance and adhere to laws and regulations.	Focus 1: Governance and Ethics

Stakeholder Engagement and Materiality Assessment

The Group engages with all of its stakeholders through a variety of channels to keep them informed on the Group's business and operational developments and gather feedback. Stakeholders are identified as groups that have an impact, or have the potential to be impacted by the Group's business, as well as external organisations that have expertise in topics that is considered material. The feedback received from all stakeholders helps the Group to determine the material topics and identify the focus areas of the report. The Group has engaged the advice of an external ESG consultant for the FY2021 materiality assessment and has undergone review by Senior Management and the Board.

Stakeholders	Engagement platforms	Areas of Concern	Group's Response	Section Reference
Employees and ERA Salespersons	<ul style="list-style-type: none"> Annual performance appraisal Ongoing communication 	<ul style="list-style-type: none"> Remuneration and benefits Training and development Ethics and conduct Diversity COVID-19 safety measures 	<ul style="list-style-type: none"> Provide constructive feedback through annual performance appraisals Encourage open and ongoing communication with all employees Conduct regular training for ERA salespersons 	Focus 4: Human Capital
Clients	<ul style="list-style-type: none"> Feedback 	<ul style="list-style-type: none"> Corporate social responsibility Environmental compliance Compliance with local marketing and labelling regulations COVID-19 safety measures Protection of personal data 	<ul style="list-style-type: none"> Identify areas for improvement through customer feedback 	Focus 1: Governance and Ethics Focus 3: Environmental Responsibility Focus 4: Human Capital Focus 5: Digital Innovation
Government and regulatory bodies	<ul style="list-style-type: none"> SGX announcements Annual reports Sustainability reports Ongoing dialogues Trainings for ERA salespersons 	<ul style="list-style-type: none"> Regulatory and industrial requirements Anti-money laundering License, regulation and professionalism 	<ul style="list-style-type: none"> Ensure informative corporate communication through SGX announcements, annual reports and sustainability reports Maintain ongoing dialogues with government and regulatory bodies 	Focus 1: Governance and Ethics

Sustainability Report

Shareholders and investors	<ul style="list-style-type: none"> Annual reports Investor relations management 	<ul style="list-style-type: none"> Anti-corruption Financial performance Environmental impacts 	<ul style="list-style-type: none"> Ensure informative communication through annual reports and sustainability reports Incorporate good investor relations management 	Focus 1: Governance and Ethics Focus 2: Economic Performance Focus 3: Environmental Responsibility
Communities	<ul style="list-style-type: none"> Community service engagement 	<ul style="list-style-type: none"> Social development 	<ul style="list-style-type: none"> Conduct corporate social responsibility programmes to encourage community service engagement 	Focus 6: Community Engagement

The Group's material assessment is conducted in consideration of its internal and external stakeholder concerns, and based on information gathered from its stakeholder engagement. Boundaries refer to where impacts of material topics occur in the organisation.

The following steps were taken to identify and present the relevant material topics in this report:

- 1. Identification:** Selection of potential based on the risks and opportunities to the sector.
- 2. Prioritisation:** Material factors are prioritised based on their alignment with the concerns of internal and external stakeholders including whether they are aligned with key organisational values, policies, operational management systems, goals and targets.
- 3. Benchmarking:** Comparison against competitors and peers to determine how the industry identifies and prioritises material topics.
- 4. Review:** Review the relevance of previously identified material factors.
- 5. Validation:** Validate selected material factors in the Sustainability Report with the Board.

This report references the following GRI Standards in line with the identified material topics, grouped by Focus Areas as categorised within this report:

Focus Area	Material Topics	Boundaries
Focus 1: Governance and Ethics	GRI 205: Anti-corruption	The Group
	GRI 207: Tax	
	GRI 417: Marketing and Labelling	ERA
	GRI 418: Customer Privacy	The Group
Focus 2: Economic Performance	GRI 201: Economic Performance	The Group

Focus Area	Material Topics	Boundaries
Focus 3: Environmental Responsibility	GRI 302: Energy	The Group
	GRI 305: Emissions	
	GRI 307: Environmental Compliance	
Focus 4: Human Capital	GRI 401: Employment	The Group
	GRI 403: Occupational Health and Safety	ERA
	GRI 404: Training and Education	
	GRI 405: Diversity and Equal Opportunity	The Group
	GRI 406: Non-discrimination	
	GRI 418: Customer Privacy	
Focus 5: Digital Innovation	GRI 419: Socioeconomic Compliance	ERA
	GRI 203: Indirect Economic Impacts	
Focus 6: Community Engagement	GRI 413: Local Communities	The Group

Focus 1: Governance and Ethics

Corporate Compliance

GRI 307-1, 419-1

There are several laws and regulations which are applicable to the Group. These include the Code of Corporate Governance 2018, regulations by the Monetary Authority of Singapore, Listing Rules of the SGX-ST, the Accounting and Corporate Regulatory Authority ("ACRA") and the Securities and Futures Act, amongst others.

Review of new regulations and updates to existing regulations are regularly conducted by our employees, our secretarial firm and our financial auditors. Updates are disseminated to relevant staff and processes are in place to monitor the activities and associated performance on a regular basis.

Additionally, updates on relevant legal, accounting and regulatory developments are typically provided to Directors in written handouts, or by way of briefings and presentations. The Company Secretary also circulates articles, reports and press releases issued by the SGX-ST and the ACRA which are relevant to the Directors.

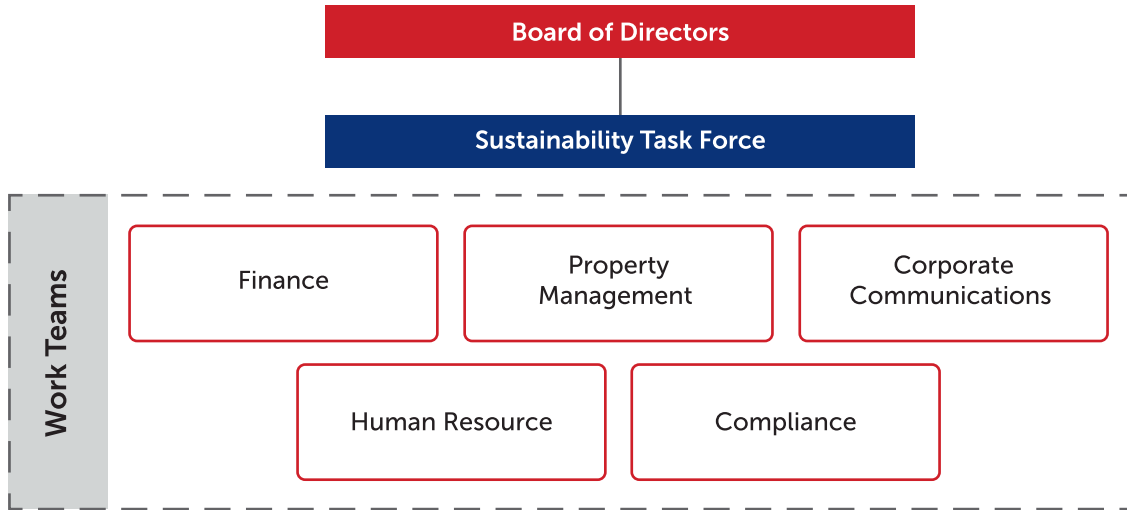
The Group also complies with the applicable requirements of the Council for Estate Agencies ("CEA"). For effective regulation of the industry, CEA administers the licensing of property agencies and registration of property agents, and regulates the practice of property agencies and agents in property transactions. It also conducts industry compliance checks and investigations, as well as disciplinary proceedings in respect of offences and unsatisfactory conduct or misconduct in relation to estate agency work.

Please refer to Focus 4: Human Capital of this report for further information regarding the Group's compliance with laws and regulations in the socioeconomic areas in FY2021.

Sustainability Report

ESG Governance and Statement of the Board

At APAC Realty, sustainability is prioritised at the board level. The Group's Sustainability Task Force is tasked with implementing and managing the Group's sustainability measures. The Task Force is chaired by the Chief Financial Officer and comprises employees from the Finance, Human Resource, Compliance, Corporate Communications and Property Management departments.



The Board incorporates sustainability issues into the formulation of the Group's strategies, and ESG risk assessments and management form part of the Group's Enterprise Risk Management Framework. The Board approves the material environmental, social and economic factors identified by the Sustainability Task Force, and ensures that the factors identified are well-managed and monitored by the Task Force.

Ethics and Integrity

Anti-Corruption

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

The Group holds a firm stance against corruption and does not tolerate any malpractice, impropriety or statutory non-compliance in the course of business.

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

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

Whistleblowing

To achieve the highest standards of integrity and accountability, the Group has a Whistle Blowing Policy in place to promote responsible and secure whistleblowing without fear of adverse consequences. Stakeholders may report any concerns or complaints regarding possible improprieties in matters of financial reporting or any other matters involving fraud, corruption and employee misconduct through the whistleblowing channels of the Group. All concerns raised are directed to the Audit and Risk Committee Chairman and effectively addressed. Employees and external parties are assured that there will be no reprisal, discrimination or adverse consequences for concerns reported in good faith.

There were no reported incidents of corruption or public legal cases regarding corruption brought against the Group, ERA salespersons or employees during the reporting period. The Group will remain vigilant in ensuring its employees and ERA salespersons conduct themselves with the highest integrity.

Tax Compliance

GRI 207-1, 207-2, 207-3, 207-4

The Group's strategy and approach to tax is to fully comply with relevant tax laws and regulations in all jurisdictions we operate in, which indirectly support the local governments and authorities in their economic, environmental and social development and objectives. The Group has zero tolerance for any intentional breach of tax laws and regulations.

The Group identifies tax related risks as part of its enterprise risk management framework which is reported regularly to the Group's Audit and Risk Committee. Implementation of tax compliance related policies and procedures are delegated to the respective business units and are monitored by the Group's Chief Financial Officer.

Relevant staff attend tax related trainings to keep updated on key changes. The Group also engages qualified professional tax advisors in all jurisdictions to ensure compliance at the transaction levels as well as fulfilling required tax filings. The Audit and Risk Committee may also from time to time engage the Group's internal auditor to monitor compliance with the tax governance and control framework. Any instances of non-compliance are reported to the Audit and Risk Committee and resolved promptly.

Guide to ERA Salespersons on Marketing Collaterals

GRI 417-1, 417-3

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

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

Protecting Customer Privacy and Data

GRI 418-1

The Group takes utmost care in protecting our customers' privacy and data and is in compliance with the Personal Data Protection Act (2012).

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

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

For FY2021, there was no data breach or fine from PDPC. Complaints pertaining to DNC were received from PDPC and satisfactorily resolved.

Sustainability Report

Governance and Ethics Targets

Governance and Ethics FY2022 Targets	
Group	Zero incidents of non-compliance with SGX-ST listing rules or CG Code
	Zero whistleblowing reports concerning fraud or corruption
	Zero complaints concerning breaches of customer privacy and losses of customer data
	No reported incidents of significant tax related non-compliance

Focus 2: Economic Performance

GRI 201-1

The Group recognises that economic sustainability is a key concern for our stakeholders. We strive to continually create value for them, to drive the future success of the Group.

The financial performance of the Group is reviewed by the Audit and Risk Committee and the Board on a regular basis.

Details of our financial performance can be found in the audited financial statements in this Annual Report, which have been prepared in accordance with Singapore Financial Reporting Standards (International) and the provisions of the Singapore Companies Act 1967.

Focus 3: Environmental Responsibility

The Group recognises the importance of sustainable urbanisation in the preservation of the environment. We strive to be environmentally responsible by implementing energy-efficient policies and practices across all offices worldwide.

Energy and Emissions Management

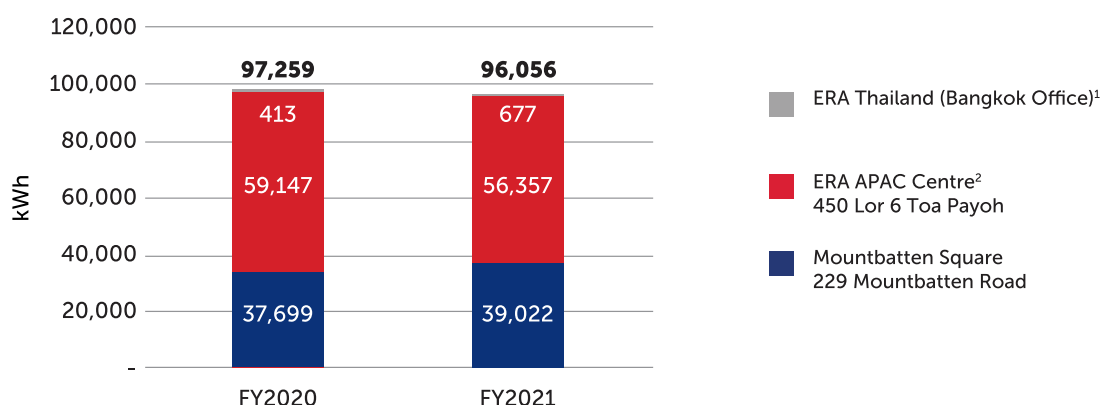
GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

The Group strives to operate sustainably by reducing the carbon footprint in all its offices. The only source of energy is the electricity purchased for consumption. As such, the Group has implemented energy-saving policies and initiatives to ensure energy efficiency and proper management of its greenhouse gas emissions, such as incorporating sustainable materials into the office setups and using 100% energy efficient LED lights in its offices. The air-conditioning is set at a comfortable temperature of 24 degree Celsius and automatic timers are configured to cut off power supply to air-conditioners after office hours.

In 2022, the Group have installed Solar Photovoltaic ("PV") Panels at the rooftop of ERA APAC Centre. The Group expects to save approximately 200,000 kWh per annum from this initiative and reduce our carbon and greenhouse gas ("GHG") emissions impact.

The following tables show average monthly energy consumption and energy intensity recorded across all of the Group's offices.

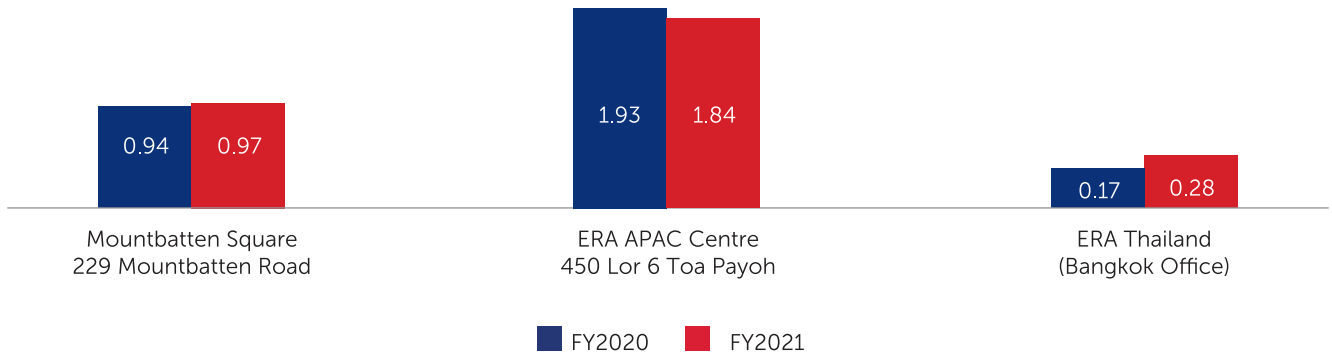
Monthly Energy Consumption



¹ Air-conditioning at C.P. Tower 3 Building A, 11th floor, Unit No. A11-3 No. 34 Phaya Thai Road, Thung Phaya Thai Sub-district, Ratchathewi district, Bangkok is provided by landlord

² Total gross floor area for ERA APAC Centre at 450 Lor 6 Toa Payoh is 44,362 Sqft and total lettable floor area (including circulation) is 30,600 Sqft

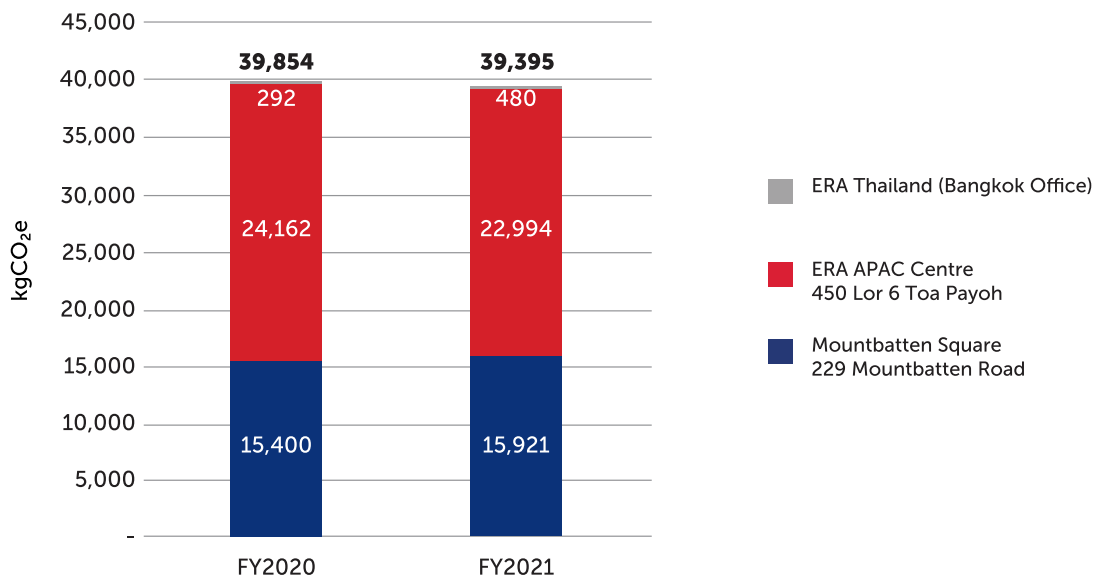
Monthly Energy Intensity (kWh/sqft)



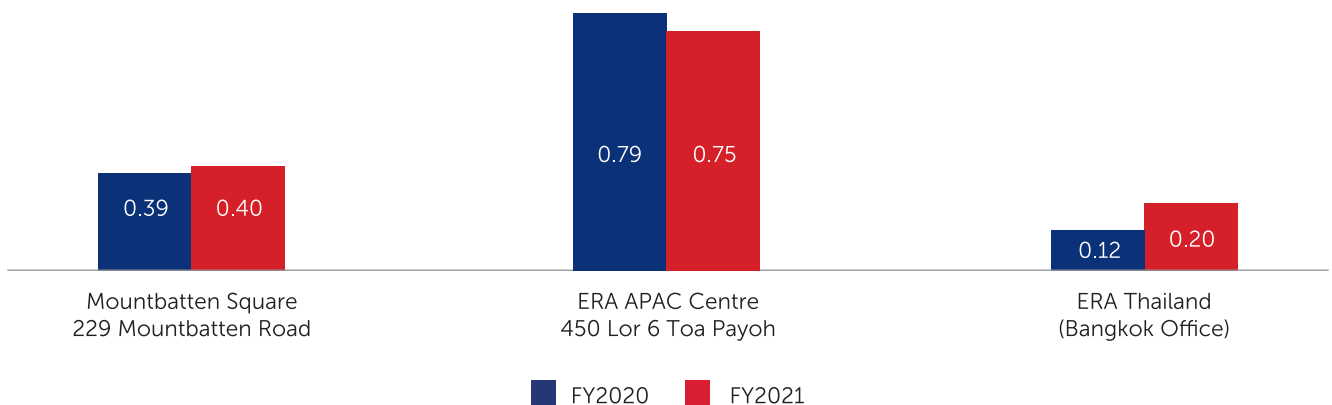
The total group-wide average monthly energy consumption for FY2021 totalled 96,056 kWh, 1.2% lower than the total monthly average of 97,259 kWh in FY2020. Group-wide average monthly energy intensity in FY2021 averaged at 1.32 kWh/sqft, lower than the 1.33 kWh/sqft total monthly average in FY2020.

The following tables show the recorded monthly averages of GHG emissions and GHG emission intensity ratio of APAC Realty in FY2021 and FY2020.

Monthly GHG Emissions



Monthly GHG Emission Intensity (kgCO₂e/sqft)



Sustainability Report

To ensure effective control and oversight of energy use, The Group conducts monthly monitoring and analysis of its energy consumption patterns to ensure that the energy and emission intensity ratio is below the targets set as follows:

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

The Group achieved the energy intensity targets at the Mountbatten Square office and C.P. Tower 3 Office but not at ERA APAC Centre. The Group will continue to explore and consider various energy-saving initiatives in FY2022 to reduce the energy consumption for ERA APAC Centre.

Environmental Compliance

GRI 307-1

The Group complies strictly with local environmental laws and regulations where we operate. There was no incident of non-compliance with environmental laws and regulations in FY2021. The Group will continue to maintain environmental compliance going forward.

Segment	FY2021 Target	Status	FY2021 Performance Update
Group	Undertake further initiatives to promote environmental sustainability	✓ Met	Group-wide average monthly energy consumption in FY2021 was 1.2% lower than in FY2020
	Zero incidents of environmental non-compliance	✓ Met	Achieved zero incidents of environmental non-compliance
Environmental Responsibility FY2022 Targets			
Group	Undertake further initiatives to promote environmental sustainability		
	Zero incidents of environmental non-compliance		

Focus 4: Human Capital

The Group is committed to cultivating a fair and diverse workplace. We recognise that our people are the greatest assets and believe in embracing and celebrating our employees' differences. The Group is committed to empowering our people to achieve their full potential and continue to provide services our customers trust.

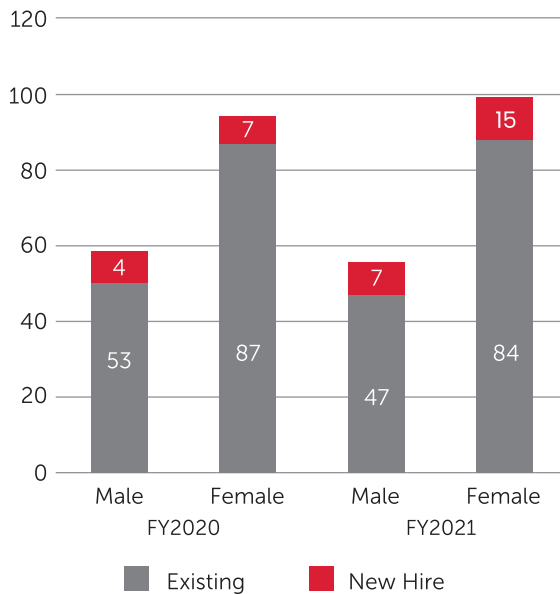
Employee Diversity

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

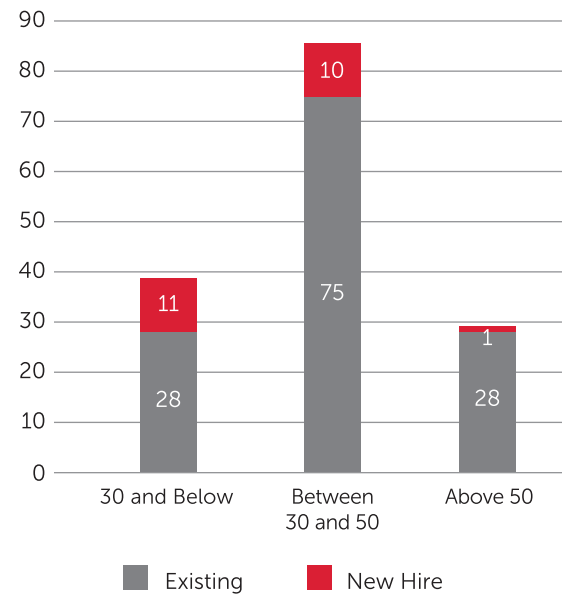
At APAC Realty, we believe that workforce diversity drives innovation and stimulates our growth. As such, we do not discriminate our employees based on any aspects, including gender, race, religion or age.

Singapore

Detailed Breakdown of Employees By Gender

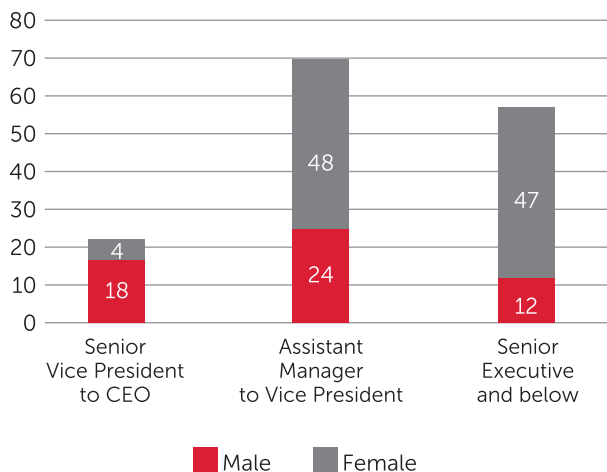


Detailed Breakdown of Employees By Age Group (as at 31 Dec 2021)

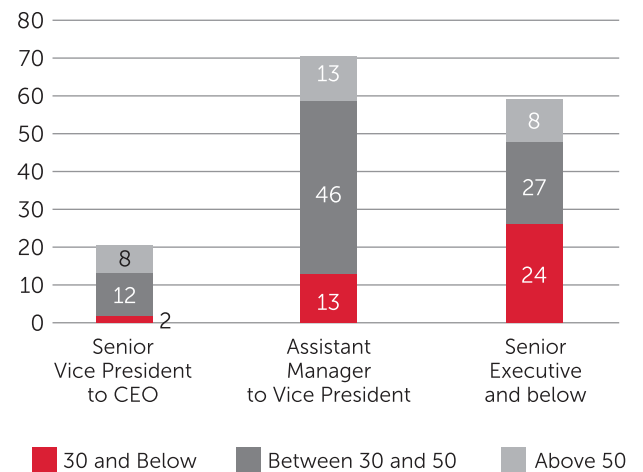


In FY2021, our new hires from both genders is well balanced with an increase in the proportion of female hires. The Group also continues to hire employees from different age groups. In addition, the Group has achieved a good gender ratio and a diversified workforce across all age groups.

Breakdown of Employees by Position (as at 31 Dec 2021)



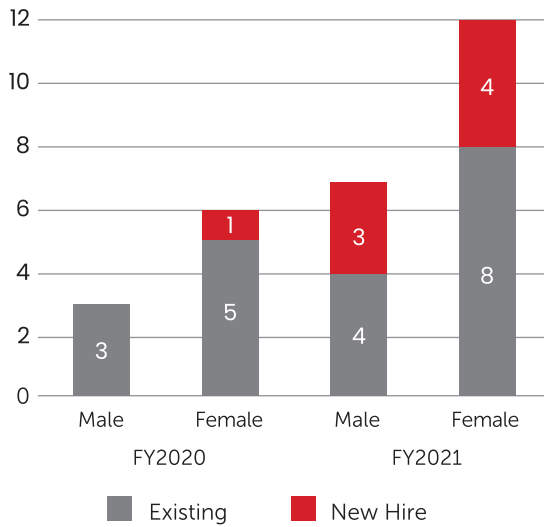
Detailed Breakdown of Positions by Age Group (as at 31 Dec 2021)



Sustainability Report

Thailand

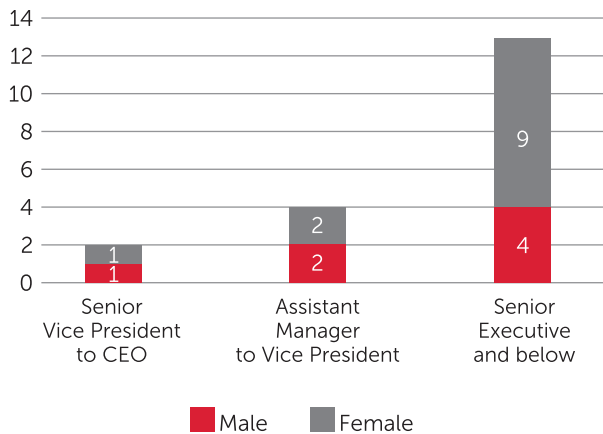
Detailed Breakdown of Employees By Gender



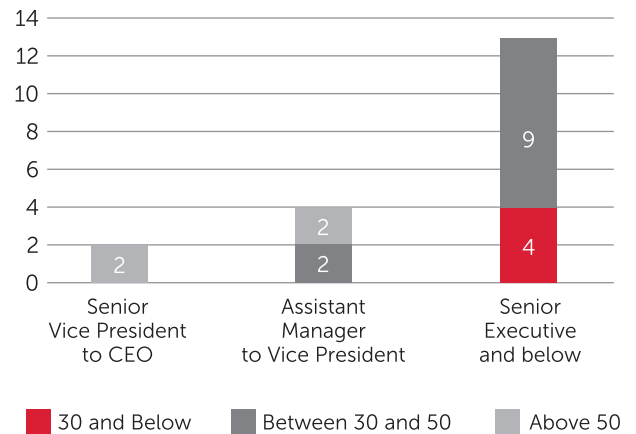
Detailed Breakdown of Employees By Age Group (as at 31 Dec 2021)



Breakdown of Employees by Position (as at 31 Dec 2021)



Detailed Breakdown of Positions by Age Group (as at 31 Dec 2021)



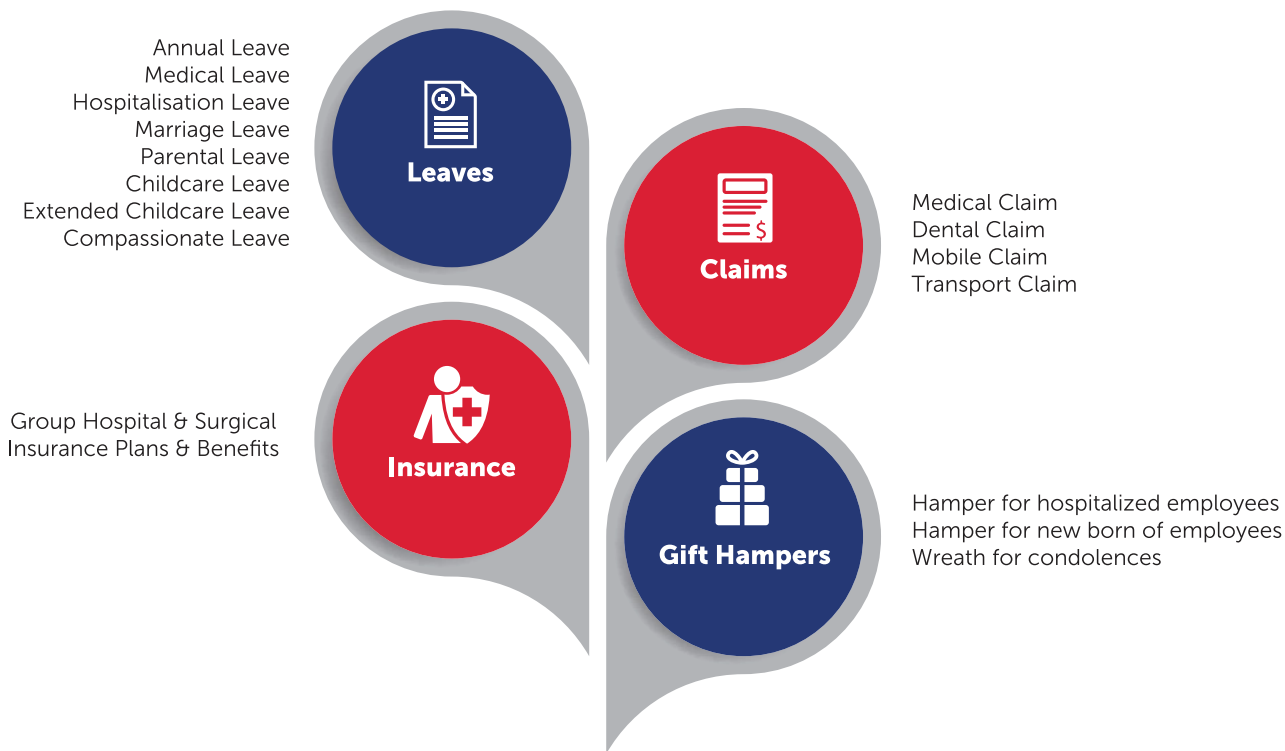
The employees of the Group are treated with respect and are entitled to a range of benefits. There were no reported cases of discrimination in FY2021.

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

Employee Wellbeing, Benefits and Development

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

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



The Group fully complies with Singapore’s Ministry of Manpower (“MOM”) labour regulations and support the government’s pro-family policies. In FY2021, all employees based in Singapore who were entitled to childcare leave had fully utilised their entitlements.

Leave Type	No. of Entitled Staff	No. of Days Entitled per Employee	No. of Days Taken	Utilization
Childcare	3	2	2	100%
Enhanced Childcare	11	6	6	100%
Extended Childcare Leave	13	2	2	100%

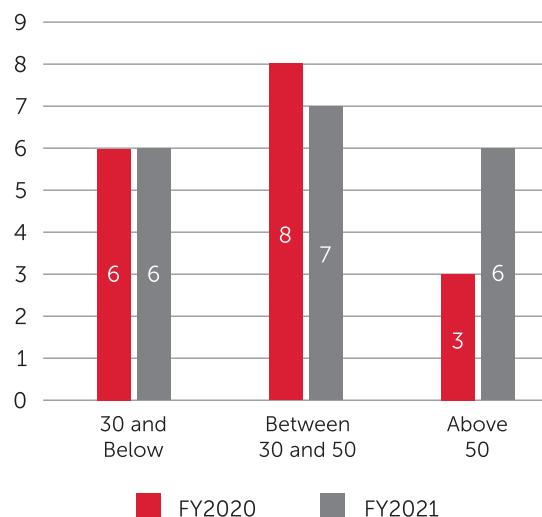
The Group endeavours to build a high-retention workplace that is conducive for all employees to learn and grow. The Group implements and adheres to best practices regarding employee engagement, including fair remuneration, employee benefits, training and development programs, performance and career development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

Singapore

Breakdown of Staff Attrition (By Gender)



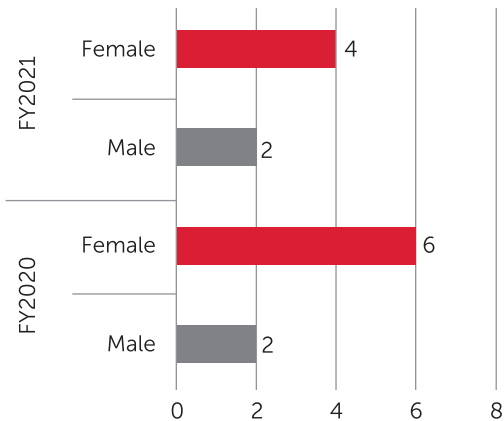
Breakdown of Staff Attrition (By Age Group)



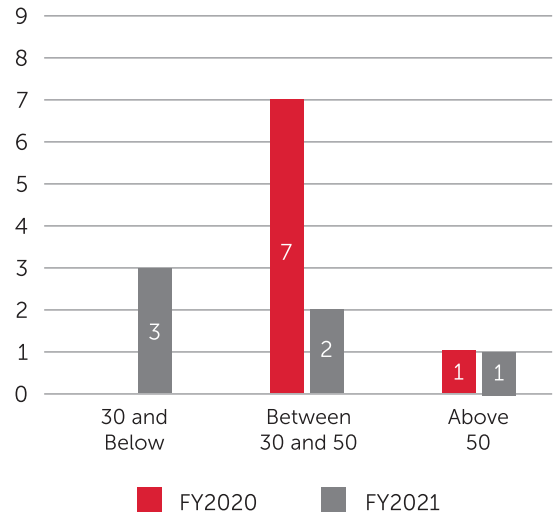
Sustainability Report

Thailand

Breakdown of Staff Attrition (By Gender)



Breakdown of Staff Attrition (By Age Group)



In FY2021, the Group managed to keep its turnover low and attrition consistent with FY2020.

With the increased stress levels brought upon by the COVID-19 pandemic, the Group makes it a priority to ensure the economic, physical and mental well-being of its people are well addressed. This is achieved by taking measurable steps in ensuring gender equality in the workplace and rewarding good performance as encouragement to the Group’s employees to reach their full potential.

COVID-19 Safety Measures

GRI 403-1

In FY2021, the COVID-19 pandemic continued to pose a health and safety risk to our employees and workers. During these unsettling times, we stay committed to prioritising their safety.

To ensure the safety and welfare of our employees and salespersons across all entities, we keep abreast of the local COVID-19 safety laws and regulations and implement any new measures immediately to ensure that the working conditions of all employees are in strict compliance with local COVID-19 laws and regulations. This helps us to minimise the risk of transmission among the workers and surrounding community.

The Group recognises that its salespersons face an elevated risk of COVID-19 infection due to the client-facing nature of their work. We have implemented safe management measures (“SMM”) at our offices such as safety distancing measures and frequent disinfection of our premises, especially areas with high contact points. All employees are briefed on the SMM and are required to comply strictly. This helps us to minimise the risk of transmission amongst salespersons or clients.

In FY2021, there was no incident of non-compliance with local COVID-19 regulations.

Compliance with Social and Economic Laws and Regulations

GRI 419-1

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

There was no incident of non-compliance with laws and regulations in the social and economic aspects in FY2021. The Group endeavours to maintain this in FY2022 by continuing the implementation of our best practices where the Group operates, including Indonesia, Malaysia, Thailand and Vietnam.

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

Internal Process for Complaints Received

GRI 418-1

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

In 2021, there were 30 CEA disciplinary cases involving real estate salespersons pertaining to dishonest or unethical behaviour on the part of the salesperson and minor regulatory infringements. Below is a summary of the real estate agencies with CEA disciplinary cases in 2021. ERA will strive for zero CEA disciplinary cases for FY2022.

Name of Real Estate Agency	Number of CEA Cases	Per 1,000 agents ¹
ERA Realty Network Pte Ltd ("ERA")	7	0.83
Propnex Realty Pte Ltd	11	1.05
Huttons Asia Pte Ltd	2	0.56
OrangeTee & Tie Pte Ltd	4	1.04
SRI Pte Ltd	2	1.78
4 other agencies	4	NM ²
Total	30	

¹ Based on number of agents as at 31 December 2021

² Number not meaningful

Trainings for Our ERA Salespersons

GRI 404-1

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

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

Human Capital Targets and Performance

Segment	FY2021 Target	Status	FY2021 Performance Update
ERA	Training and Development of ERA salespersons	✓ Met	More than 8,100 ERA salespersons fulfilled their Continuing Professional Development ("CPD") hours and managed to renew their CEA licences for 2021
	Zero disciplinary actions from CEA against ERA salespersons	X Not Met	There were 7 disciplinary cases from CEA against ERA salespersons.

Sustainability Report

Group	Zero incidents of non-compliance with local COVID-19 safety measures	✓ Met	Achieved zero incidents of non-compliance with local COVID-19 laws and regulations
	Zero incidents of non-compliance with laws and regulations in the social and economic aspects	✓ Met	Achieved zero incidents of non-compliance with laws and regulations in the social and economic aspects
Human Capital FY2022 Targets			
ERA	Continue to provide training and development of ERA salespersons		
	Zero disciplinary cases from CEA against ERA salespersons		
Group	Zero incidents of non-compliance with local COVID-19 safety measures		
	Zero incidents of non-compliance with laws and regulations in the social and economic aspects		

Focus 5: Digital Innovation

GRI 203-2

At APAC Realty, we understand the importance of driving technological innovation in order to achieve sustainability in our business practices. We are constantly innovating new ways to build stronger digital capabilities that can benefit our salespersons, customers and the greater community.

In FY2021, ERA made measureable steps in digital innovation. ERA released the latest version of the RealtyWatch mobile app which unveiled one of its most evolutionary solutions to date – Real-time Rental Home Finder. The feature integrates a public transport directory into a home search platform, allowing tenants to find properties based on public transport routes that matched their budgets.

To assist in the Group's journey to build a sustainable digital ecosystem, ERA engaged in multiple collaborations with various sector leaders during the year. One of ERA's notable collaborations was with the Singapore Land Authority ("SLA"), which incorporates SLA's OneMap3D data into ERA's iERA and RealtyWatch mobile apps. This has allowed users to experience a richer view of a particular property's surroundings, run shadow casts for a specific property showing results at various times of the day, and includes useful features such as location-based information, navigational services and the use of open-source technologies. Other noteworthy collaborations during the year include ERA's partnership with EcoProp which will enhance users' experiences in property search.

Going forward, ERA will continue to collaborate and innovate to achieve its vision of building an integrated and sustainable digital ecosystem.

Focus 6: Community Engagement

GRI 413-1

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

ESG by ERA



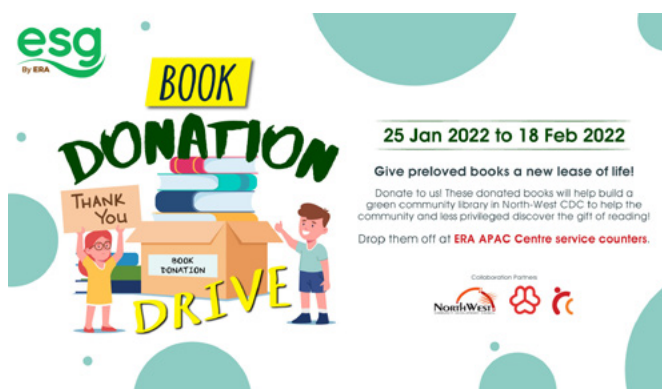
In November 2021, ERA announced a series of ESG initiatives, themed “ESG by ERA” where ERA will focus on three priority areas – creating a green and sustainable living environment for Singaporeans, employee well-being, and development of evolutionary solutions.

Contributions to Singapore Green Plan 2030

To kickstart this initiative, ERA senior management and trusted advisers donated S\$231,000 to the Hong Kah North Environmental Sustainability Fund. The donations form ERA’s efforts to support the Singapore Green Plan 2030, a nation-wide movement organised with the aim to advance Singapore’s sustainable development agenda. The donation funds will be utilised to assist the grassroots organisation in developing a green and sustainable living environment for Hong Kah North’s residents.

This includes the building of a community garden atop a multi-storey carpark at Bukit Batok and the setting up of an Eco Hub in Tengah Town to encourage sustainable living practices by organising eco-activities and eco-workshops for the community.

In addition, ERA employees and trusted advisers have made donations of \$53,000 to North West Community Development Council (“CDC”) in support of their sustainability initiatives for the North West community.



The Group would like to thank the following donors for their generous donations of \$10,000 and above: Kevin Lim, Chris Chen, Eugene Koh, Kavin Kuah, Lynn Er, Liu Ming, Gina Tng, Kane Seow, Eric Goh, Tiger Ng, Dulcie Liu, Bryan Setho, Zac Huang, Alex Lim, Alicia Yang, Kelvin Neo, Raymond Loke and Kelvin Chen.

Other sustainability initiatives

In March 2022, ERA, in partnership with the Straits Times, held the Through the Lens Photo Exhibition on Climate Change at ERA APAC Centre. This exhibition, previously held at the National Museum of Singapore, showcases a series of photographs that explore the global impact of climate change on Singapore, which can be felt here and now. Through this jointly held exhibition, ERA hopes to raise awareness about climate change and the importance of climate action.

In collaboration with North-West CDC, ERA started a book donation drive in January 2022. The aim is to promote a greener Singapore through the reusing of books and share the gift of reading with the community by helping to build a Green Community Library.

Since 2021, the Group started to use DBS QR e-card as part of the Group’s gifting process. This was a transition from the traditional red packets with new notes in light of the Group’s efforts to roll-out sustainability practices across our business and is expected to reduce the usage of paper-based red-packets.

Small steps, big impact

ERA’s contribution represents a start to the Group’s goal of becoming a green corporate citizen, and we hope to launch more sustainability initiatives in the future.

Sustainability Report

Community Chest



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

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

ERA Scholarship



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

The first ERA Scholarship recipient, Mr Seow Chze Kuan, joined ERA in 2016 to earn and save for university school fees after National Service. With the scholarship, Chze Kuan is able to further his studies in Real Estate at National University of Singapore while balancing his real estate career. In 2018, Chze Kuan managed to earn his first career award – ERA Million Dollar Club – for accumulating \$5 million worth of property transacted or earned \$100,000 commission. In 2021, Chze Kuan was promoted to Senior Marketing Director and now leads a team of 9 salespersons. He has also won several awards in 2021.

Children for Children



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

SGX-ST Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material ESG Factors	Stakeholder Engagement and Materiality Assessment
2	Policies, Practices and Performance	<ul style="list-style-type: none"> Statement by Executive Chairman Sustainability Strategy Overview Focus 1 to 6
3	Board Statement	ESG Governance and Statement of the Board
4	Targets	<ul style="list-style-type: none"> Governance and Ethics Targets Environmental Responsibility Targets and Performance Human Capital Targets and Performance
5	Sustainability Reporting Framework	About this Report

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Structure, Our Business
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Corporate Structure
102-5	Ownership and legal form	Corporate Structure
102-6	Markets served	Corporate Structure
102-7	Scale of the organisation	Corporate Structure
102-8	Information on employees and other workers	Employee Diversity
102-9	Supply chain	Our Business
102-10	Significant changes to the organisation and its supply chain	Statement by Executive Chairman, Operating and Financial Review
102-11	Precautionary Principle or approach	Operating and Financial Review
102-12	External initiatives	Operating and Financial Review
102-13	Membership of associations	Board of Directors, Management Team
102-14	Statement from senior decision-maker	Statement by Executive Chairman
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	ESG Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement and Materiality Assessment
102-41	Collective bargaining agreements	Not Applicable. No collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality Assessment
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment
102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality Assessment
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	About this Report, Stakeholder Engagement and Materiality Assessment
102-47	List of material topics	Stakeholder Engagement and Materiality Assessment
102-48	Restatements of information	About this Report

102-49	Changes in reporting	About this Report
102-50	Reporting period	About this Report
102-51	Date of most recent report	March 2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About this Report
201-1	Direct economic value generated and distributed	Focus 2: Economic Performance
203-2	Significant indirect economic impacts	Digital Innovation
205-1	Operations assessed for risks related to corruption	Anti-Corruption
205-2	Communication and training on anti-corruption policies and procedures	Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption
207-1	Approach to tax	Tax Compliance
207-2	Tax governance, control and risk management	Tax Compliance
207-3	Stakeholder engagement and management of concerns related to tax	Tax Compliance
207-4	Country-by-country reporting	Tax Compliance
302-1	Energy consumption within the organisation	Energy and Emissions Management
302-3	Energy Intensity	Energy and Emissions Management
302-4	Reduction of energy consumption	Energy and Emissions Management
305-2	Energy Indirect Greenhouse Gas Emissions (Scope 2)	Energy and Emissions Management
305-4	Greenhouse Gas Emissions Intensity	Energy and Emissions Management
305-5	Reductions in GHG Emissions	Energy and Emissions Management
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance
401-1	New employee hires and employee turnover	Employee Diversity, Employee Benefits and Development
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits and Development
401-3	Parental Leave	Employee Benefits and Development
403-1	Occupational health and safety management system	COVID-19 Safety Measures
404-1	Average hours of training per year per employee	Training for our ERA Salespersons
405-1	Diversity of governance bodies and employees	Employee Diversity
406-1	Incidents of discrimination and corrective actions taken	Employee Diversity
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
417-1	Requirement for product and service information and labelling	Guide to ERA Salespersons on Marketing Collaterals
417-3	Incidents of non-compliance concerning marketing communications	Guide to ERA Salespersons on Marketing Collaterals
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Internal Process for Complaints Received
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Social and Economic Laws and Regulations

Corporate Information



DIRECTORS

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

COMPANY SECRETARY

Ms. Ngiam May Ling, LLB (Hons)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

450 Lorong 6 Toa Payoh
ERA APAC Centre
Singapore 319394

COMPANY REGISTRATION NUMBER

201319080C

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITORS

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

BANKS

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

RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

INVESTOR RELATIONS

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

Corporate Governance Report

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

This report describes the corporate governance framework and practices adopted by the Company for the financial year ended 31 December 2021 (“**FY2021**”), with reference to the principles and provisions in the Code of Corporate Governance 2018 (the “**Code**”).

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

BOARD MATTERS

The Board’s Conduct of Affairs

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

Principle Duties of the Board

The principal functions of the Board are to:

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

Conflict of Interest

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

Board Approval

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

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

Corporate Governance Report

Directors' Orientation and Training

Upon appointment, each new Director would be provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual. The new Director will also receive a comprehensive orientation programme including meeting with the CEO and Chief Financial Officer ("**CFO**") to familiarise with the affairs of the Group's operations and businesses.

Under the Listing Manual, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST.

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

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

Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the Listing Manual) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors. In FY2021, the Company had arranged the following training for all the Directors:

- changes to the Listing Manual which was conducted by audit professionals; and
- briefing and updates on cyber security by professional consultants.

Board and Board Committees Meetings

Three Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") have been constituted with written terms of reference approved by the Board to assist the Board in discharging its responsibilities. The AC was renamed the Audit and Risk Committee ("**ARC**") with effect from 22 February 2022. The day-to-day management functions are performed by Management, headed by the CEO.

Notwithstanding that the Company does not perform quarterly reporting of its financial results, the ARC and Board continue to conduct regularly scheduled meetings for the first and third quarter of the financial year to receive updates on significant business activities and the overall business environment, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results respectively. Ad-hoc meetings will be held as and when required to address any significant issues that may arise.

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

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

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

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

Corporate Governance Report

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

The attendance of Directors at the annual general meeting ("AGM"), Board and Board Committees meetings held in FY2021 are as follows:

	Annual General Meeting	Board Meetings	ARC Meetings	NC Meetings	RC Meetings
No. of meetings held	1	4	3	1	1
Name of Directors	No. of meetings attended in FY2021				
Chua Khee Hak (" Jack Chua ")	1	4	–	–	–
Tan Choon Hong	1	4	3	1	1
Tan Bong Lin	1	4	3	1	1
Wong Hin Sun, Eugene	1	4	3	1	1
Tan Poh Hong	1	4	3	1	1

After review by the NC, the Board is satisfied that the Directors with multiple board representations and other principal commitments, have been able to devote sufficient time and attention to the affairs of the Group to discharge his or her duties as a director of the Company adequately and satisfactorily, notwithstanding their multiple appointments and commitments in FY2021.

Board Composition and Guidance

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

Board Independence

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

Memberships of the Board Committees are as follows:

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

Corporate Governance Report

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

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

The Directors complete an annual declaration of independence, whereby they are required to assess their independence, after taking into account the above requirements, which is then put to the NC for review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgement may be impaired, but are not in themselves conclusive, and they are also required to disclose any relationship with the Company, its related corporations or its officers which may interfere with, the exercise of their independent business judgement in the best interests of the Company, or would otherwise deem them to be not independent.

As the above provisions in the Code and listing rules in the Listing Manual do not apply to the Independent Non-Executive Directors, and based on their annual declaration of independence, Tan Bong Lin, Wong Hin Sun, Eugene and Tan Poh Hong are considered independent.

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

Board Diversity and Composition

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

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

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

Chairman and Chief Executive Officer

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

On 28 June 2021, the Company had announced that Mr Chu Weng Kiong Marcus ("**Mr Marcus Chu**") had been appointed to succeed Mr Jack Chua as the CEO with effect from 1 July 2021. As such, the Executive Chairman and the CEO are now separate persons which ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Corporate Governance Report

As the Executive Chairman, Mr Jack Chua charts the strategic direction, the business planning and development of the Group. He also ensures that Board meetings are held as and when necessary, approves the Board meeting agenda and ensures adequate time is available for discussion of all agenda items, in particular strategic issues, reviews the Board papers before they are presented to the Board to ensure that Board members are provided with complete, adequate and timely information. Mr Jack Chua also monitors communications and relations between the Company and its shareholders, between the Board and Management, and between the Independent and Non-Independent Directors, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman also works to facilitate the effective contribution of the Non-Executive Directors and assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance.

As the CEO, Mr Marcus Chu leads the members of the Management team and is responsible for implementing and reviewing the business direction and strategies for the Group as endorsed by the Board, and for operational performance and organisational excellence.

The Board has considered Mr Jack Chua's role as an Executive Chairman and the strengths he brings to such a role by virtue of his stature and experience. Through the establishment of various Committees with power and authority to perform key functions without the undue influence from the Board Chairman, and the putting in place of internal controls for proper accountability and to allow for effective oversight by the Board of the Company's business, the Board ensures that there is appropriate balance of power which allows the Board to exercise objective decision-making in the best interests of the Group. The Board is of the view that Mr Jack Chua's role as an Executive Chairman would continue to facilitate the Group's decision-making and implementation process without diminishing the capacity of the Board for independent decision-making.

Lead Independent Director

The Board has designated Mr Tan Bong Lin as the Lead Independent Director who serves as a sounding board for the Chairman and also as an intermediary between the independent non-executive directors and the Chairman. When necessary, the Independent Directors, led by the Lead Independent Director will have discussions among themselves without the presence of Management and the Executive Director. The Lead Independent Director provides any relevant feedback to the Board or Executive Chairman as appropriate. In general, such discussions are informal and conducted either before the start, or after the conclusion, of a scheduled meeting of the Board or a Board Committee.

Board Membership

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

NC Composition and Role

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

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

The NC convened one meeting during the financial year under review.

Corporate Governance Report

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

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

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

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

Re-election of Directors

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

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

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

Corporate Governance Report

Directors' Commitments

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

The Company does not have any alternate director.

Key Information of Directors

The key information (includes the listed company directorships and principal commitments) of the Directors is as set out on pages 14 and 15 of this Annual Report.

Additional information on Jack Chua and Wong Hin Sun, Eugene, being the Directors who have been nominated for re-election, required under Appendix 7.4.1 of the Listing Manual are set out on pages 127 to 130 of this Annual Report.

Board Performance

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

Board Evaluation Process

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

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

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

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

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

The performance evaluation process is performed annually.

For FY2021, based on the completed assessment forms submitted by all Directors, the Board is of the view that the Board, Board Committees and individual Directors have fared well against the performance criteria and is satisfied with the performance of the Board, Board Committees and individual Directors and that each director is contributing to the overall effectiveness of the Board. No external facilitator was involved in the performance evaluation process in FY2021.

Corporate Governance Report

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure of Remuneration

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

RC Composition and Role

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

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

The RC had convened one meeting during the financial year under review.

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

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, for endorsement:
 - (i) a general remuneration policy framework for the Board and KMP; and
 - (ii) the specific remuneration packages for each of the Directors and KMP; and
 - (iii) succession planning;
- ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;
- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of an Executive Director or KMP's service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and
- proposing, for adoption by the Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the KMP, Directors and of the Board as a whole.

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

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

Corporate Governance Report

Remuneration Policy

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

Only the Executive Director and CEO have entered into service agreements with the Company. The service agreements do not have a fixed term and contain termination provisions, pursuant to which either party to the agreement may terminate his employment at any time by giving not less than six months' prior written notice. The RC reviews the service agreements of the Executive Director and CEO annually and any revisions are subject to its approval.

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

The structure of the fees payable to the Independent and Non-Executive Directors for FY2021 is as follows:

	Per annum
Lead Independent Director	S\$5,000
ARC Chairman	S\$18,000
NC Chairman	S\$10,000
RC Chairman	S\$10,000
ARC member	S\$15,000
NC member	S\$8,000
RC member	S\$8,000
Base fee payable to all Independent and Non-Executive Directors	S\$30,000

Where necessary, the RC could seek external professional advice on remuneration matters of Directors and KMP. The RC did not engage any external remuneration consultant to assist in the review of compensation and remuneration for FY2021.

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

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

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

Corporate Governance Report

Remuneration Disclosure

The breakdown of remuneration paid to or accrued to each Director for FY2021 is as follows:

Directors and CEO	Salary# %	Fees %	Bonus %	Other Benefits %	Variable or Performance- related Income/Bonus %	Total %
Between S\$2,000,000 to S\$2,250,000						
Marcus Chu	31	–	–	–	69	100
Between S\$1,250,000 to S\$1,500,000						
Jack Chua	31	–	13	1	55	100
	Salary# S\$	Fees S\$	Bonus S\$	Other Benefits S\$	Variable or Performance- related Income/Bonus S\$	Total S\$

Director Fees

Tan Bong Lin	–	69,000	–	–	–	69,000
Tan Choon Hong	–	–	–	–	–	–
Wong Hin Sun, Eugene	–	63,000	–	–	–	63,000
Tan Poh Hong	–	63,000	–	–	–	63,000

Refer to basic salary and CPF contribution by employee

The aggregate remuneration received by the top five KMP (who are not Directors or the CEO) for FY2021 was S\$1,076,000. The Company has not fully disclosed the remuneration of the Executive Director, CEO and KMP (who are not Directors or the CEO) as the Board is of the view that it is not in the best interests of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information as it may lead to the poaching of executives within a highly competitive industry. The various components of the remuneration of the KMP (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits %	Total %
Between S\$250,000 to S\$500,000				
Eugene Lim Tong Weng	61	12	27	100
Poh Chee Yong	75	25	–	100
Below S\$250,000				
Thomas Tan Thiam Hee*	89	11	–	100
Paul Ho Chi Chew	70	12	18	100
Ong Boo Choon (Jackson)	78	18	4	100

* Joined on 1 July 2021

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

Annual Assurance

The Board had received written assurance from the Executive Chairman, CEO and CFO at the Board meeting on 22 February 2022 that:

- the financial records had been properly maintained and the financial statements give a true and fair view of the Group's financial condition, results of operations, cash flows and finances for the period covered by the report;
- the Group had established and maintained an adequate and effective systems of internal controls and risk management for FY2021; and
- there was no other matter that the Executive Chairman, CEO and CFO were aware of which could lead them to believe that the financial statements for FY2021 are false or misleading or that the systems of internal controls and risk management are inadequate or ineffective.

Based on the internal control policies and procedures established and maintained by the Group, works performed by the external and internal auditors and reviews performed by Management as well as assurance from the Executive Chairman, CEO and CFO, the Board with the concurrence of the ARC, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2021 to address the financial, operational, information technology and compliance risk which the Group considers relevant and material to its operations. The Board and the ARC did not identify any material weaknesses in the internal controls and risk management systems of the Group.

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

The Board has been working closely with Management in monitoring challenges posed by the Covid-19 pandemic. Detailed disclosures on the issues reviewed by the Board in the face of the Covid-19 pandemic (including changes to business fundamentals, the significant risks facing the Group as a result of the pandemic and the acceleration of digitisation efforts within the Group) can be found in the Company's Sustainability Report.

Since FY2020, the Company has implemented its Covid-19 business continuity plan to ensure that there are appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the Covid-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the Board. The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving Covid-19 situation.

Corporate Governance Report

Audit Committee (renamed to Audit and Risk Committee with effect from 22 February 2022)

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

ARC Composition and Role

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

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

The AC was renamed as the Audit and Risk Committee effective 22 February 2022 to also reflect the roles and responsibilities of the committee in assisting the Board to oversee the risk management of the Company.

The ARC had convened three meetings during FY2021.

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

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

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

- assisting the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;
- reviewing and recommending to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing the external auditor's audit plan and audit reports, and the external auditor's evaluation of the system of internal accounting controls, with the external auditor, as well as the assistance given by Management to the external auditor;
- reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and IT controls;
- monitoring and reviewing the implementation of the external auditor's recommendations for internal control weaknesses, if any;
- reviewing and approving all hedging policies and types of hedging instruments to be implemented by the Company, if any;
- reviewing any interested person transactions as defined in the Listing Manual;
- reviewing the scope and results of the internal audit procedures and Management's response and follow-up actions, and, at least annually, the adequacy and effectiveness of the Company's internal audit function;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

Corporate Governance Report

- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board, exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, the ARC will consider whether a conflict of interest does in fact exist. A Director who is a member of the ARC will not participate in any proceedings of the ARC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the ARC may deem reasonably necessary;
- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the Company's controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts; and
- reviewing and resolving all conflicts of interest matters referred to it.

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

The ARC had met with the external and internal auditors, without the presence of Management once in FY2021.

External Audit

The ARC has undertaken a review of the independence and objectivity of EY, through discussions with EY as well as reviewing the non-audit services that are provided by EY and is satisfied that the provision of such services has not affected the independence of EY. The audit and non-audit fees that are charged to the Group by EY for FY2021 amounted to S\$194,000 and S\$21,000 respectively.

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

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

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

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

Internal Audit

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

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

Corporate Governance Report

The ARC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditor are properly implemented, and (iii) the effectiveness and independence of the internal auditor. In doing so, the AC takes into consideration the service level, attentiveness, professionalism and calibre of the assigned personnel who carried out the internal audit activities during the financial year. The ARC is satisfied that the internal audit function was independent, adequately resourced and effective in FY2021.

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

Key Audit Matters

In the review of the financial statements, the ARC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for FY2021 were reviewed and discussed by the ARC with Management and the external auditor:

- Impairment assessment of goodwill;
- Impairment assessment of trade receivables; and
- Revenue recognition.

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

Whistleblowing Policy

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

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

Every effort will be made to protect the whistleblower's identity. The Company does not tolerate nor condone any retaliatory action taken against the whistleblower and may institute disciplinary action against any employee or person found to have taken such retaliatory action.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

Corporate Governance Report

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Disclosure of information on timely basis

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

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

Conduct of General Meetings

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

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

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

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

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

Due to the COVID-19 situation and in order to keep physical interactions and COVID-19 transmission risks to a minimum, the Company had convened and held its AGM in respect of the financial year ended 31 December 2020 and will be convening and holding its forthcoming AGM in respect of FY2021 by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

Corporate Governance Report

Investor Relations Practices

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

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

The Company had participated in the following investor relations activities:

No.	Activity	Date
1	RHB Bank FY2020 Results Briefing and Update (exclusively with RHB Bank)	24 February 2021
2	SGX-DBSV Virtual Conference "Rediscovering the Singapore Momentum"	25 March 2021
3	APAC Realty Limited's FY2020 annual general meeting	20 April 2021
4	Phillips Investor Presentation and first quarter 2021 business update briefing with analysts	14 May 2021
5	CIMB Investor session	16 June 2021
6	SGX-CS Singapore Corporate Day	29 June 2021
7	Maybank Kim Eng Investor session	28 July 2021
8	First half 2021 results briefing with analysts	13 August 2021
9	First half 2021 results briefing (with CGS CIMB)	20 August 2021
10	CLSA Ltd – Singapore Property Access Day 2021	1 September 2021
11	The Edge: Investival 2021	26 September 2021
12	Third quarter 2021 business update briefing with analysts	15 November 2021
13	DBS Vickers Pulse of Asia Conference 2022: The Digital Edition	12 January 2022
14	Second half and full year 2021 results briefing with analysts	23 February 2022

Dividend Policy

On 12 August 2021, the Board had 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. In fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt / equity position and the importance of balancing growth with prudent capital management.

The Company had declared and paid a first interim tax-exempt (one-tier) dividend of S\$0.035 per ordinary share and a special tax-exempt (one-tier) dividend of S\$0.03 per ordinary share for the financial period ended 30 June 2021. Including the proposed final tax-exempt (one-tier) dividend of S\$0.04 per ordinary share (if approved at the forthcoming AGM), the total dividends of S\$0.075 would represent a dividend payout of 75.5% based on FY2021 net profits.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

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

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

Corporate Governance Report

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

In FY2021, the Company and its Directors and Officers had complied with the guidance in respect of the dealing in the Company's securities as set out in the Best Practices Guide.

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S\$100,000 or more in value were entered into in FY2021.

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

MATERIAL CONTRACTS

Rule 1207(8) of the Listing Manual

Save for the service agreement between the Company and the Executive Director and the service agreement between the Company and the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which were still subsisting as at 31 December 2021.

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

Rule 1207(20) of the Listing Manual

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

The following table sets out the breakdown of the use of Net Proceeds as at the date of this Annual Report:

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

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

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 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
Ultimate Holding Company				
Tan Choon Hong	3	3	–	–
Company				
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
ASSETS					
Non-current assets					
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>
Current assets					
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>
Total assets		<u>385,850</u>	<u>321,284</u>	<u>217,969</u>	<u>215,254</u>
EQUITY AND LIABILITIES					
Current liabilities					
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>
Net current assets/(liabilities)		<u>35,439</u>	<u>30,169</u>	<u>(30,223)</u>	<u>(36,705)</u>
Non-current liabilities					
Lease liabilities	17	44	1,738	–	–
Loan and borrowing	18	45,917	48,817	–	–
Deferred taxation	19	4,089	4,200	–	–
Net assets		<u>160,664</u>	<u>154,588</u>	<u>165,186</u>	<u>159,694</u>
Equity attributable to owners of the Company					
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)	–	–
Total equity		<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
Revenue			
Real estate brokerage fees and related services	22	735,369	389,429
Other revenue	23	4,381	5,696
Total revenue		739,750	395,125
Items of expense			
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
		696,731	375,315
Operating profit		43,019	19,810
Share of results of associates		(400)	(161)
Profit before tax		42,619	19,649
Income tax expense	26	(7,325)	(3,307)
Profit for the year		35,294	16,342
Attributable to:			
Owners of the Company		35,389	16,438
Non-controlling interests		(95)	(96)
		35,294	16,342
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	27	9.96	4.63

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

	Group	
	2021	2020
	\$'000	\$'000
Profit for the year	35,294	16,342
Other comprehensive income:		
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)
Other comprehensive income for the year, net of tax	94	(110)
Total comprehensive income for the year	<u>35,388</u>	<u>16,232</u>
Total comprehensive income attributable to:		
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					Total equity \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share Capital (Note 20) \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
2021								
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		
2020							
Opening balance at 1 January 2020	98,946	(2)	46,586	46,584	145,530	(70)	145,460
Profit/(loss) for the year	–	–	16,438	16,438	16,438	(96)	16,342
Other comprehensive income – Foreign currency translation	–	(112)	–	(112)	(112)	2	(110)
Total comprehensive income for the year	–	(112)	16,438	16,326	16,326	(94)	16,232
Total contributions by and distributions to owners – Dividends on ordinary shares (Note 28)	–	–	(7,104)	(7,104)	(7,104)	–	(7,104)
Closing balance at 31 December 2020	98,946	(114)	55,920	55,806	154,752	(164)	154,588

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
Cash flows from operating activities			
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)
Operating cash flows before working capital changes		<u>52,664</u>	<u>27,166</u>
Changes in working capital			
Increase in trade receivables, other receivables and unbilled receivables		(53,570)	(24,814)
Increase in trade and other payables		<u>60,015</u>	<u>20,504</u>
Cash flows from operations		<u>59,109</u>	<u>22,856</u>
Interest income received		521	520
Interest paid		(657)	(874)
Income taxes paid		<u>(4,115)</u>	<u>(2,473)</u>
Net cash flows generated from operating activities		<u>54,858</u>	<u>20,029</u>
Cash flows from investing activities			
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)
Net cash used in investing activities		<u>(2,112)</u>	<u>(4,934)</u>
Cash flow from financing activities			
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)
Net cash flows used in financing activities		<u>(34,200)</u>	<u>(12,000)</u>
Net increase in cash and cash equivalents		18,546	3,095
Net cash and cash equivalents at beginning of year		<u>35,119</u>	<u>32,024</u>
Net cash and cash equivalents at end of year	14	<u>53,665</u>	<u>35,119</u>

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:

Description	Effective for annual periods beginning on or after
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 account for its investments in associates using the equity method from the date on which it becomes an associate.

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

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

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

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

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

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
Cost:								
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
Accumulated depreciation:								
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
Net carrying amount:								
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:

Group	Office space \$'000
Cost:	
At 1 January 2020	6,649
Additions	379
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>7,028</u>
Accumulated amortisation:	
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>
Net carrying amount:	
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:

	Group	
	2021	2020
	\$'000	\$'000
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
Total amount recognised in consolidated income statement	<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
Cost:			
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
Accumulated amortisation and impairment:			
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
Net carrying amount:			
At 31 December 2020	75,121	22,598	97,719
At 31 December 2021	75,224	21,666	96,890

Company	Franchise rights \$'000
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	3,816
Accumulated amortisation:	
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
Net carrying amount:	
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	2020
	\$'000	\$'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	<u>9% – 10%</u>	<u>9% – 10%</u>

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	2020
	\$'000	\$'000
Unquoted shares, at cost	190,984	191,135
Less: Impairment losses	(1,041)	(899)
	189,943	190,236

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
<i>Held by the Company</i>					
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
¹⁵ Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	—#	—#
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)	—#	—#
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
Held by the Company					
^Ω Estatify Pte Ltd	51	–	Advertising activities and those relating to production of advertisements, corporate videos and event videos. (Singapore)	– [#]	–
[⊗] APAC Holding (Thailand) Co. Limited ⁽¹⁾	49	49	Investment holding. (Thailand)	42	42
[⊗] ERA Holding (Thailand) Co. Limited ⁽¹⁾	49	49	Investment holding. (Thailand)	42	42
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	– [#]	– [#]
Held by ERA Holding (Thailand) Co. Limited					
[⊗] ERA Property Network Co., Ltd	49	–	Real estate brokerage and related services. (Thailand)	– ^Δ	–
				190,984	191,135

[#] Investment cost less than \$1,000

^Δ Shares held by ERA Holding (Thailand) Co. Limited

* Audited by Shanghai Xinyun Certified Public Accountants

[⊗] Audited by Winplus Audit and Associate Company Limited.

[⊕] Not required to be audited as the company is dormant

^Ω 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

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

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:

	Fair value recognised on acquisition \$'000
Assets	
Plant and equipment	5
Other receivables	4
Cash and cash equivalents	5
Total assets	<u>14</u>
Liabilities	
Other payables	<u>(42)</u>
Total liabilities	<u>(42)</u>
Total identifiable net liabilities at fair value	<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>
Purchase consideration transferred, settled in cash	<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:

	Company	
	2021	2020
	\$'000	\$'000
At beginning of year	899	867
Impairment losses recognised	142	32
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 ⁽¹⁾	Strategic partner for real estate brokerage & consultancy services in Vietnam	Vietnam	38	38

⁽¹⁾ 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:

Summarised balance sheet	2021	2020
	\$'000	\$'000
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>
Net assets	<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
Carrying amount of the investment	<u>2,103</u>	<u>2,324</u>
Summarised statement of comprehensive income		
Loss after tax, representing total comprehensive income	<u>(697)</u>	<u>(270)</u>

10. OTHER INVESTMENTS

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
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:

	Group	
	2021	2020
	\$'000	\$'000
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:

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

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
Total	55,334	(4,896)	–	117	50,555

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

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
Accumulated balances of non-controlling interests		
Singapore subsidiary ⁽¹⁾	58	–
Foreign subsidiaries ⁽²⁾	192	164
	250	164

⁽¹⁾ 49% shareholding not held by the Group.

⁽²⁾ 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 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	Major product or service lines					
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
Timing of transfer of goods or services						
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
Other revenue		
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
Other operating expenses		
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
	<u>2,719</u>	<u>2,158</u>
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)
	<u>12,269</u>	<u>10,825</u>
Other related expenses	84	91
	<u>15,072</u>	<u>13,074</u>

25. FINANCE COSTS

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

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)
	<u>7,436</u>	<u>3,296</u>
Deferred tax provided		
Origination and reversal of temporary differences	(111)	11
Income tax expense	<u>7,325</u>	<u>3,307</u>

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:

	Group	
	2021	2020
	\$'000	\$'000
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:

	2021	2020
	\$'000	\$'000
Profit for the year attributable to owners of the Company	35,389	16,438
	No. of	No. of
	shares	shares
	'000	'000
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

	Group and Company	
	2021	2020
	\$'000	\$'000
Declared and paid during the financial year:		
<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>
Proposed but not recognised as a liability as at 31 December:		
<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

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

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

	Group	
	2021	2020
	\$'000	\$'000
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
2021				
Financial assets				
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	180,147	402	–	180,549
Financial liabilities				
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	154,783	46,428	–	201,211
Total net undiscounted financial assets/(liabilities)	25,364	(46,026)	–	(20,662)
2020				
Financial assets				
Fixed deposits	–	402	–	402
Convertible loan (Note 12)	3,587	–	–	3,587
Trade and other receivables (Note 13)	80,850	–	–	80,850
Cash and bank balances (Note 14)	35,119	–	–	35,119
Total undiscounted financial assets	119,556	402	–	119,958
Financial liabilities				
Trade and other payables (Note 15)	93,109	–	–	93,109
Lease liabilities	1,996	1,774	–	3,770
Loan and borrowing (Note 18)	3,543	49,883	–	53,426
Total undiscounted financial liabilities	98,648	51,657	–	150,305
Total net undiscounted financial assets/(liabilities)	20,908	(51,255)	–	(30,347)

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
2021				
Financial assets				
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	22,546	402	–	22,948
Financial liabilities				
Trade and other payables (Note 15)	52,761	–	–	52,761
Total undiscounted financial liabilities	52,761	–	–	52,761
Total net undiscounted financial (liabilities)/assets	(30,215)	402	–	(29,813)
2020				
Financial assets				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 13)	14,751	–	–	14,751
Cash and bank balances (Note 14)	4,058	–	–	4,058
Total undiscounted financial assets	18,809	402	–	19,211
Financial liabilities				
Trade and other payables (Note 15)	55,553	–	–	55,553
Total undiscounted financial liabilities	55,553	–	–	55,553
Total net undiscounted financial (liabilities)/assets	(36,744)	402	–	(36,342)

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
As at 1 January	3,764	3,552
Loss allowance measured at:		
12-month ECL	–	(245)
Lifetime ECL		
– Trade amounts (Simplified approach)	1,687	457
As at 31 December	5,451	3,764

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	128,346	84,614

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

Notes to the Financial Statements

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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	
Brokerage income from real estate services:						
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)
Rental income:						
Gross carrying amount	2	–	–	–	20	22
Loss allowance provision	–	–	–	–	(20)	(20)
Others:						
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	
Brokerage income from real estate services:						
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)
Rental income:						
Gross carrying amount	140	19	27	7	–	193
Loss allowance provision	–	(19)	(27)	(7)	–	(53)
Others:						
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

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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:

		Group 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:					
<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
Financial assets as at 31 December 2021		539	–	250	789

		Group 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:					
<u>Equity securities at fair value through profit or loss</u>					
– Equity shares (unquoted)	10	–	–	1,000	1,000
Financial assets as at 31 December 2020		–	–	1,000	1,000

Notes to the Financial Statements

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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:					
<u>Equity securities at fair value through profit or loss</u>					
	10	–	–	250	250
		–	–	250	250
Financial assets as at 31 December 2021					

		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:					
<u>Equity securities at fair value through profit or loss</u>					
	10	–	–	1,000	1,000
		–	–	1,000	1,000
Financial assets as at 31 December 2020					

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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

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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
2021					
Revenue:					
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
Total revenue	730,300	1,873	9,107	(1,530)	739,750
Segment results	41,499	349	1,424	–	43,272
Share of results of associates					(400)
Interest income					521
Finance costs					(774)
Profit before tax					42,619
Income tax expense					(7,325)
Profit for the year					35,294
Others:					
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)
2020					
Revenue:					
Real estate brokerage fees and related services	383,791	3,424	4,276	(2,062)	389,429
Other revenue	87	1	5,608	–	5,696
Total revenue	383,878	3,425	9,884	(2,062)	395,125
Segment results	19,027	1,296	36	–	20,359
Share of results of associates					(161)
Interest income					520
Finance costs					(1,069)
Profit before tax					19,649
Income tax expense					(3,307)
Profit for the year					16,342
Others:					
Bad debts recovered	67	–	–	–	67
Impairment losses on financial assets					
– trade	(2,315)	(49)	(20)	–	(2,384)
Depreciation and amortisation	(2,282)	(19)	(968)	–	(3,269)

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.

	2021	2020
	\$'000	\$'000
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)
	156,914	118,387
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.

Statistics of Shareholdings

As at 11 March 2022

SHARE CAPITAL

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	4	0.17	163	0.00
100 – 1,000	217	9.20	172,547	0.05
1,001 – 10,000	1,344	56.97	7,294,852	2.05
10,001 – 1,000,000	781	33.11	41,484,025	11.68
1,000,001 and above	13	0.55	306,246,113	86.22
Total	2,359	100.00	355,197,700	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS Nominees (Private) Limited	264,554,346	74.48
2	Raffles Nominees (Pte.) Limited	17,107,800	4.82
3	Phillip Securities Pte Ltd	4,589,000	1.29
4	HSBC (Singapore) Nominees Pte Ltd	3,277,133	0.92
5	Tan Tai Wei	3,227,000	0.91
6	Tiger Brokers (Singapore) Pte. Ltd.	3,227,000	0.91
7	Citibank Nominees Singapore Pte Ltd	2,767,306	0.78
8	iFAST Financial Pte. Ltd.	1,699,800	0.48
9	OCBC Securities Private Limited	1,348,600	0.38
10	Leong Yoke Leng	1,149,628	0.32
11	OCBC Nominees Singapore Private Limited	1,147,700	0.32
12	Maybank Securities Pte. Ltd.	1,095,800	0.31
13	Liew Yeow Weng	1,055,000	0.30
14	Ong Gim Loo	1,000,000	0.28
15	Seah Siow Chong Frederick	1,000,000	0.28
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	955,604	0.27
17	UOB Kay Hian Private Limited	838,900	0.24
18	DBSN Services Pte. Ltd.	783,878	0.22
19	Teo Kee Bock	680,000	0.19
20	United Overseas Bank Nominees (Private) Limited	608,800	0.17
Total		312,113,295	87.87

Statistics of Shareholdings

As at 11 March 2022

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

Names of substantial shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	% ⁽⁴⁾
Asia Pacific Realty Holdings Ltd	–	–	251,686,046 ⁽¹⁾	70.86
PGA Realty Partners Ltd	–	–	251,686,046 ⁽²⁾	70.86
Tan Choon Hong	–	–	251,686,046 ⁽³⁾	70.86

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

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

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

⁽⁴⁾ "%" is based on 355,197,700 issued shares as at 11 March 2022.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 28.18% of the issued share capital of the Company was held by the public as at 11 March 2022. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of APAC Realty Limited (“**APAC Realty**” or the “**Company**”) will be convened and held by electronic means on Thursday, 21 April 2022 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Report. **(Resolution 1)**

2. To declare a one-tier tax-exempt final dividend of 4 Singapore cents per share for the financial year ended 31 December 2021. (2020: 1.75 Singapore cents per share) **(Resolution 2)**

[See Explanatory Note (i)]

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

(a) Mr Chua Khee Hak (Retiring under Article 94) **(Resolution 3)**

(b) Mr Wong Hin Sun, Eugene (Retiring under Article 94) **(Resolution 4)**

[See Explanatory Note (ii)]

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

Mr Wong Hin Sun, Eugene will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Risk and Remuneration Committees and will be considered independent.

4. To approve the payment of Directors’ fees of S\$195,000 for the financial year ended 31 December 2021 (2020: S\$224,500). **(Resolution 5)**

5. To re-appoint Ernst & Young LLP as the Auditor of the Company for the ensuing year and to authorise the Directors of the Company to fix its remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modifications as Ordinary Resolutions:

7. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercise of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 7)

[See Explanatory Note (iii)]

Notice of Annual General Meeting

8. Renewal of the Share Buy-back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchase(s) (each an "**On-Market Share Buy-back**") transacted on the SGX-ST through the SGX-ST's trading system; and/or
 - (ii) off-market purchase(s) (each an "**Off-Market Equal Access Share Buy-back**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-back Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;
 - (ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; and
 - (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Company in a general meeting; and
- (c) in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares were recorded before the day of the On-Market Share Buy-back or, as the case may be, the day of the making of the offer pursuant to the Off-Market Equal Access Share Buy-back, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"day of the making of the offer" means the day on which the Company makes an offer for the purchase of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy-back;

"Maximum Limit" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the listing rules of the SGX-ST as amended, modified or supplemented from time to time));

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (in the case of both an On-Market Share Buy-back and an Off-Market Equal Access Share Buy-back) 105% of the Average Closing Market Price of the Shares; and

Notice of Annual General Meeting

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 8)

[See Explanatory Note (iv)]

By Order of the Board

Ngiam May Ling
Secretary

Singapore
30 March 2022

Explanatory Notes:

- (i) For the financial year ended 31 December 2020, the Company paid an interim dividend of 0.75 Singapore cents per share and a second and final tax-exempt dividend of 1.75 Singapore cents per share. For the financial year ended 31 December 2021, the Company has paid an interim dividend of 3.5 Singapore cents per share and special dividend of 3 Singapore cents per share, and will be paying an additional final tax-exempt dividend of 4 Singapore cents per share, if approved by the members at this Annual General Meeting.
- (ii) Resolutions 3 and 4 are for the re-election of Mr Chua Khee Hak and Mr Wong Hin Sun, Eugene of the Company who retire by rotation at the Annual General Meeting. For more information on the Directors, please refer to pages 127 to 130 in the Annual Report.
- (iii) Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro rata basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.
- (iv) Resolution 8, if passed, will empower the Directors of the Company effective until the earliest of: (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier; (ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; and (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Company in a general meeting, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 are set out in greater detail in the Letter to Shareholders attached.

Notice of Annual General Meeting

Notes:

- (1) Shareholders may access a copy of the Annual Report 2021 and the Letter to Shareholders at the Company's website at the URL <https://www.apacrealty.com.sg/agm>, or the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) The AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This notice of AGM will be published on the Company's website at the URL <https://www.apacrealty.com.sg/agm>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 30 March 2022. The announcement may be accessed at the Company's website at the URL <https://www.apacrealty.com.sg/agm> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (4) **A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The proxy form will be published on the Company's website at the URL <https://www.apacrealty.com.sg/agm>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS operators to submit their votes by **5.00 p.m. on 8 April 2022**.

- (5) The Chairman of the AGM, as proxy, need not be a member of the Company.
- (6) The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's registered office at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394; or
 - (b) if submitted electronically, be submitted via email to ir@apacrealty.com.sg,

in either case, at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- (7) A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to ir@apacrealty.com.sg notify the Company of the withdrawal, at least 72 hours before the time for holding the AGM.

Notice of Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Additional Information on Directors Seeking Re-Election

Mr Chua Khee Hak and Mr Wong Hin Sun, Eugene are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 21 April 2022 (“**AGM**”) (collectively, the “**Retiring Directors**”).

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

	Chua Khee Hak	Wong Hin Sun, Eugene
Date of appointment	4 September 2017	15 July 2019
Date of last re-appointment	20 April 2021	18 June 2020
Age	61	54
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chua as Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chua’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wong as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Wong’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive Mr Chua provides guidance to the management of ERA, RIA and Coldwell Banker in Singapore and oversees the growth and development of ERA in the Asia Pacific region.	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Executive Director 	<ul style="list-style-type: none"> Non-Executive and Independent Director Chairman of Nominating Committee Member of Audit and Risk and Remuneration Committees
Professional qualifications	<ul style="list-style-type: none"> Bachelor of Science (Building) (Hons), National University of Singapore Master of Science (Project Management), National University of Singapore Diploma in Computer Studies, National Centre for Information Technology Certified Diploma in Accounting & Finance, Chartered Association of Certified Accountants 	<ul style="list-style-type: none"> Bachelor of Business Administration (First Class Honours), National University of Singapore Master of Business Administration, Imperial College, University of London Owners President Program, Harvard Business School Chartered Financial Analyst Chartered Director Fellow Singapore Institute of Directors Fellow of UK Institute of Directors Fellow of Australian Institute of Company Directors
Working experience and occupation(s) during the past 10 years	2013 – Present: APAC Realty Limited, Executive Director	2002 – Present: Founder and Managing Director, Sirius Venture Capital Pte Ltd 2020 – Present: Chairman, NTUC Learning Hub 2012 – 2021: Chairman, CrimsonLogic Pte Ltd 2009 – 2013: Chairman, Singapore Venture Capital Association

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 63 to 64 of this Annual Report	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<p>Other Principal Commitments* including Directorships#</p> <p>* "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments</p> <p># These fields are not applicable for announcement of appointments pursuant to Listing Rule 704(9)</p>	<p><u>Past (for the last 5 years)</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> ISend Pte. Ltd. <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> APAC Investment Pte Ltd APAC Investment 2 Pte Ltd ERA Realty Network Pte Ltd ERA Singapore Pte Ltd Realty International Associates Pte Ltd Coldwell Banker Real Estate (S) Pte Ltd Coldwell Banker Commercial Real Estate (S) Pte Ltd Realty Partners Investments Pte Ltd Fang Pte Ltd IBuild Pte Ltd IReal Holdings Pte Ltd Soreal Prop Pte Ltd Dicree Pte Ltd <p>Other Principal Commitments: Nil</p>	<p><u>Past (for the last 5 years)</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> CrimsonLogic Pte Ltd Cargo Community Network Pte Ltd Sirius Angel Fund Pte Ltd (dissolved) Neo Group Limited Singapore Kitchen Equipment Limited SCC Travel Services Pte Ltd (dissolved) Gets Global Pte Ltd Agfunder Asia Pte Ltd Agfunder Rocket Seeder Pte Ltd Agfunder Grow Asia Fund Pte Ltd <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> Sirius Venture Capital Pte Ltd Singapore Cruise Centre Pte Ltd NTUC Learninghub Pte Ltd Alliance Healthcare Group Limited Jason Marine Group Limited Japan Foods Holding Ltd Mekhala Pte Ltd Aerospring Gardens Pte Ltd Dining Collective Pte Ltd Digital Mission Ventures Pte Ltd Sirius SME Growth Partners I Limited <p>Other Principal Commitments:</p> <ul style="list-style-type: none"> Vice Chairman of China and North Asia Business Group Member of China-Singapore Business Council Captain of Power of Management Committee of SAF Yacht Club Chairman of NTUC Learninghub Co-operative Limited

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

APAC REALTY LIMITED

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

IMPORTANT:

1. This Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to shareholders of APAC Realty ("Shareholders"). Instead, the Notice of AGM and this Proxy Form will be sent to Shareholders by electronic means via publication on the SGXNet and APAC Realty's website at <https://www.apacrealty.com.sg/agm>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and video webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Notice of AGM and the accompanying announcement dated 30 March 2022. This announcement may be accessed at the SGXNet and APAC Realty's website at <https://www.apacrealty.com.sg/agm>.
3. This Proxy Form is not valid for use by investors holding shares in APAC Realty ("Shares") through relevant intermediaries ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, no later than 5.00 p.m. on 8 April 2022, to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by **5.00 p.m.** on **8 April 2022**, being 7 working days before the date of the AGM to submit his/her vote.
4. **Personal Data Privacy:** By submitting this Proxy Form, a Shareholder accepts and agrees to the personal data terms set out in the Notice of AGM dated 30 March 2022.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

Proxy Form

I/We (Name) _____ (NRIC/Passport/UEN No.) _____

of (Address) _____

being a shareholder/shareholders of APAC Realty Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy to attend, speak and vote (whether to vote in favour of, against, or to abstain from voting) on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on Thursday, 21 April 2022 at 2.00 p.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾	Number of votes Abstaining ⁽¹⁾
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Payment of one-tier tax-exempt final dividend of 4 Singapore cents per share for the financial year ended 31 December 2021			
3	Re-election of Mr Chua Khee Hak as a Director of the Company			
4	Re-election of Mr Wong Hin Sun, Eugene as a Director of the Company			
5	Approval of Directors' fees amounting to S\$195,000 for the financial year ended 31 December 2021 (FY2020: S\$224,500)			
6	Re-appointment of Ernst & Young LLP as the Auditor of the Company for the ensuing year and to authorise the Directors to fix its remuneration			
As Special Business				
7	Authority to issue shares			
8	Renewal of the Share Buy-back Mandate			

⁽¹⁾ Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a Resolution, please tick in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy/proxies to abstain from voting on a Resolution, please tick in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy/proxies is/are directed to abstain from voting.

Dated this _____ day of _____ 2022

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he or she should insert that number of shares. If the shareholder has shares registered in his or her name in the Register of Members (maintained by or on behalf of the Company), he or she should insert that number of shares. If the shareholder has shares entered against his or her name in the Depository Register and shares registered in his or her name in the Register of Members, he or she should insert the aggregate number of shares entered against his or her name in the Depository Register and registered in his or her name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the shares held by the shareholder.
2. A shareholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A shareholder (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a shareholder. Where a shareholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. A shareholder who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the shareholder, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The Proxy Form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, no later than 5.00 p.m. on 8 April 2022, to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 5.00 p.m. on 8 April 2022, being 7 working days before the date of the AGM to submit his/her vote.
 5. The Proxy Form must be submitted in the following manner:
 - (a) if submitted by post, to the Company at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394; or
 - (b) if submitted electronically, be submitted via email to ir@apacrealty.com.sg,

in either case, by **2.00 p.m. on 18 April 2022**, being 72 hours before the time appointed for holding this AGM.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the Covid-19 restrictions orders in Singapore which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

6. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

www.apacrealty.com.sg

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450 Lorong 6 Toa Payoh, ERA APAC Centre Singapore 319394

☎ 6226 2000

