APAC REALTY

LEADING REAL ESTATE SERVICES PROVIDER

OPERATING A MARKET-LEADING REAL ESTATE BROKERAGE IN SINGAPORE

ANNUAL REPORT 2018

APAC REALTY

ERA REAL ESTATE · COLDWELL BANKER REAL ESTATE SINGAPORE · RIA REAL ESTATE

OUR VISION

To be the real estate company of choice for clients and real estate salespersons.

OUR MISSION

We are committed to be 1st in service, 1st in results and 1st in customer satisfaction. To equip ERA salespersons with innovative tools and training. Clients will have total confidence that they are dealing with ERA real estate professionals expressing the highest level of service and integrity.

2018 Awards and Accolades

MCC Land (Singapore)
Grand winner of Top Selling Agency (5th consecutive year - 2018)

Singapore Corporate Awards
Best Investor Relations (First-Year Listed Companies)

SBR Listed Companies Awards
Winner of the Real Estate Category

Influential Brands
Top Property Agency Award

CONTENTS

Corporate Profile

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 17,800 salespersons across 637 offices in 10 countries. The Group also holds the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States.

ERA Realty is one of the largest ERA Member Brokers globally by transaction value, and is also one of Singapore's largest real estate agencies with 6,660 agents registered as at 28 February 2019. 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 37 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.


ASIA PACIFIC
BUSINESS
ERA


海南自贸区产业服务论坛
Hainan Free Trade Zone Industry Service Forum


Doris Ong,


ERA
REAL ESTATE
Leadership Retreat
8-12 JAN 2019 | HAINAN, CHINA


#OneERA
ERA
REAL ESTATE
STAFF BONDING DAY 2018
SINGAPORE SPORTS HUB
10
SEPT

The Group has three main business segments

Real Estate Brokerage Services

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

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

Franchise Arrangements

Derives royalties from sub-franchisees

ERA

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

COLDWELL BANKER REAL ESTATE SINGAPORE

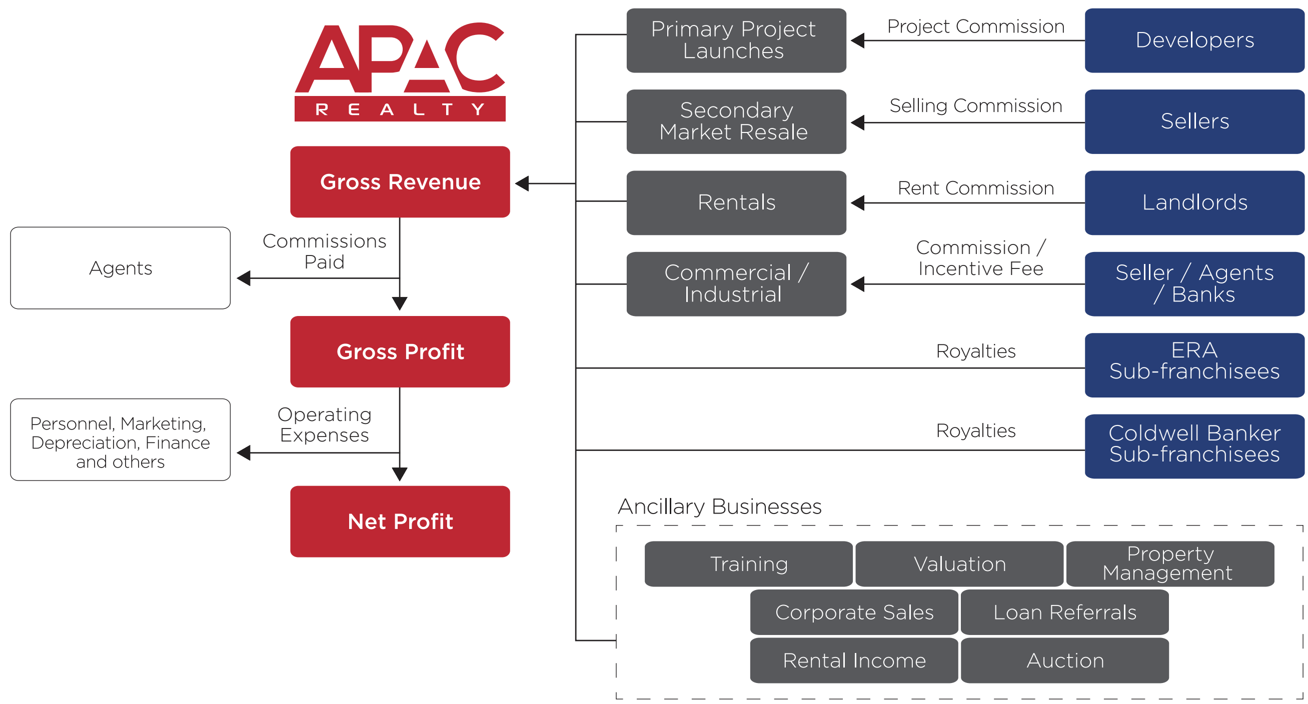
- Singapore

Training, Valuation and Other Ancillary Services

Derives revenue from:

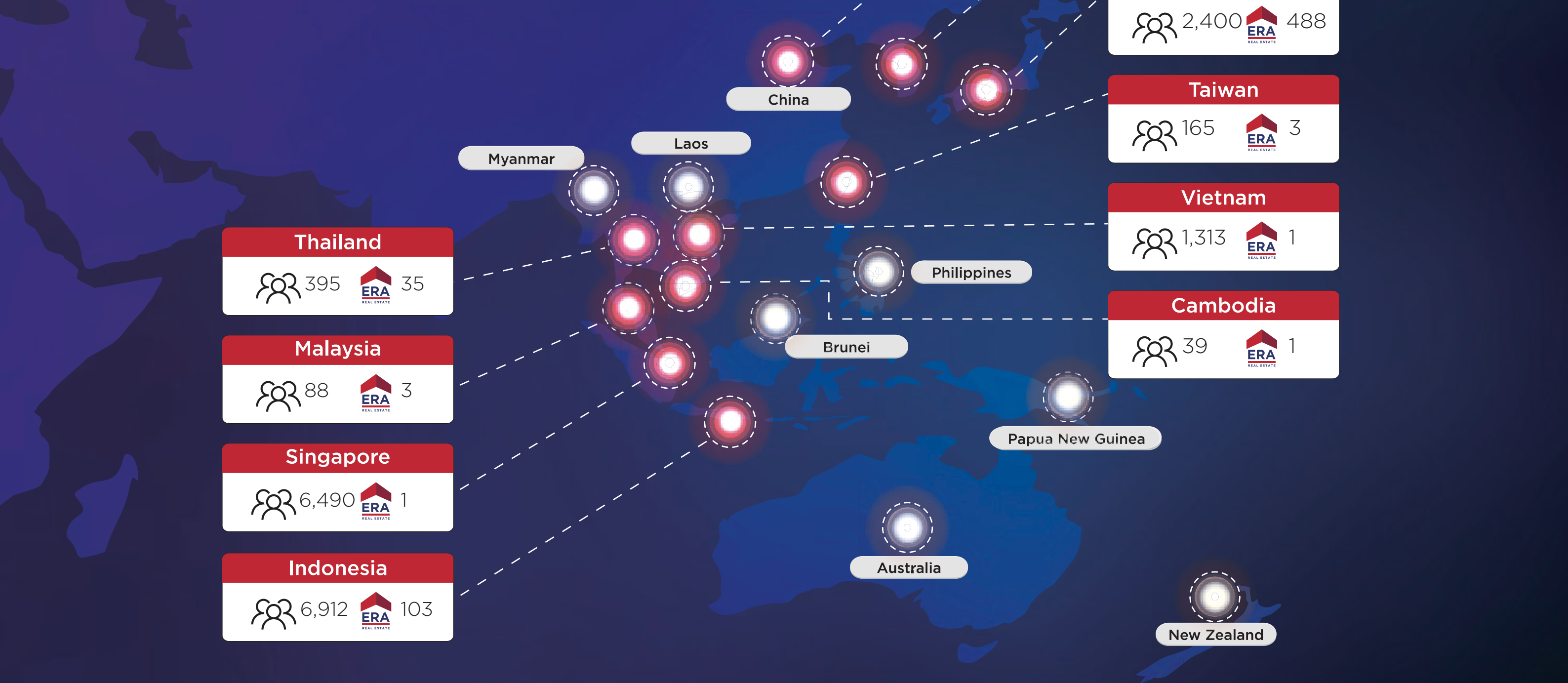
- **Training programmes and courses** for real estate agents in preparation for professional certification exams and as part of meeting continuing professional development regulations
- **Valuation work** undertaken on behalf of clients such as financial institutions, government agencies and property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

Robust Business Model



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

- Over the last 37 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.



ERA Number of Brokerage Offices as at 31 December 2018 | Number of Agents as at 31 December 2018 | Existing ERA Sub-franchisees | Other Countries under Regional MFA

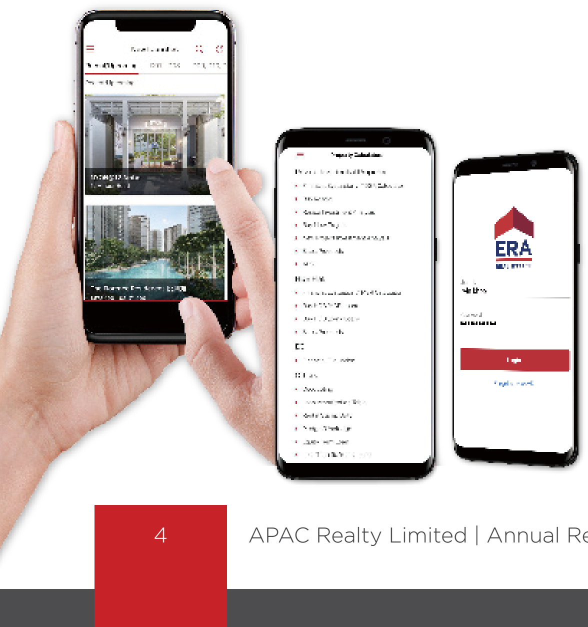
Our Strategies for Sustainable Growth

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

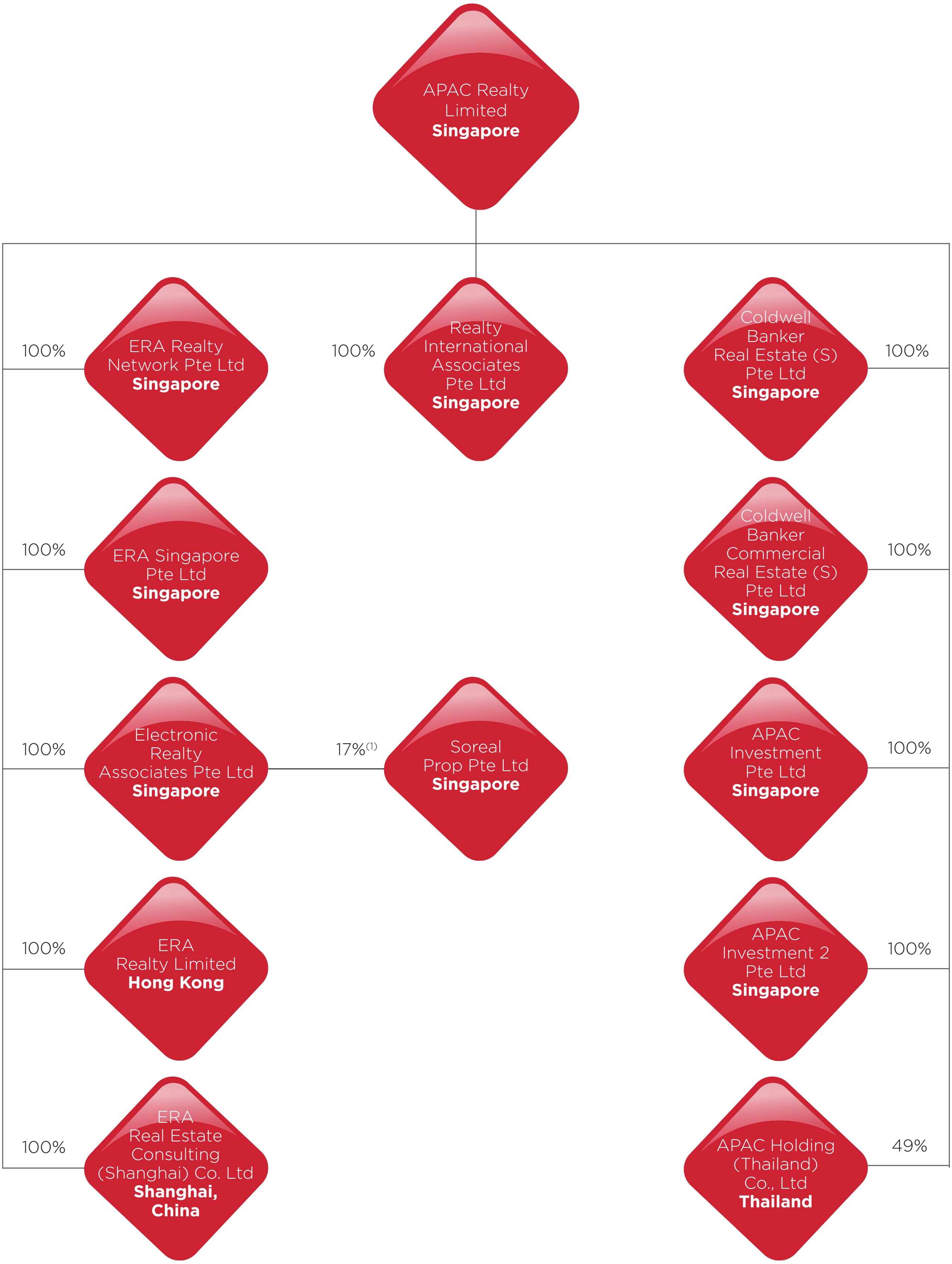
- Further diversify our business into other real estate-related services that offer higher margins, while maintaining our focus on our brokerage business.
- Expand and deepen our existing presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise 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 (i-ERA, ERA SG Projects)
  - A website (ERA.com.sg)
  - A customer relationship and management system (24/7 PropWatch)
  - An internal portal (MyERA) for our agents to facilitate the execution of real estate transactions
  - A platform for customers to submit reviews and ratings (ReviewPropertyAgent.sg) and site for customers to find salespersons relevant to their property requirements (FindPropertyAgent.sg)

Corporate Structure



Note:

(1) The shareholding in Soreal Prop was reduced from 34% to 17% due to a partial divestment to SEAA Services Pte Ltd on 26 March 2019.

Developments During the Year in Review

February 2018

Welcomed ERA Cambodia into the ERA Asia Pacific Network

March 2018

Signed partnership agreement with MLN Overseas (Singapore) Pte Limited to provide property buyers from China one-stop real estate services in Singapore, Thailand and Malaysia.

July 2018

10th round of property cooling measures implemented in Singapore

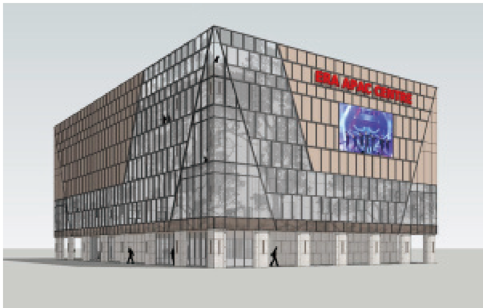
July 2018

Won the Best Investor Relations in the category for First-Year Listed Companies at the Singapore Corporate Awards 2018

Developments During the Year in Review

August 2018

Entered into joint venture with Hainan Zhong Zhi Sheng He Real Estate Investment Consulting Co., Ltd (海南中置盛和房地产投资顾问有限公司) and Bei Guo Tou (Shanghai) Equity Investment and Fund Management Co., Ltd (北国投（上海）股权投资基金管理有限公司) to establish ERA Hainan Real Estate Marketing Co., Ltd (海南易安居房地产营销有限公司)



September 2018

Completed the purchase of ERA APAC Centre (located at 450 Lorong 6 Toa Payoh)

November 2018

Welcomed CBRE and HSR salespersons to the ERA family

November 2018

APAC Realty shares included under the Central Provident Fund Board's CPF Investment Scheme – Ordinary Account ("CPFIS")

Financial Highlights

Key Highlights

37
Years of solid track record in Singapore

S$424.0m
Revenue generated in FY2018

17,800
Agents in 637 offices across 10 countries[1]

66%
Dividend payout for FY2018

6,490
Agents in Singapore[1]

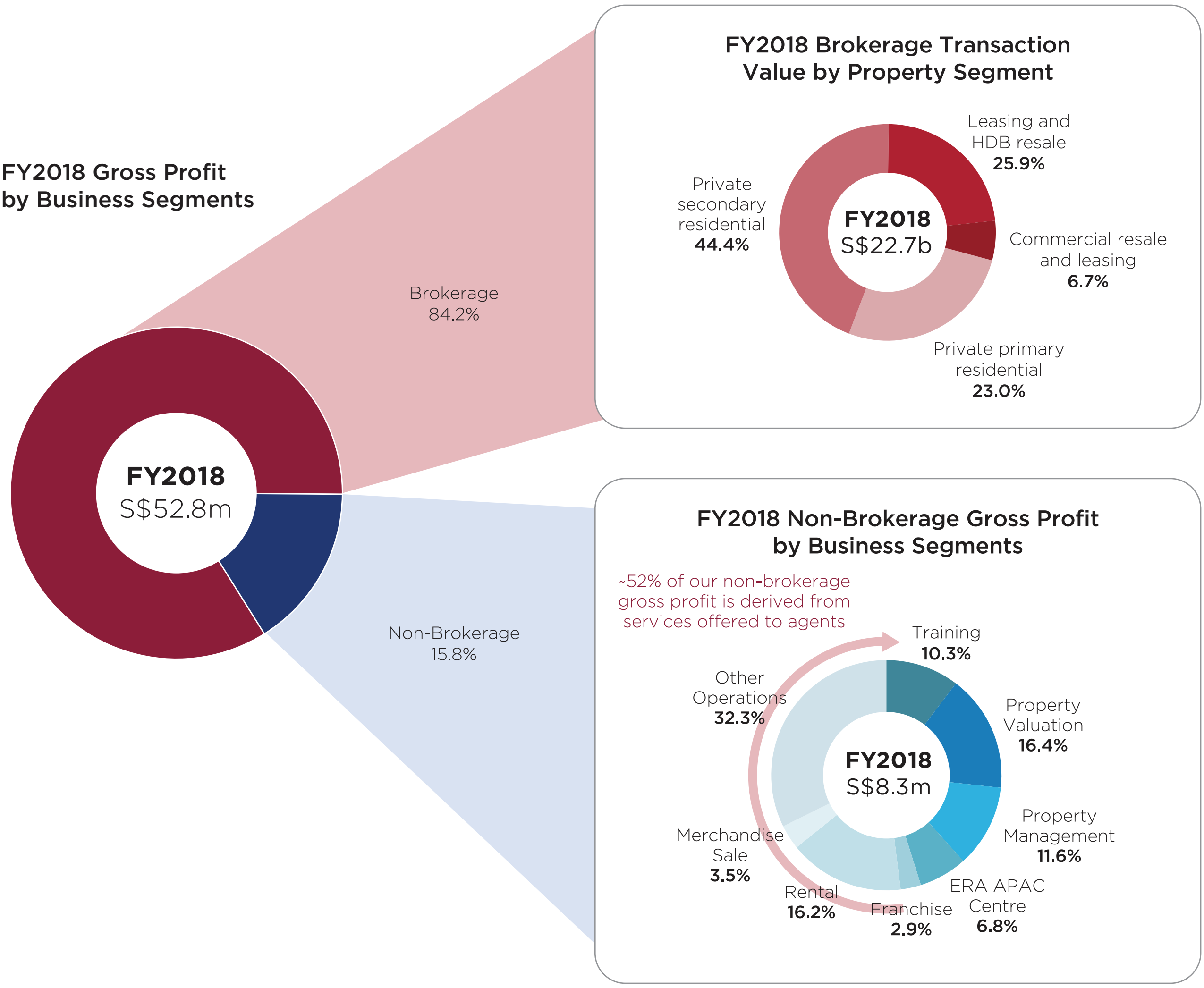
10.1%
Dividend yield[3] for FY2018

36.4%
Market share by transaction value in 2018[2]

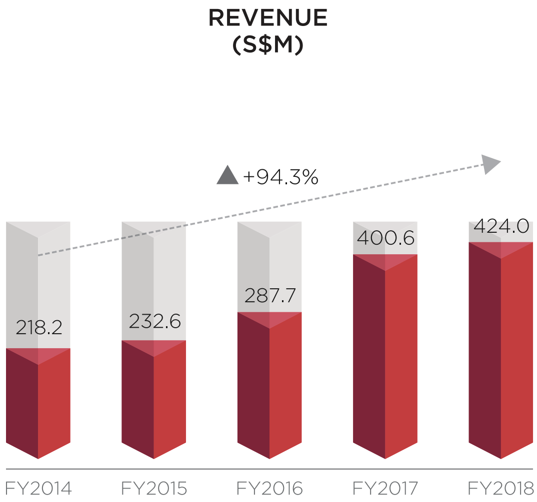
Notes:

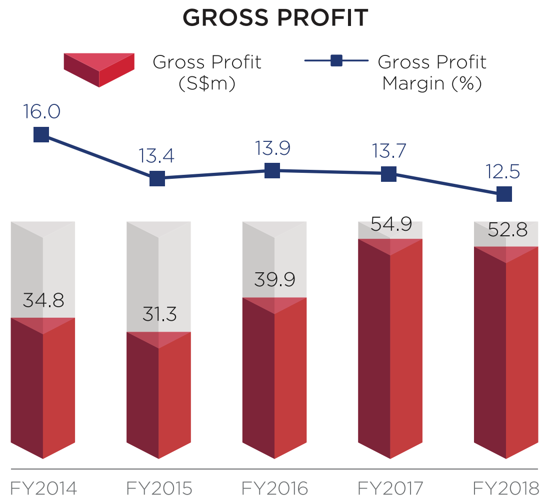
[1] As at 31 December 2018
[2] Based on URA and HDB market data released on 25 January 2019
[3] Based on closing price of S$0.445 per share as at 31 December 2018

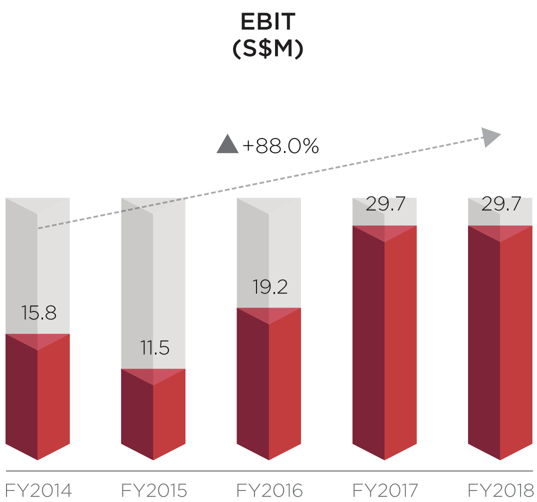
Contribution by Our Business Segments

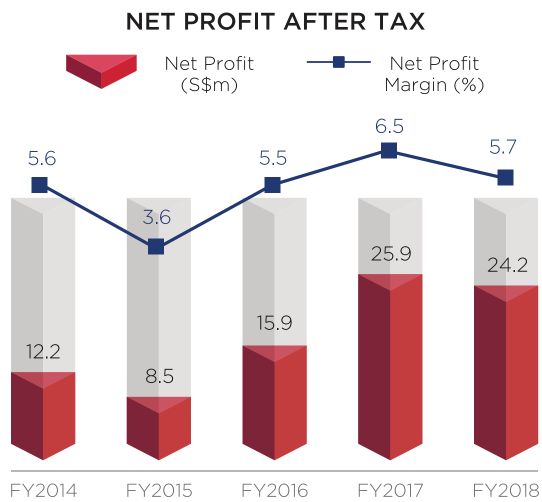


Financial Highlights









Group Simplified Financial Position

	FY2014 S$'000	FY2015 S$'000	FY2016 S$'000	FY2017 S$'000	FY2018 S$'000
Assets					
Investment property	-	-	-	-	**72,800**
Plant and equipment	1,075	2,142	1,436	1,223	**1,076**
Intangible assets	103,185	102,253	101,320	100,388	**99,455**
Trade and other receivables including recoverables	27,274	34,683	49,141	71,725	**61,304**
Cash and bank balances including fixed deposits	18,296	14,616	18,147	62,371	**43,419**
Other assets	347	956	294	286	**5,150**
Total	150,177	154,650	170,338	235,993	**283,204**
Total Equity					
Capital and reserves	79,498	62,996	78,877	133,026	**143,061**
Non-controlling interests	-	-	-	-	**43**
Liabilities					
Borrowings					
Non-current	20,500	31,000	12,000	-	**54,617**
Current	500	6,000	6,000	-	**2,900**
Trade and other payables	39,045	44,438	62,610	91,516	**71,281**
Taxation					
Deferred	5,113	5,138	4,672	4,489	**4,290**
Current	4,163	3,382	4,451	4,989	**5,172**
Other liabilities	1,358	1,696	1,728	1,973	**1,840**
Total	150,177	154,650	170,338	235,993	**283,204**

Joint Statement By Chairman and CEO

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present APAC Realty's Annual Report for the year ended 31 December 2018 ("FY2018").

While FY2018 was defined by a relatively muted real estate market, hampered by property cooling measures introduced by the Singapore government in July 2018, APAC Realty turned in a strong performance, closing the year with net profit of S$24.2 million on the back of S$424.0 million in revenue.

Our commendable performance is testament to the service excellence, expertise and commitment of our management team and 17,800 agents across Asia. These attributes continue to underpin our proven ability to market and deliver quality property transactions throughout market cycles, positioning APAC Realty as the real estate agency of choice in Asia-Pacific.

To acknowledge and reward our shareholders for their continued support, the Board of Directors has declared a final dividend of 2.5 Singapore cents per share. Including the interim dividend of 2.0 Singapore cents per share paid in 2018, this represents an attractive dividend yield of 10.1% based on the closing price of S$0.445 per share at the end of the period under review[1]. Measured against our net profit of S$24.2 million, the total dividend of 4.5 Singapore cents per share equates to a dividend payout ratio of 66%.

STRENGTHENING OUR PRESENCE IN SINGAPORE

FY2018 started on a high note for us. We experienced strong sales momentum in the first two quarters, supported by an upturn in the property market. While the property cooling measures introduced in July inevitably slowed the growth momentum of new home sales and property prices in the second half of the year, the Group remained resilient in weathering the lukewarm property market and sold out a total of 22 projects by year-end.

As a result, we sold an aggregate of 3,249 new home units in FY2018, giving us a leading 33% share of the 9,931 new home units sold in the Singapore market. In terms of transaction value, this represents a commanding 41% share of the new home market.

To increase the touch-points of our agent salesforce, we welcomed 450 agents from CBRE Realty Associates and HSR International Realtors into ERA, strengthening our salesforce to 6,660 agents[2].

We also prepared for expansionary growth by acquiring a commercial property in Toa Payoh with a total lettable floor area of approximately 2,155 sq m for S$72.8 million in June 2018. The property was renamed ERA APAC Centre to serve as the Asia-Pacific headquarters for the Group and is currently undergoing asset enhancement and tenant remixing. This will allow us to rejuvenate the building and create longer term value by bringing rents to the market average. Furthermore, our plans include a new leasable office space for ERA Realty Network's ("ERA") agents and improved training areas, which will provide existing and new agents with training and development opportunities to better serve their clients.

Testament to our local presence, it is our pleasure to inform that effective from 29 November 2018, APAC Realty has been included in the Central Provident Fund Board's ("CPF") CPF Investment Scheme – Ordinary Account ("CPFIS"). We are currently the only real estate brokerage and services provider listed on the Singapore Exchange under the scheme that allows investors to use funds in their CPF ordinary accounts for investment in the Group.

EXPANDING OUR RANGE OF SERVICES AND GEOGRAPHICAL PRESENCE IN ASIA PACIFIC

Having been entrusted with the exclusive ERA regional master franchise rights, we had long set our sights on growing APAC Realty's presence across Asia Pacific. Some notable developments this year include the new franchise agreement for Cambodia and the joint venture in Hainan, as well as the recent acquisitions in Indonesia and Thailand.

On 11 January 2019, we held a grand opening of the new ERA Hainan office, as well as a cross-country forum to bring together more than 200 division directors and associates from Singapore and Hainan, which is set to become China's largest free-trade zone following the government's plans to transform the region. It was encouraging to see the ERA network coming together in synergy and exchanging invaluable knowledge and skills learnt in the field. A week prior to this, we conducted an exhibition in Beijing to raise the profile of ERA and encourage industry professionals to exchange insights on real estate marketing and its role in boosting productivity for the industry.

We were most delighted to announce our regional expansion plans for Indonesia and Thailand in February 2019. Through a partnership with the current ERA Indonesia CEO and management team, we have implemented ERA Singapore's project business model in Indonesia to generate stronger margins and growth in the near to medium term. Our progress has been promising, with ERA Indonesia being appointed as the lead marketing agent for the first phase of Fifty Seven Promenade, an integrated mixed-use and high-rise joint venture development by GIC Private Limited and PT Intiland Development Tbk ("Intiland"). Further, ERA Indonesia has been chosen as one of the lead agencies for future projects rolled out by Intiland.

Joint Statement By Chairman and CEO

The incorporation of ERA Thailand allows APAC Realty to gain direct ownership of the Thailand franchise, enabling the Group to be strategically involved in growing the business and opening up project marketing opportunities for the Thailand market. Demand is expected to remain healthy especially for the downtown Bangkok condominium market, on the back of a recovering economy, rising middle class and strong buying interest from mainland China and Hong Kong.

ENHANCE TECHNOLOGICAL CAPABILITIES

On the technology front, ERA joined hands with two other real estate agencies to launch the SoReal portal in March 2018, as well as two property listing applications called RealAgent and RealHome. SoReal is a step towards technology transformations in the real estate sector, and aims to provide convenience and quality offerings for clients, while boosting productivity for our agents.

During the year, ERA rolled out a revamp of its FindPropertyAgents.sg online portal, and introduced additional features to not only provide clients with better services, but also empower its agents and equip them to stay ahead in the industry.

In combination with the Group's focus on technological innovation, digital excellence and continuous training, ERA's efforts in initiating "SMART Experiences for GenERAtions" through 24/7 PropWatch and FindPropertyAgent.sg were recognised as the most innovative projects in the industry as ERA emerged as the winner of the Real Estate category in the SBR Listed Companies Awards 2018.

Plans are also afoot for the development and implementation of enhanced integrated digital platforms to realise greater operational efficiencies for the Group and its agent salesforce.

ACCOLADES

Our family of employees have been working diligently to increase service quality and productivity through more efficient operational platforms and training to upgrade skillsets and gain better industry knowledge. We are proud to share that these efforts have paid off, with APAC Realty being awarded the winner of the best agency award in the year 2018 for developer MCC Land (Singapore).

APAC Realty also achieved the Merit Award under the Best Investor Relations for First-Year Listed Companies at the Singapore Corporate Awards 2018. This was accorded in recognition of APAC Realty's robust corporate governance and corporate transparency best practices in investor relations.

LOOKING AHEAD

There is much that the Group can look forward to in 2019, and we continue to be resolute in our approach to strengthening our regional presence, focusing on our largest markets, including Singapore, Indonesia and Thailand, as well as other key growth markets including Vietnam, which is one of the fastest-growing economies with a forecast GDP growth rate of 6.8% in 2019, according to the Asian Development Bank.

Operationally, we stay committed to growing our agent salesforce, while developing new offerings and capabilities to better serve stakeholders of the Group. One of these new to market services includes Plush, a premium service launched by ERA in January 2019. Plush will enable our agents to better engage and service high net-worth individuals across Asia-Pacific, which accounted for more than a third of the global wealth market in 2017.

ACKNOWLEDGEMENTS

In closing and on behalf of the Board of Directors, we would like to extend our sincerest gratitude to everyone in the team, for their dedication and devotion to APAC Realty and the values we stand for. Special appreciation goes to our esteemed shareholders, business partners, and customers for their longstanding support and trust in APAC Realty. We remain steadfast in ensuring the growth of APAC Realty as it rises to take the lead in realising its local and regional aspirations in 2019.

Stewart Yen Se-Hua
Non-Executive Chairman and Independent Director

Chua Khee Hak
Executive Director and Chief Executive Officer

[1] 31 December 2018 | [2] 28 February 2019

Board of Directors

MR. STEWART YEN SE-HUA

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr. Stewart Yen Se-Hua was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018. He is also the Executive Chairman and an Executive Director of SECOM (Singapore) Pte Ltd. Mr. Yen is also a Non-Executive Independent Director of Huationg Global Limited (which is listed on the Catalist Board of the SGX-ST), STT Communications (Shanghai) Co., Ltd and Verint Systems (Singapore) Pte Ltd. Mr. Yen was formerly a General Manager at Unicorn International Pte Ltd from 1988 to 1999, an Assistant General Manager at CDC-Construction & Development Pte Ltd from 1982 to 1988, and a Regional Sales Manager at Duce International Pte Ltd from 1980 to 1982. Mr. Yen holds a Bachelor of Engineering degree from McMaster University, Canada.

MR. CHUA KHEE HAK

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

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

MR. TAN CHOON HONG

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr. Tan was first appointed to the Board on 15 July 2013, re-appointed on 4 September 2017 and re-elected on 25 April 2018. Mr. Tan is the Chief Executive Officer of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2011, Mr. Tan was a director for special projects at C S Partners Pte. Ltd. from 2007 to 2011 and a vice president at GIC Special Investments Pte Ltd from 2005 to 2007. Earlier, he spent five years doing corporate finance advisory work at Deutsche Bank AG, from 2001 to 2005. He began his career with the Ministry of Trade and Industry as an Assistant Director in 1999. He currently serves on the board of the Thai Credit Retail Bank Public Company Limited and Nera Telecommunications Ltd. Mr. Tan is a Chartered Financial Analyst and holds a Master of Engineering and Bachelor of Arts from Cambridge University.

MR. TOMMY TEO ZHI ZHUANG

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr. Teo was first appointed to the Board on 2 September 2016, re-appointed on 4 September 2017 and re-elected on 25 April 2018. Mr. Teo is an Executive Director of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2013, Mr. Teo was an investment banker with Citi Global Investment Banking in Singapore from 2011 to 2012, with Perella Weinberg Partners in New York from 2009 to 2011 and with Bear, Stearns & Co. Inc. in New York from 2007 to 2008. Mr. Teo was also an analyst at hedge fund sponsor Capital Z Asset Management from 2008 to 2009. He currently serves on the board of Nera Telecommunications Ltd. Mr. Teo graduated with a Bachelor of Business Administration from the Stephen M. Ross School of Business at the University of Michigan.

MR. TAN BONG LIN

NON-EXECUTIVE INDEPENDENT DIRECTOR

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

MR. HEE THENG FONG

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Hee was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018. He is also an Independent Director of Yanlord Land Group Limited, Straco Corporation Limited, Tye Soon Limited and China Jinjiang Environment Holding Company Limited (all of which are listed on the Mainboard of the SGX-ST) and Haidilao International Holding Ltd (which is listed on the Hong Kong Stock Exchange) and a Consultant at Eversheds Harry Elias LLP. Mr. Hee was formerly a Senior Partner at RHTLaw Taylor Wessing LLP from 2011 to 2014, a Partner at KhattarWong LLP from 2008 to 2011, and a Partner at Hee Theng Fong & Co from 1988 to 2008. Mr. Hee holds a Bachelor of Laws from the University of Singapore and a Diploma in PRC Law from Suzhou University.

Additional Information On Directors Seeking Re-Election

Mr Chua Khee Hak and Mr Hee Theng Fong are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 April 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

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

	CHUA KHEE HAK	HEE THENG FONG
Date of appointment	4 September 2017	4 September 2017
Date of last re-appointment	25 April 2018	25 April 2018
Age	58	64
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 and Chief Executive Officer 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 Hee as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Hee'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	Mr Chua manages the day-to-day business operations of ERA, RIA and Coldwell Banker in Singapore and overseeing the ERA growth and development in the Asia-Pacific region.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Director and Chief Executive Officer	• Non-Executive and Independent Director • Chairman of Remuneration Committee • Member of Audit and Nominating Committees
Professional qualifications	• 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	• Bachelor of Laws (Hons), University of Singapore • Diploma in PRC Law, Suzhou University
Working experience and occupation(s) during the past 10 years	1990 – Present: APAC Realty Limited – Executive Director and Chief Executive Officer	2014 – Present: Eversheds Harry Elias LLP – Consultant 2011 – 2014: RHTLaw Taylor Wessing LLP – Senior Partner 2008 – 2011: KhattarWong LLP – Partner

Additional Information On Directors Seeking Re-Election

<table>
<tr><th></th><th>CHUA KHEE HAK</th><th>HEE THENG FONG</th></tr>
<tr><td>Shareholding interest in the listed issuer and its subsidiaries</td><td colspan="2">Refer to Directors' Statement on pages 51 to 52 of this Annual Report</td></tr>
<tr><td>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</td><td>None</td><td>None</td></tr>
<tr><td>Conflict of interest (including any competing business)</td><td>None</td><td>None</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Other Principal Commitments* including Directorships#

* "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments

These fields are not applicable for announcement of appointments pursuant to Rule 704(9)</td><td><u>Past (for the last 5 years)</u>

Directorships
<u>Non-Listed Companies</u>
▪ Windsor Management Pte. Ltd.

Principal Commitments
▪ Owner of ICorporate (Cancelled)
▪ Owner of ISend (Terminated)

<u>Present</u>

Directorships
<u>Non-Listed Companies</u>
▪ 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.
▪ IBuild Pte. Ltd.
▪ ISend Pte. Ltd.
▪ IReal Holdings Pte. Ltd.

Principal Commitments
▪ Chief Executive Officer of APAC Realty Limited
▪ Managing Director of Coldwell Banker Commercial Real Estate (S) Pte Ltd</td><td><u>Past (for the last 5 years)</u>

Directorships
<u>Listed Companies</u>
▪ Datapulse Technology Limited
▪ Delong Holdings Limited
▪ YHI International Limited
▪ First Resources Limited

<u>Non-Listed Companies</u>
▪ Chinese Development Assistance Council
▪ NTUC Fairprice Foundation Ltd.
▪ Business China

Principal Commitments
▪ Senior Partner of RHTLaw Taylor Wessing LLP

<u>Present</u>

Directorships
<u>Listed Companies</u>
▪ Tye Soon Limited
▪ Straco Corporation Limited
▪ Yanlord Land Group Limited
▪ China Jinjiang Environment Holding Company Limited
▪ Haidilao International Holding Ltd

<u>Non-Listed Companies</u>
▪ Singapore Chinese Cultural Centre
▪ F & H Singhome Fund II Ltd.
▪ F & H Singhome Fund III Ltd.
▪ Chua Foundation
▪ Greenland (Singapore) Trust Management Pte. Ltd.

Principal Commitments
▪ Consultant of Eversheds Harry Elias LLP</td></tr>
</table>

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.

	CHUA KHEE HAK	HEE THENG FONG
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 judgment 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, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

Additional Information On Directors Seeking Re-Election

	CHUA KHEE HAK	HEE THENG FONG
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
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or 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

Management Team

DORIS ONG | CHIEF OPERATING OFFICER

Ms. Doris Ong joined the Group in 1991. She is in-charge of project marketing, overseeing a team that has planned and executed marketing launches for over 200 international and local residential projects. She was responsible for ERA's venture into project marketing. Together with the Chief Executive Officer, they successfully brought ERA to become the first real estate agency to clinch projects from developers. Capitalizing on this momentum, ERA was established as the leading project marketing real estate agency. Doris has many years of experience in project marketing and is intimately familiar with the inner workings of a project launch. The project marketing team works closely with developer clients from the project's land acquisition stage, through design, launch, and after sales stages. Doris holds a Bachelor of Science (Hons) in Estate Management from National University of Singapore, is a licensed appraiser and a member of the Singapore Institute of Surveyors and Valuers.

MARCUS CHU | CHIEF OPERATING OFFICER

Mr. Marcus Chu first joined the Group in 1996 before returning in 2013. His responsibilities include overseeing the daily operations of ERA, branding and corporate marketing, recruitment and training. He is also in charge of all the ERA Division Directors and salespersons. He has spearheaded numerous innovations for consumers and salespersons. Among these initiatives are FindPropertyAgent.sg, ERA 24/7 PropWatch, ERA Extra Mile Programme and Loyalty Growth Dividend Scheme. Prior to his management role, Marcus has extensive experience in real estate marketing, selling and team building. He was ERA's Top New Achiever in 1997 and was also inducted in the company's League of Honour in 1999 for his results as 2nd Top achiever in 1997, 1998 and 1st Overall Top Achiever for ERA International in 1999. With two decades of real estate experience under his belt, Marcus also undertook team-building at other agencies for five years and was instrumental in multiplying huge turnover and headcounts. With his wealth of agency team building experience, Marcus has helped establish ERA as the largest international real estate agency in Singapore with over 6,600 salespersons.

EUGENE LIM | KEY EXECUTIVE OFFICER

Mr. Eugene Lim first joined the Group in 1991 before returning in 2003. He ensures that all agents' business dealings are in compliance with the Estate Agents Act and the relevant subsidiary legislation. He oversees the legal and compliance team which is the first point of contact that investigates any customer feedback. Eugene is a well-respected real estate opinion leader. His professional views on the real estate market and its pertinent issues are frequently sought by the press and media. Eugene appears regularly on television and radio and is often quoted by various print and online media. A highly regarded leader in the real estate industry, Eugene is a member of the Council for Estate Agencies' Professional Development Committee and is also an Executive Committee Member of the Singapore Estate Agents Association. Eugene has over 28 years' experience in the real estate industry, seven of which were with publicly listed property developers such as DBS Land and CapitaLand. Eugene holds a Bachelor of Science (Hons) in Estate Management and a Master of Science (Real Estate) from the National University of Singapore.

POH CHEE YONG | CHIEF FINANCIAL OFFICER

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

Management Team

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

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

RAYMOND LOKE | EXECUTIVE VICE PRESIDENT, PROJECT MARKETING

Mr. Raymond Loke joined the Group in 2006. He is responsible for the marketing of new developments and executing project launches, as well as exploring new business opportunities overseas. Prior to joining the Group, Raymond worked in other real estate consultancy firms and was involved in residential and investment sales. With more than 21 years of experience in the real estate industry, he was involved in the marketing of new developments both locally and in overseas markets such as Hong Kong and Indonesia. He holds a Bachelor of Science (Hons) in Estate Management from National University of Singapore.

PAUL HO | DIRECTOR, VALUATION

Mr. Paul Ho joined the Group in 2004 and now heads the Valuation Department. Paul has over 34 years of experience as a licensed appraiser with the expertise to handle valuation for all purposes and all types of properties. Prior to joining the Group, he was with CKS Property Consultants Pte Ltd back in 1995 as the Head and Director of Valuation. While in CKS, he developed Singapore's first internet valuation services, CQValue, with the support of IDA. Paul holds the Bachelor of Science in Estate Management from National University of Singapore. He is also a member of Singapore Institute of Surveyor and Valuers and a licensed appraiser.

GLEN HIN | SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT

Mr. Glen Hin joined the Group in 1993 after graduating from Heriot Watt University with a Bachelor of Science (Hons) in Building Surveying. Glen heads the Commercial department and is responsible for the growth and development of our business reach and leads partnerships with other organisations such as JTC and Far East Organisation. His portfolio includes investment opportunities for hotels and commercial buildings. Glen has over 26 years of real estate experience and is one of the trainers for the real estate salesperson course conducted by RIA School of Real Estate. Glen is also active in community service as a grassroot leader for Jalan Kayu (Ang Mo Kio constituency) and organizing charity work with The Singapore Association for the Deaf through fundraising events.

JACKSON ONG | SENIOR VICE PRESIDENT, PROPERTY MANAGEMENT

Mr. Jackson Ong joined the Group in 1995. He has more than 21 years' experience in real estate management, electrical engineering and project management. Jackson is responsible for overseeing the team that provides professional managing agent service to 20 MCST currently. Prior to joining the Group, Jackson worked as a Project Engineer with a private electrical contractor firm for three years. Jackson holds a Bachelor of Science (Hons) in Real Estate Management from Oxford Brookes University of UK. He is also a qualified Licensed Electrical Worker (LEW) with Energy Market Authority, a Certified Facility & Property Manager with SISV-AFPM and a registered Fire Safety Manager with Singapore Civil Defence Force.

Management Team

DAVID SEAH | SENIOR VICE PRESIDENT, INFORMATION TECHNOLOGY

Mr. David Seah joined the Group in 2009 and has accumulated more than 16 years' experience in the IT industry. He oversees the IT department and is responsible for aligning technology with the Group's business strategic plans. At the level of core information technology, David has pushed for ERA to adopt latest technologies that facilitated greater efficiencies and cost effectiveness in information processing, data management and network access. Prior to joining the Group, he managed IT projects with publicly listed companies such as CapitaLand. David holds a Bachelor of Information Technology from Monash University.

HELEN HO | SENIOR VICE PRESIDENT, FINANCE

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






Operating And Financial Review

OPERATING REVIEW

The Singapore government introduced a fresh round of property cooling measures on 5 July 2018, when the additional buyer's stamp duty was raised and loan-to-value ratio was reduced. These affected 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.

The total number of unsold private residential units declined from 2015 to 2017, reaching 19,755 (including ECs) as at 31 December 2017, before increasing to 35,649 (including ECs) as at 31 December 2018. The vacancy rate of completed private residential units remains high at 6.4% as at 31 December 2018, coming down from a high of 8.9% as at 30 June 2016.

Apart from the 35,649 unsold units (including ECs) with planning approval as at 31 December 2018, there is a potential supply of 9,800 units (including ECs) from Government Land Sales (GLS) sites and awarded en-bloc sale sites that have not been granted planning approval yet. They comprise (a) about 6,500 units from awarded GLS sites and Confirmed List sites that have not been awarded yet, and (b) about 3,300 units from awarded en-bloc sale sites.

In 2018, ERA was involved in 36 project launches with approximately 14,705 residential units in aggregate. Going forward for 2019, ERA has already secured 40 projects with at least 16,000 residential units.

NEW PROJECTS FOR 1Q 2019

1953
D8, Tessensohn Road
14 Commercial units +
58 Residential units

Developed by Oxley Amethyst Pte Ltd (Oxley Holdings Limited)

INSPACE
D19, New Industrial Road
84 units

Developed by SLB-Oxley (NIR) Pte Ltd (A joint venture between SLB Development Limited and Oxley Holdings Limited)

Boulevard 88
D10, Orchard Boulevard
154 units

Developed by Granmil Holdings Pte Ltd (A joint venture between City Developments Limited & Hong Leong Holdings & Lea Investments)

The Florence Residences
D19, Hougang Avenue 2
1,410 units

Developed by Logan Property (Singapore) Company Pte Ltd

Nyon
D15, Amber Road
92 units

Developed by Aurum Land (Private) Ltd

Fyve Derbyshire
D11, Derbyshire Road
71 units

Developed by RH Developments Two Pte Ltd (Roxy Pacific Holdings Limited)

RV Altitude
D9, River Valley Road
140 units

Developed by RH Capital Two Pte Ltd (Roxy Pacific Holdings Limited)

Fourth Avenue Residences
D10, Fourth Avenue
476 units

Developed by Valleypoint Investments Pte Ltd (Allgreen Properties Limited)

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.

	FY 2018 $'000	FY 2017 $'000	Change (%)
Total revenue	423,963	400,638	5.8
Cost of services	371,162	345,769	7.3
Gross Profit	52,801	54,869	(3.8)
Gross Profit Margin	12.5%	13.7%	

REVENUE

Revenue increased by approximately $23.4 million or 5.8%, from $400.6 million in FY2017 to $424.0 million in FY2018. This was mainly due to the increase in brokerage income from:

a. resale and rental of properties of $18.9 million or 7.1%, from $267.6 million in FY2017 to $286.5 million in FY2018; and
b. new home sales of $4.4 million or 3.6%, from $123.6 million in FY2017 to $128.0 million in FY2018.

Other revenue increased by approximately $0.3 million or 9.1%, from $3.7 million in FY2017 to $4.0 million in FY2018 mainly due to higher business conference income and higher interest income.

COST OF SERVICES

Our cost of services increased by approximately $25.4 million or 7.3%, from $345.8 million in FY2017 to $371.2 million in FY2018. The more than proportionate increase in cost of services was primarily due to higher payout of commision to our agents for new home sales in FY2018.

GROSS PROFIT

Gross profit decreased by approximately $2.1 million or 3.8%, from $54.9 million in FY2017 to $52.8 million in FY2018. This was largely attributed to the decrease in contribution from both the resale and rental of properties, and new home sales.

OPERATING EXPENSES

Personnel cost decreased by approximately $0.8 million or 5.3%, from $13.8 million in FY2017 to $13.0 million in FY2018 due to a lower provision for staff bonus for FY2018 (payable in 1Q2019) coupled with a special one month bonus declared in September 2017 (FY2018:Nil) for all staff (except senior management) amounting to $0.4 million.

Marketing and promotion expenses was approximately $1.1 million in both FY2018 and FY2017.

Depreciation of plant and equipment was approximately $0.5 million in both FY2018 and FY2017.

Amortisation of intangible assets was approximately $0.9 million in both FY2017 and FY2018.

Allowance for doubtful debts decreased by approximately $1.0 million or 38.1%, from $2.6 million in FY2017 to $1.6 million in FY2018 mainly due to an improvement in collections from customers and external co-broke agencies.

Finance costs in FY2018 and FY2017 relates to interest expense from bank borrowings. Finance costs increased by approximately $0.1 million or 66.9%, from $0.3 million in FY2017 to $0.4 million in FY2018 due to a new mortgage loan of $58.0 million drawn on 10 September 2018 to part-finance the acquistion of ERA APAC Centre. The bank loan taken by another subsidiary was fully repaid on 29 September 2017.

IPO expenses of approximately $1.2 million were expensed off in FY2017 (FY2018: Nil).

Operating And Financial Review

Other operating expenses increased by approximately $0.8 million or 16.3%, from $5.1 million in FY2017 to $5.9 million in FY2018. The increase was mainly due to stamp duty, professional fees and related expenses incurred for the acquisition of APAC Investment Pte. Ltd. amounting to approximately $0.3 million in September 2018, a donation of approximately $0.2 million to National University of Singapore to establish a ERA Student Foundation bursary in June 2018, and additional operating expenses of APAC Investment Pte. Ltd. of approximately $0.3 million (since 10 September 2018).

Overall, total operating expenses decreased by approximately $1.8 million or 7.4%, from $25.4 million in FY2017 to $23.6 million in FY2018.

PROFIT BEFORE TAX

As a result of the foregoing, profit before tax decreased by approximately $0.2 million or 0.6%, from $29.4 million in FY2017 to $29.2 million in FY2018.

TAX EXPENSE

Tax expense increased by approximately $1.5 million or 41.7%, from $3.5 million in FY2017 to $5.0 million in FY2018. The increase is mainly due to higher tax written back of $1.5 million in FY2017 as compared to only $0.2 million in FY2018.

PROFIT FOR THE YEAR

As a result of the foregoing, profit for the year decreased by approximately $1.7 million or 6.4%, from $25.9 million in FY2017 to $24.2 million in FY2018.

FINANCIAL POSITION REVIEW

NON-CURRENT ASSETS

The Group's total non-current assets amounted to approximately $102.0 million and $173.7 million as at 31 December 2017 and 31 December 2018 respectively. The increase of approximately $71.7 million or 70.3% was mainly due to an investment property with a fair value of $72.8 million held by a subsidiary which was acquired on 10 September 2018 and purchase of plant and equipment of approximately $0.4 million offset by the amortisation of intangible assets of $0.9 million and depreciation of plant and equipment of $0.5 million in FY2018.

CURRENT ASSETS

Trade receivables amounted to approximately $59.6 million and $52.0 million as at 31 December 2017 and 31 December 2018 respectively. The decrease of approximately $7.6 million or 12.8% was mainly due to lower revenue in 4Q2018 as compared to 4Q2017.

The convertible loan of $2.8 million was provided to PT Realti Jaya Abadi to fund the acquisition of PT ERA Graharealty ("ERA Indonesia").

Prepaid operating expenses amounted to approximately $0.2 million and $2.0 million as at 31 December 2017 and 31 December 2018 respectively. The increase of $1.8 million prepaid operating expenses was mainly due to 2019 Council for Estate Agencies (CEA) registration fees of $1.7 million prepaid in 4Q2018.

Cash and bank balances decreased by approximately $19.0 million or 30.6%, from $62.0 million as at 31 December 2017 to $43.0 million as at 31 December 2018 mainly due to the cash payment of $14.8 million for the acquistion of APAC Investment Pte Ltd.

As a result of the foregoing, total current assets decreased by approximately $24.5 million or 18.3%, from $134.0 million as at 31 December 2017 to $109.5 million as at 31 December 2018.

NON-CURRENT LIABILITIES

The Group's total non-current liabilities increased from $4.5 million as at 31 December 2017 to $58.9 million as at 31 December 2018 mainly due to the non-current portion of the mortgage loan outstanding as at 31 December 2018 of $54.6 million for ERA APAC Centre.

CURRENT LIABILITIES

Trade payables and accruals amounted to approximately $82.0 million and $63.5 million as at 31 December 2017 and 31 December 2018 respectively. The decrease in trade payables is in line with the decrease in trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately $9.5 million and $7.8 million as at 31 December 2017 and 31 December 2018 respectively. The decrease of approximately $1.7 million was mainly due to lower GST collections in 4Q2018 as compared to 4Q2017 as a result of lower revenue in 4Q2018.

Deferred income remained relatively stable at approximately $1.8 million and $2.0 million as at 31 December 2018 and 31 December 2017 respectively.

Current portion of the mortgage loan amounted to $2.9 million as at 31 December 2018.

Provision for taxation was approximately $5.2 million and $5.0 million as at 31 December 2018 and 31 December 2017 respectively.

As a result of the foregoing, total current liabilities decreased by approximately $17.3 million or 17.6%, from $98.5 million as at 31 December 2017 to $81.2 million as at 31 December 2018.

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The equity attributable to the owners of the Company increased by approximately $10.1 million or 7.5%, from $133.0 million as at 31 December 2017 to $143.1 million as at 31 December 2018. The increase was attributable to the profit of $24.2 million for FY2018 offset by dividends of $14.2 million paid to shareholders in 2018.

CASH FLOW REVIEW

Net cash generated from operating activities was approximately $34.6 million in FY2017 as compared to approximately $14.1 million in FY2018. The decrease of $20.5 million was mainly due to a net decrease in working capital of $17.5 million and higher income taxes of $1.8 million paid in FY2018 as compared to FY2017.

Net cash used in investing activities was approximately $0.7 million in FY2017 as compared to approximately $76.3 million in FY2018. The increase of $75.6 million was mainly due to the acquisition of ERA APAC Centre on 10 September 2018.

Net cash generated from financing activities was approximately $43.3 million in FY2018, mainly from the drawdown of the mortgage loan of $58.0 million partially offset by dividends of $14.2 million paid to shareholders. Net cash generated from financing activities in FY2017 was lower at approximately $10.2 million. The cash proceeds of $28.2 million raised from the IPO was partially offset by $18.0 million repayment of bank loans in FY2017.

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately $19.0 million in FY2018 as compared to an increase of approximately $44.2 million in FY2017.

Cash and cash equivalents as at 31 December 2018 stood at $43.0 million.

Sustainability Report

ABOUT THIS REPORT

APAC Realty Limited presents its annual Sustainability Report (the "Report") which covers the Group's performance from 1 January 2018 to 31 December 2018 (the "reporting period").

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

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

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

GOVERNANCE AND STATEMENT OF THE BOARD

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

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

OUR SUSTAINABILITY STORY

SUSTAINABILITY TARGETS AND PERFORMANCE

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

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

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

Environmental Targets for FY2018	
FY2018 Target	Performance Update
Analyse and monitor resource usage	The Group achieved the energy and emissions intensity targets at the Zhong Shan office.
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Undertake further initiatives to promote environmental sustainability	The Group will explore and consider various initiatives such as purchasing more energy efficient appliances, motion sensors for lights etc.

Social Targets for FY2018	
FY2018 Target	Performance Update
Training and Development of ERA salespersons	Close to 6,500 ERA salespersons fulfilled their Continuing Professional Development (CPD) hours and managed to renew their CEA (Council for Estate Agencies) licences for 2019.
Social Targets for FY2019	
FY2019 Target	Action Plan
Training and Development of ERA salespersons	Continue to provide ERA in-house training and CPD courses under RIA School of Real Estate for all ERA Salespersons.

KEY STAKEHOLDERS ENGAGEMENT

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

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

Government and regulatory bodies	• Regulatory and industrial requirements (MOM) • Protection of personal data (PDPC) • Anti-money laundering (MAS) • License, regulation and professionalism (CEA)	• SGX announcements • Annual reports • Sustainability reporting • Ongoing dialogues • Trainings for ERA salespersons	Environmental Responsibility, Our People, Our Assets
Shareholders and investors	• Anti-corruption • Financial performance	• Annual reports • Investor relations management	Ethics and Integrity, Financial Highlights

MATERIAL TOPICS AND BOUNDARIES

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

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

ETHICS AND INTEGRITY

(GRI 205-1, 205-2, 205-3)

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

The Group takes a strong stance against corruption and does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. To achieve the highest standards of integrity and accountability, the Group developed a Whistle Blowing Policy (WB Policy) to provide a framework to promote responsible and secure whistleblowing without fear of adverse consequences. Employees and outside parties, such as suppliers, customers, contractors and other stakeholders, may through the whistle blowing channels of the Group report any concerns or complaints regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. All concerns reported through the channel are directed to the Audit Committee Chairman. Employees and external parties are assured that there will be no reprisal, discrimination or adverse consequences for concerns reported in good faith. The WB Policy has been circulated to all employees and there were no reports received through the whistle blowing mechanism in FY2018 and FY2017.

All ERA salespersons have access to CEA's Practice Circular (PC03-17 and PC 04-15) on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). Briefings are conducted by the Key Executive Officer (KEO) and updates are communicated via email to all ERA salespersons. Training materials and resources on AML/CFT are also available to all ERA salespersons via the internal portal (MyERA). There is also a designated email address for internal enquiries and clarifications on matters concerning AML/CFT maintained by the KEO and the team of designated compliance officers. The Company has subscribed to SentroWeb-DJ for its front office administration support team to conduct due diligence on its clients on behalf of ERA salespersons.

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

ENVIRONMENTAL RESPONSIBILITY

Energy and Emissions Management

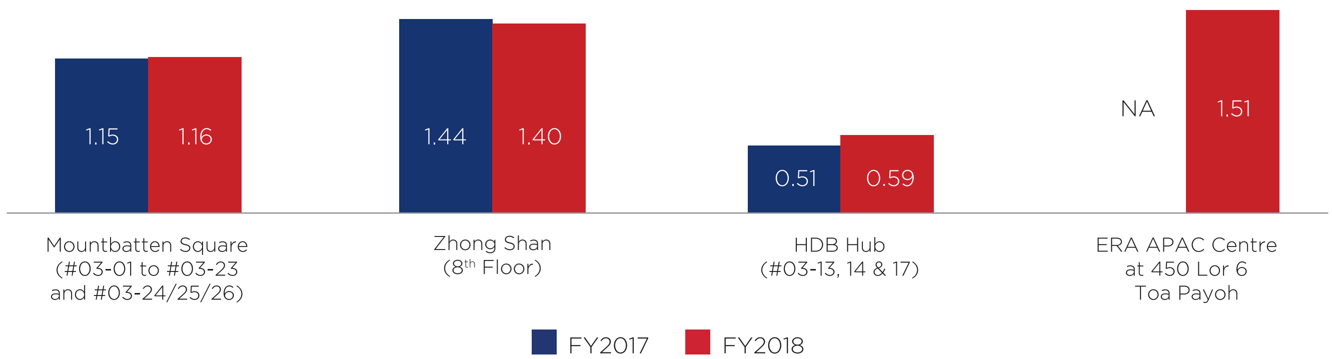
GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

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

	FY2017		FY2018	
Location	Average Monthly Energy Consumption (kWh)	Area (Sqft)	Average Monthly Energy Consumption (kWh)	Area (Sqft)
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	39,300	34,100	46,500	39,923
Zhong Shan (8th floor)	7,760	5,400	7,550	5,400
HDB Hub (#03-13, 14 & 17)	1,930[1]	3,800	2,230[1]	3,800
ERA APAC Centre at 450 Lor 6 Toa Payoh	NA[2]	30,600[3]	46,220	30,600[3]

[1] Air-conditioning provided by landlord.
[2] Not applicable. The building was purchased only in September 2018.
[3] Total gross floor area is 44,362 Sqft and total lettable floor area (including circulation) is 30,600 Sqft.

Average Monthly Energy Intensity Ratio (kWh/Sqft)



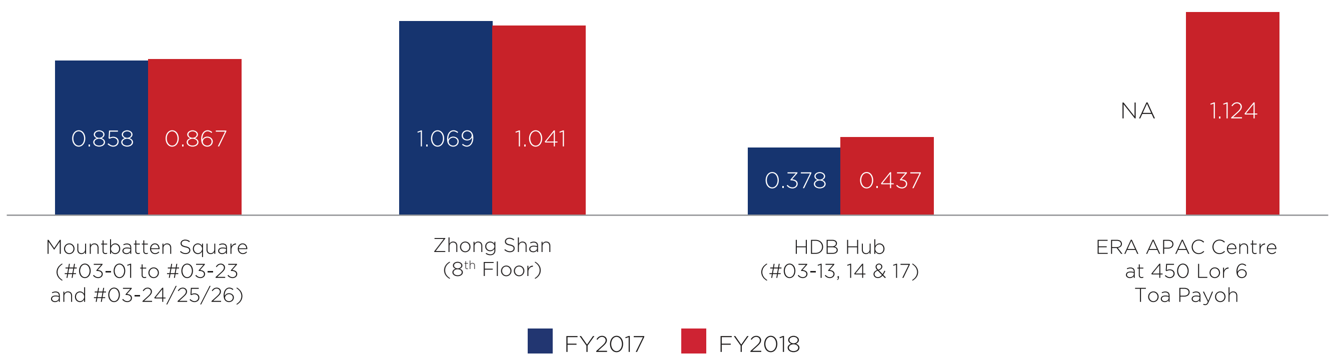
Sustainability Report

The following table shows the greenhouse gas (GHG) emissions of APAC Realty in FY2017 and FY2018.

	FY2017		FY2018	
Location	Average Monthly CO2 Emission (Kg)	Area (Sqft)	Average Monthly CO2 Emission (Kg)	Area (Sqft)
Mountbatten Square (#03-01 to #03-23 and #03-24/25/26)	29,248	34,100	34,605	39,923
Zhong Shan (8th floor)	5,775	5,400	5,619	5,400
HDB Hub (#03-13, 14 & 17)	1,436[1]	3,800	1,660[1]	3,800
ERA APAC Centre at 450 Lor 6 Toa Payoh	NA[2]	30,600[3]	34,397	30,600[3]

[1] Air-conditioning provided by landlord.
[2] Not applicable. The building was purchased only in September 2018.
[3] Total gross floor area is 44,362 Sqft and total lettable floor area (including circulation) is 30,600 Sqft.

Average Monthly GHG Emission Intensity Ratio (Kg/Sqft)



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

	Targeted Average Monthly Energy Intensity		Targeted Average Monthly GHG Emission Intensity	
	For office area 10,000 Sqft and below	For office area above 10,000 Sqft	For office area 10,000 Sqft and below	For office area above 10,000 Sqft
Air-conditioning provided by Landlord	0.5 kWh/Sqft		0.372 kg/Sqft	
Air-conditioning not provided by Landlord	1.4 kWh/Sqft	1.1 kWh/Sqft	1.042 kg/Sqft	0.818 kg/Sqft

Environmental Targets for FY2018	
FY2018 Target	Performance Update
Energy Intensity	The Group achieved the energy and emissions intensity targets at the Zhong Shan office.
Emissions Intensity	

Environmental Targets for FY2019	
FY2019 Target	Action Plan
Energy Intensity	The Group will explore and consider various initiatives such as purchasing more energy efficient appliances, motion sensors for lights etc.
Emissions Intensity	

Environmental Compliance
GRI 307-1

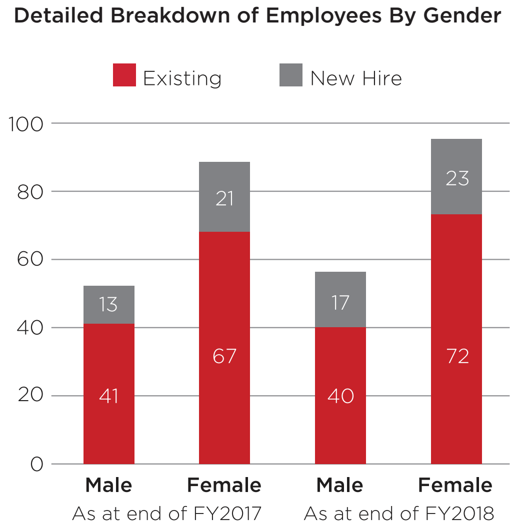
The Group strictly complies with local environmental laws and regulations where we operate, and there was no incident of environmental non-compliance during the reporting period. We will strive to maintain zero environmental non-compliance in FY2019.

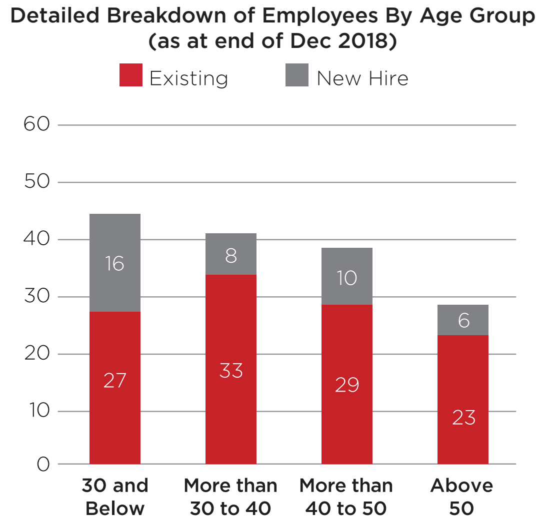
OUR PEOPLE, OUR ASSETS

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

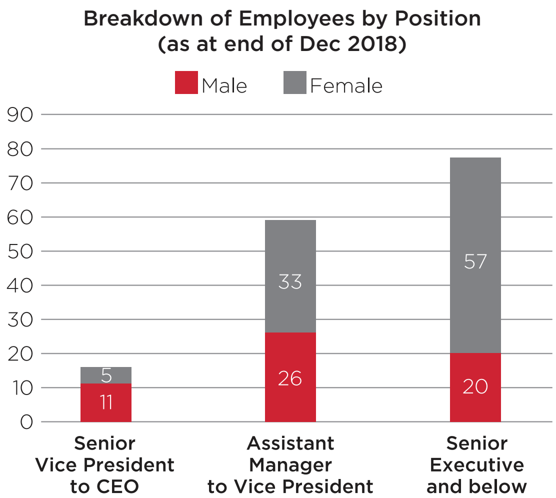
Employee Diversity
GRI 401-1, 405-1, 405-2, 406-1

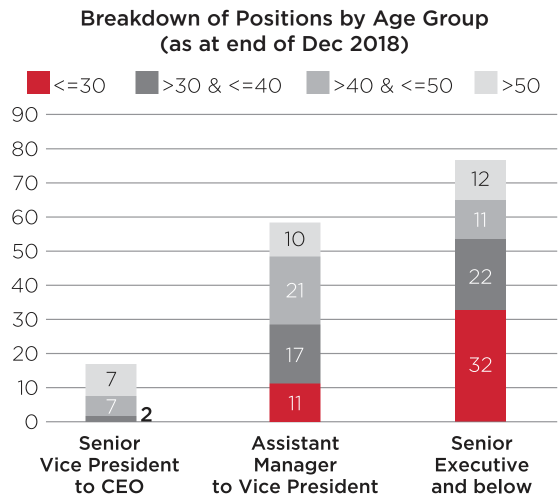
At APAC Realty, we believe that workforce diversity drives innovation and stimulates our growth. As such, we do not discriminate our employees based on any aspects, including gender, race, religion or age.





In FY2018, our new hires from both genders were balanced and we continue to hire employees from different age groups. In addition, the Group has a good gender ratio and a diversified workforce across all age groups.





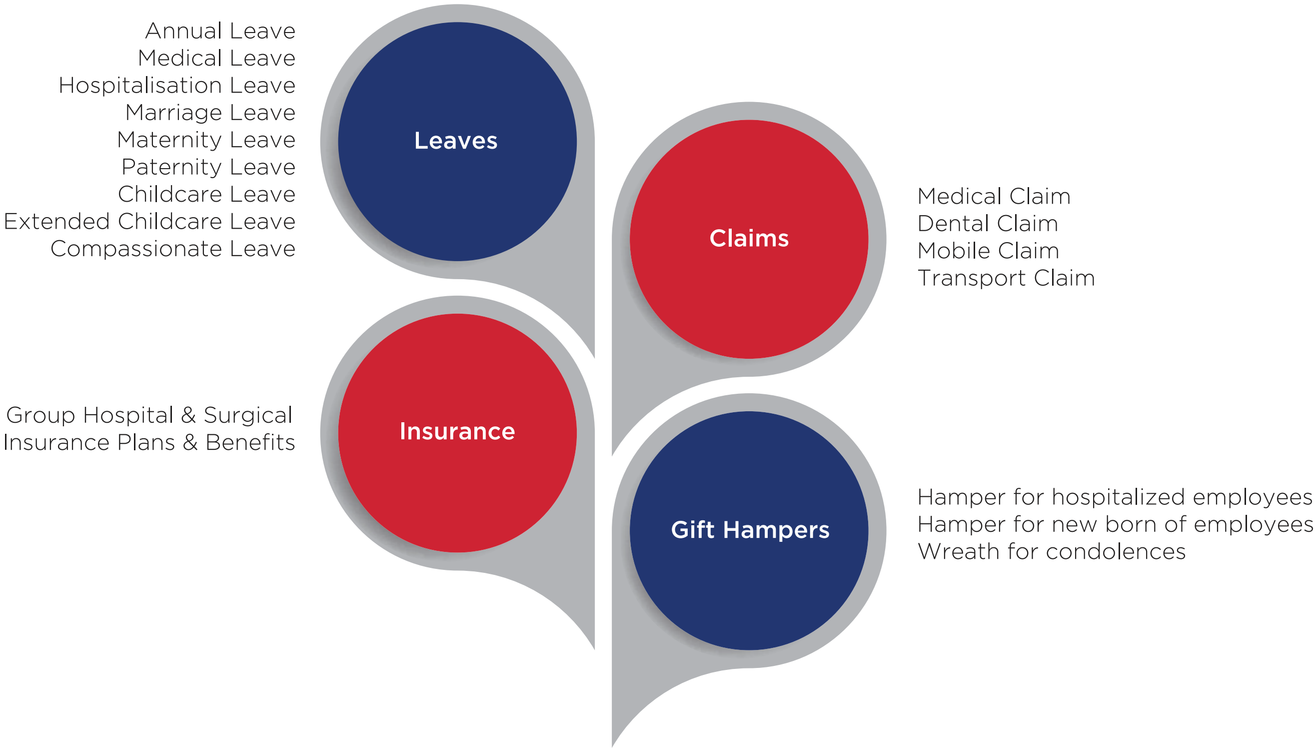
Sustainability Report

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 FY2018.

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

Employee Benefits and Development
GRI 401-1, 401-2, 401-3

The Group recognises that commitment by its employees to the Group and their work is vital in supporting the Group's operations and growth. Hence, the focus is on building an environment of welfare and provide employees with a range of benefits including leaves, claims, insurance and gifts. The Group believes that 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.

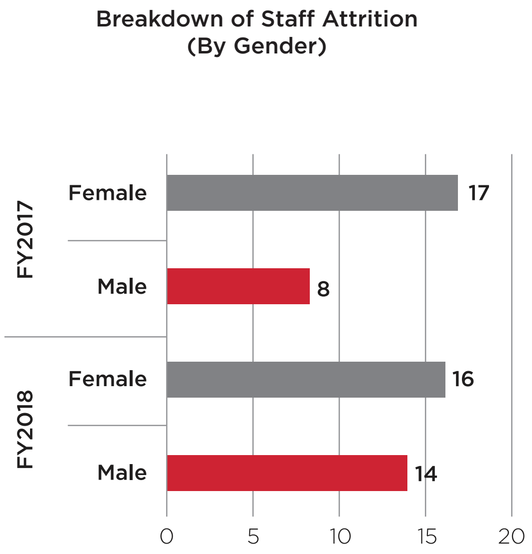


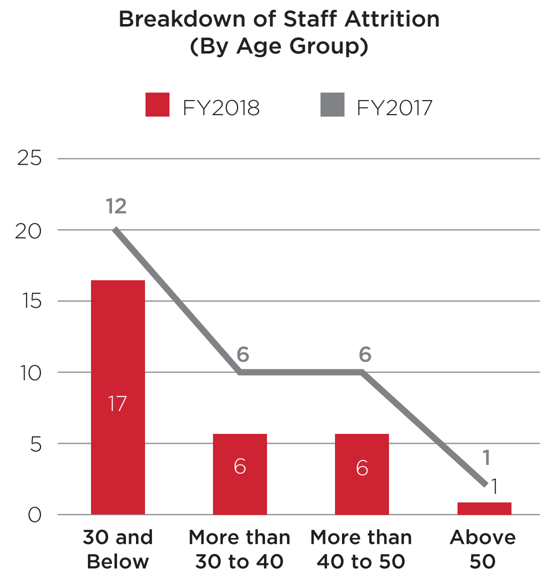
The Group fully complies with Ministry of Manpower (MOM) labour regulations and support the government's pro-family policies. In FY2018, almost all employees who were entitled to childcare leave had fully utilised their entitlements.

Leave Type	No. of Entitled Staff	No. of Days Entitled	No. of Days Taken	Utilization
Childcare	4	2	2	100%
Enhanced Childcare (Pro-rated)	3	2	2	100%
	1	3	3	100%
	1	4	4	100%
Enhanced Childcare	14	6	6	100%
	1	6	4	67%
Extended Childcare Leave	9	2	2	100%
	1	2	1.5	75%

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.

Despite a slight increase in attrition in FY2018, the Group managed to attract new and fresh talent to grow its headcount from 142 as at 31 December 2017 to 152 as at 31 December 2018.





COMPLIANCE WITH SOCIAL AND ECONOMIC LAWS AND REGULATIONS

GRI 419-1

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

There was no incident of non-compliance with laws and regulations in the social and economic aspect in FY2018. The Group endeavours to maintain this in FY2019 by continuing the implementation of our best practices where the Group operates, including Indonesia and Thailand.

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

Internal Process for Complaints Received

(GRI 418-1)

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

For complaints received by Personal Data Protection Commission (PDPC) on possible 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 compliance with DNC by 2 January 2014 and PDPA by 2 July 2014. Regular review and timely updates to ensure policies stay relevant.	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 FY2017 and FY2018, there was no data breach or material fines from the PDPC. Complaints pertaining to DNC were received from PDPC and resolved.

Guide to ERA Salespersons on Marketing Collaterals
(GRI 417-1, 417-3)

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

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

Trainings for Our ERA Salespersons
(GRI 404-1)

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

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

Social Targets for FY2018	
FY2018 Target	Performance Update
Training and Development of ERA salespersons	Close to 6,500 ERA salespersons fulfilled their Continuing Professional Development (CPD) hours and managed to renew their CEA (Council for Estate Agencies) licences for 2019.
Social Targets for FY2019	
FY2019 Target	Action Plan
Training and Development of ERA salespersons	Continue to provide ERA in-house training and CPD courses under RIA School of Real Estate for all ERA Salespersons.

COMMUNITY ENGAGEMENT
GRI 413-1

Corporate social responsibility (CSR) is deeply rooted in the Group's corporate culture. Under ERA Loves – an annual campaign covering group-wide CSR initiatives that empower the underprivileged – ERA actively involves its staff and entire agent network in giving back to the community. The company believes in the importance of sustained donations and partners closely with community partners.

Sustainability Report

Besides setting up an education bursary, ERA is a long-time Platinum Award contributor to the Community Chest since 1999 and a recipient of the SHARE Achiever Award at the Community Chest Awards 2018. It also emerged as a winner of the Asia Responsible Enterprise Awards 2018, under the category Social Empowerment, for the contributions to raise awareness for SOSD – an organisation that rescues and rehouses street dogs.

ERA Student Foundation Bursary at NUS

In celebration of ERA Singapore's 35th anniversary, ERA has set up the ERA Student Foundation Bursary with a corporate gift of S$150,000 to the National University of Singapore (NUS), supporting the education journey of children from low-income families.

Community Chest

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, SHARE, 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.

SOSD

SOSD is a volunteer-run organisation dedicated to the welfare of Singapore's street dogs. ERA is a proud supporter of SOSD charity dinners from 2016 to 2018 to raise funds for their dog shelter which rescues, rehabilitates and rehomes stray dogs, giving them a second chance at life. In addition, ERA has extended a helping hand to raise awareness about SOSD's adoption and rescue programs.

The Business Times' Budding Artist Fund

ERA contributes to The Business Times' Budding Artist Fund (BT BAF) – a charity fund that empowers children and youth from financially disadvantaged backgrounds with opportunities to discover their talents in the arts.

Besides partnering BT BAF in its 10th edition of Children for Children annual community and fundraising event, ERA adopted BT BAF as part of ERA's Global Day of Giving initiative – a global CSR initiative that unites seven countries to give back to local communities on Giving Tuesday.

Sustainability Report

Community Outreach With Grassroots Communities

ERA partners grassroots communities for its community outreach initiatives.

Hong Kah Constituency

Through a company-wide fundraising campaign, events such as the Chinese New Year luncheon brought festive cheers to the underprivileged residents at Hong Kah North with festive packs comprising healthy food, festive goodies and Ang Pao (red packets) blessings.

In addition, ERA is also a partner for the launch of Switch and Save – Use LED at Hong Kah North, supporting the national programme to encourage households to switch to using LED lights which are more energy efficient.

East Coast Constituency

ERA was the Premium Honorary Patron of the 2018 National Day Dinner at the Bedok 53rd National Day Celebrations Dinner.

Lions Home For The Elders
狮子乐龄之家
Affiliated to National Council of Social Service

Lions Home Flag Day 2018

Lions Home for the Elders runs two nursing homes since 1980. More than 90% of these residents are from low-income families and destitute with multiple medical conditions from different cultures, religions and social background.

ERA has been supporting the home since 2016 and participated in its annual Flag Day by supporting with cash donations and assisting as flag sellers to collect street donations from the public.

DYSLEXIA ASSOCIATION OF SINGAPORE
HELPING DYSLEXIC PEOPLE ACHIEVE

Dyslexia Association of Singapore

ERA supported the Dyslexia Association of Singapore (DAS) with a Charity Movie Screening in 2018. All proceeds from the sale of the tickets go directly to the bursary fund for children of low-income families in support of their educational journey.

SGX FIVE PRIMARY COMPONENTS INDEX

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

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Structure, Our Business
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Corporate Structure
102-5	Ownership and legal form	Corporate Structure
102-6	Markets served	Corporate Structure
102-7	Scale of the organisation	Corporate Structure
102-8	Information on employees and other workers	Employee Diversity
102-9	Supply chain	Our Business
102-10	Significant changes to the organisation and its supply chain	Joint Statement by Chairman and CEO, Operating and Financial Review
102-11	Precautionary Principle or approach	Operating and Financial Review
102-12	External initiatives	Operating and Financial Review
102-13	Membership of associations	Board of Directors, Management Team
102-14	Statement from senior decision-maker	Joint Statement by Chairman and CEO
102-15	Key impacts, risks, and opportunities	Joint Statement by Chairman and CEO, Community Engagement
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Corporate Structure
102-40	List of stakeholder groups	Key Stakeholders Engagement
102-42	Identifying and selecting stakeholders	Key Stakeholders Engagement
102-43	Approach to stakeholder engagement	Key Stakeholders Engagement
102-44	Key topics and concerns raised	Key Stakeholders Engagement
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	About this Report, Material Topics and Boundaries
102-47	List of material topics	Material Topics and Boundaries
102-50	Reporting period	About this Report
102-51	Date of most recent report	About this Report
102-52	Reporting cycle	About this Report
102-53	Contact point for questions regarding the report	Corporate Information
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About this Report

GRI Standards	Disclosure Content	Section Reference
201-1	Direct economic value generated and distributed	Financial Statements
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training on anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
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
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
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. Stewart Yen Se-Hua (Non-Executive Chairman and Independent Director)
Mr. Chua Khee Hak (Executive Director and Chief Executive Officer)
Mr. Tan Choon Hong (Non-Executive Non-Independent Director)
Mr. Tommy Teo Zhi Zhuang (Non-Executive Non-Independent Director)
Mr. Tan Bong Lin (Non-Executive Independent Director)
Mr. Hee Theng Fong (Non-Executive Independent Director)

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

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

Company Registration Number
201319080C

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors
Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr. Tan Seng Choon, Chartered Accountant
(Appointed since reporting year ended 31 December 2018)

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
Newgate Communications
24 Raffles Place
#16-05 Clifford Centre
Singapore 048621
For enquiries, please email to
ir@apacrealty.com.sg

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

This report outlines the corporate governance framework and practices adopted by the Company for the financial year ended 31 December 2018 ("FY2018"), with reference to the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012, and deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place for FY2018.

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

Three Board Committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") have been constituted with written terms of reference to assist the Board in discharging its responsibilities.

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

The newly appointed directors will be given comprehensive orientation programme, including meeting with the Chairman, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to familiarise themselves with the affairs of the Group's operation and business. Upon appointment, the new Directors would be provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual ("Listing Manual") of Singapore Exchange Securities Trading Limited ("SGX-ST").

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.

The attendance of Directors at the recent Board and Board Committee meetings held in FY2018 are as follows:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings
No. of meetings held	**4**	**4**	**1**	**1**
Name of Directors	**No. of meetings attended in FY2018**			
Stewart Yen Se-Hua	4	4	1	1
Chua Khee Hak ("Jack Chua")	4	–	–	–
Tan Choon Hong	4	–	1	1
Tommy Teo Zhi Zhuang	4	4	–	–
Tan Bong Lin	4	4	1	1
Hee Theng Fong	4	4	1	1

Board Composition and Guidance

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

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

Memberships of the Board Committees are as follows:

Board Composition Table

Name	Date of Appointment	Date of Last Re-election	Board Membership	AC	NC	RC
Stewart Yen Se-Hua	4 September 2017	25 April 2018	Non-Executive Chairman, Independent	Member	Chairman	Member
Jack Chua	4 September 2017	25 April 2018	Executive, CEO	–	–	–
Tan Choon Hong	15 July 2013	25 April 2018	Non-Executive, Non-Independent	–	Member	Member
Tommy Teo Zhi Zhuang	2 September 2016	25 April 2018	Non-Executive, Non-Independent	Member	–	–
Tan Bong Lin	4 September 2017	25 April 2018	Non-Executive, Independent	Chairman	Member	Member
Hee Theng Fong	4 September 2017	25 April 2018	Non-Executive, Independent	Member	Member	Chairman

The independence of each Independent Non-Executive Director is assessed at least annually by the NC, adopting the Code's and the Listing Manual's definition. All the Independent Directors have been considered to be independent, with each individual Director concerned abstained from the review of his own independence. There are no material relationships (including immediate family relationships) between each Independent Director and the other Directors, the Company or its 10% shareholders (as defined in the Code). The Board notes that the independence of any Director who has served on the Board beyond nine years from the date of first appointment is subject to particularly rigorous review. None of the Independent Directors have served on the Board for more than nine years.

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.

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

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

Chairman and Chief Executive Officer

Principal 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Stewart Yen Se-Hua is the Chairman of the Company. The Chairman sets the tone of the Board meetings to encourage participation and constructive discussions on the agenda topics. He leads the Board in its discussions and deliberations, facilitates effective contribution by Directors and ensures the timeliness of information flow between the Board and Management.

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

The Chairman of the Board and the CEO are not related to each other. In view of this, no lead independent director has been appointed.

Board Membership

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

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

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

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

Responsibilities of the NC include, amongst others:

- establishing a formal and transparent process for the appointment and re-appointment of Directors to the Board and assessing annually the effectiveness of the Board as a whole and the Board Committees, and the contribution of each Director to the effectiveness of the Board;

- making recommendations to the Board on relevant matters relating to:

  (i) the review of Board succession plans for the Directors, in particular, the Chairman, and for the CEO;
  (ii) the review of training and professional development programmes for the Board; and
  (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

- identifying candidates, reviewing and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of Board committees (including the AC, the RC and the NC), as well as appraise the qualifications and experience of any proposed new appointments to the Board and to recommend to the Board whether the nomination should be supported;

- ensuring that the Board and the Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, taking into account, among other things, the future requirements of the Group and the guidelines recommended under the Code;

- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and
- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the director's number of listed company board representations and other principal commitments.

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

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

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

Jack Chua and Hee Theng Fong are subject to retirement at the forthcoming AGM and have offered themselves for re-election.

Accordingly, the NC has recommended that Jack Chua and Hee Theng Fong be nominated for re-election at the AGM.

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

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

The Company currently does not have any alternate director.

The key information of the Directors is as set out on page 12 of this Annual Report.

Information on Jack Chua and Hee Theng Fong, 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 13 to 16 of this Annual Report.

Board Performance

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

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

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

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

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

The performance evaluation process is to be performed annually.

For FY2018, based on the completed assessment forms by the Directors, the NC is of the view that the Board and the Board Committees have fared well against the performance criteria and the NC is satisfied with the performance of the Board and the Board Committees.

Access to Information

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

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure of Remuneration

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

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

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

The RC holds at least one meeting each financial year.

Responsibilities of the RC include, among others:

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

  (i) a general remuneration policy framework for the Board and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("Key Management Personnel");
  (ii) the specific remuneration packages for each of the Directors and Key Management Personnel; and
  (iii) succession planning;

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

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

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

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

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

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

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

Only Independent Directors receive directors' fees for their services. 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 Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. No Director is involved in deciding his own remuneration package.

The remuneration mix of the CEO and Key Management Personnel comprises fixed and variable components. The fixed component includes base salary, fixed allowances, compulsory employer contribution to the Central Provident Fund, and other benefits as applicable. The variable component includes annual bonus which is dependent on Company and individual performance.

All revisions to the remuneration packages of the Directors and Key Management Personnel are subject to the review by and recommendation of the RC and the approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. These measures serve to assure that the independence of the Independent Directors is not compromised by their compensation. Where necessary, the RC could seek external professional advice on remuneration matters of Directors and Key Management Personnel.

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

The Company currently does not have any share-based incentive schemes for employees.

The breakdown of remuneration paid to or accrued to each Director of the Company for FY2018 is as follows:

Directors	Salary# %	Fees %	Bonus %	Other Benefits %	Variable or Performance-related Income/ Bonus %	Total %
Between S$2,500,000 to S$2,750,000						
Jack Chua	25	–	12	1	62	100
Below S$250,000						
Stewart Yen Se-Hua	–	100	–	–	–	100
Tan Bong Lin	–	100	–	–	–	100
Hee Theng Fong	–	100	–	–	–	100
Tan Choon Hong	–	–	–	–	–	–
Tommy Teo Zhi Zhuang	–	–	–	–	–	–

Refer to basic salary and CPF contribution by employee

The aggregate remuneration received by the top five (5) Key Management Personnel (who are not Directors or the CEO) for FY2018 was S$1,067,802. The Company has not fully disclosed the remuneration of each Director and Key Management Personnel as the Board is of the view that it is not in the best interests of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information and it may lead to poaching of executives within a highly competitive industry. The various components of the remuneration of the Group's Key Management Personnel (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits	Total %
Between S$250,000 to S$500,000				
Poh Chee Yong	71	29	-	100
Below S$250,000				
Eugene Lim Tong Weng	53	5	42	100
Paul Ho Chi Chew	72	6	22	100
Leong Yoke Leng	72	28	-	100
Glen Hin It Leong	55	18	27	100

No employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2018.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Risk Management and Internal Controls

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

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

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

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

The Board has received from the CEO and CFO at the Board meeting on 28 February 2019 that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's financial condition, results of operations, cash flows and finances for the period covered by the report;
- the Group had established and maintained an adequate and effective system of internal controls and risk management for FY2018; and
- there is no other matter that the CEO and CFO are aware of which could lead them to believe that the financial statements for FY2018 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 Company, works performed by the external and internal auditors and reviews performed by the Management, the Board with the concurrence of the AC, 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 the date of this Annual Report. The Board and the AC did not identify any material weaknesses in the internal controls and risk management systems of the Group.

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

Audit Committee

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

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

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

The AC meets at least four times a year.

Responsibilities of the AC include, amongst others:

- assisting the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;
- reviewing and recommending to the Board significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

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

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

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

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

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

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

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

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

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

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

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

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

The AC had met with the external auditors and internal auditors, without the presence of Management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit and the independence and objectivity of the auditors.

The AC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The audit and non-audit fees that are charged to the Group by the external auditors amounted to S$160,717 and S$13,900 respectively.

The AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as the Company's external auditors at the forthcoming AGM.

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

Whistle-Blowing Policy

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

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

Internal audit

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

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

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditors are properly implemented, and (iii) the effectiveness and independence of the internal auditors. FY2018, the AC is satisfied that the internal audit function was independent, adequately resourced and effective.

The AC is satisfied that the internal auditors has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

SHAREHOLDER RIGHTS AND RESPONSBILITIES

Shareholder Rights

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

Communication with Shareholders

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

Conduct of Shareholder Meetings

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

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

The Company does not practise selective disclosure. Financial results and annual reports are announced or issued within the mandatory period. In addition, information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET. The Company also maintains a corporate website at http://www.apacrealty.com.sg where the public can access to investor-related information of the Group.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company. 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. 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 are present at the annual general meetings to answer shareholders' questions. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

Every matter requiring approval is proposed as a separate resolution unless they are linked, and the reasons and material implications are explained. The Company Secretary prepares the minutes of general meetings which include relevant comments and queries from shareholders, and makes these minutes available to shareholders upon request. The Company holds briefings to present its financial results for the media and analysts, when requested. Outside of the financial announcement periods, when necessary and appropriate, management will meet investors and analysts who like to seek a better understanding of the Group's business and operations. This also enables the Group to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

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

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any financial year. In fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt / equity position.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

The Company has adopted a Code of Best Practices to provide guidance to Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading.

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

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S$100,000 or more in value were entered into in FY2018.

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

MATERIAL CONTRACTS

Rule 1207(8) of the Listing Manual

Save for the service agreement between the Company and the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which are still subsisting as at 31 December 2018.

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

Rule 1207(20) of the Listing Manual

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

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

Purpose	Allocation of Net Proceeds (as disclosed in the Prospectus) ($'000)	Net Proceeds Utilised as at the date of this Annual Report ($'000)	Balance of Net Proceeds as at the date of this Annual Report ($'000)
Strengthening and expanding presence in Singapore	10,000	(10,000)	-
Expanding range of services and geographical presence in the Asia-Pacific region	10,000	(9,123)	877
Enhancing technological capabilities	5,000	-	5,000
General corporate and working capital purposes	2,000	-	2,000
	27,000	(19,123)	7,877

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

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

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2018.

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 2018 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:

Tan Choon Hong
Tommy Teo Zhi Zhuang
Chua Khee Hak
Hee Theng Fong
Tan Bong Lin
Stewart Yen Se-Hua

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of director		Deemed interest	
Name of director	**At beginning of year**	**At 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	–	–	255,708,745	255,040,674

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

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

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.

AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50.

Details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITORS

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

On behalf of the board of directors,

Tan Choon Hong
Director

Tommy Teo Zhi Zhuang
Director

Singapore
28 March 2019

Independent Auditor's Report to the Members of APAC Realty Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 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 2018, the carrying value of goodwill is $75 million, which represents 26.5% of the Group's total assets. The goodwill has been allocated to the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs for impairment testing have been determined based on value-in-use calculations using the CGU's expected future cash flows. We considered the audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable amounts involved significant management judgment, and are based on assumptions that are affected by expected future market and economic conditions.

Independent Auditor's Report to the Members of APAC Realty Limited

Key Audit Matters (cont'd)

We evaluated management's cash flow forecasts and the process by which they were determined, including checking that the forecasts were consistent with the latest financial budget prepared by management. We checked the mathematical accuracy of the underlying calculations. We assessed the reasonableness of key assumptions used in determining the recoverable amounts of each CGU, in particular the forecast revenue, revenue growth rates, discount rates and terminal growth rates. We assessed the reasonableness of forecast revenue and revenue growth rates by comparing them to historical results and published industry research. We also involved our internal valuation specialists to assist us in assessing the reasonableness of the discount rates and terminal growth rates by comparing them to third party information, the Group's cost of capital and relevant risk factors. We reviewed management's analysis of the sensitivity of the value-in-use calculations to a reasonably possible change in the key assumptions. We also reviewed the adequacy of disclosures on goodwill in Note 6.

Fair value of investment property

As at 31 December 2018, investment property of the Group amounted to $73 million. The valuation of the investment property is significant to our audit due to its magnitude, complexity of the valuation and the high dependency on a range of estimates made by management and the external valuation specialist such as rental value and capitalisation rates. As such, this is considered to be a key audit matter.

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

We evaluated the appropriateness of the valuation methodology used against those applied by other valuation specialists for similar property types. For fair value of investment property determined using income capitalisation methodology, we assessed the reasonableness of the capitalisation rate used by comparing it to available industry data, taking into consideration comparability and market factors. We also assessed the property related data used in the projected cash flows by comparing them to the supporting leases. For fair value of investment property determined using direct comparison valuation methodology, we compared the fair value against comparable market transactions, taking into consideration comparability, and other publicly available information of the property industry. In addition, we discussed with the external valuation specialist to obtain an understanding of their valuation methodology and the key assumptions used in determining the fair value of the investment property. We further assessed the adequacy of disclosures in Notes 4 and 29.

Key Audit Matters (cont'd)

Impairment assessment of trade receivables

As at 31 December 2018, the gross balance of trade receivables amounted to $55 million, against which allowance for impairment amounted to $3 million. Trade receivable balances are significant to the Group as they represent 50% of the total current assets and 38% of total equity. Management has assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery of the full amount is doubtful. Management determines expected credit losses of trade receivable balances by making debtor-specific assessment of expected impairment loss for long overdue debts and uses a provision matrix that is based on the historical observed default rates, adjusted for current and forward-looking information. The assessment of the expected credit losses requires significant management judgment. As such, we considered this to be a key audit matter.

We assessed the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We performed audit procedures, amongst others, requesting for trade receivable confirmations for selected debtors and checked for evidence of receipts from debtors after year end. We had discussions with management on the recoverability of long outstanding debts. We assessed the reasonableness of the loss allowance by comparing the actual loss trends against loss rate applied to the different age band. We assessed the reasonableness of the adjustments made to loss rates applied, to incorporate current conditions of the debtors. In addition, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 11 and the related risks such as credit risk in Note 28(c).

Revenue recognition

For the year ended 31 December 2018, the Group recognised total revenue of $420 million. The Group is in the business of providing real estate brokerage and consultancy services. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on its legal completion of the home sales. In circumstances where services are not billed at the end of the period, revenue is recognised based on management's estimates on the timing on when the sale transactions and the legal completion have taken place. These are significant estimates and hence, we considered this to be a key audit matter.

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Seng Choon.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019

BALANCE SHEETS
As at 31 December 2018

	Note	Group 2018 $	Group 31.12.2017 $	Group 1.1.2017 $	Company 2018 $	Company 31.12.2017 $	Company 1.1.2017 $
ASSETS							
Non-current assets							
Investment property	4	72,800,000	–	–	–	–	–
Plant and equipment	5	1,075,656	1,222,887	1,436,026	–	–	–
Intangible assets	6	99,455,371	100,387,771	101,320,171	2,574,900	2,811,300	3,047,700
Investment in subsidiaries	7	–	–	–	190,111,004	117,293,900	117,314,500
Investment in joint venture	8	–	20,373	–	–	–	–
Other investment		9,125	–	–	–	–	–
Fixed deposits	9	400,000	400,000	400,000	400,000	400,000	400,000
		173,740,152	102,031,031	103,156,197	193,085,904	120,505,200	120,762,200
Current assets							
Convertible loan	10	2,794,150	–	–	–	–	–
Trade and other receivables	11	53,360,683	61,019,116	41,815,158	606,743	711,350	491,813
Recoverables	11	7,943,226	10,705,990	7,325,311	–	23,551	–
Amount due from subsidiaries	11	–	–	–	3,078,395	1,534,684	73,235
Amount due from a related party	11	–	–	23,892	–	–	–
Amount due from a joint venture	11	309,000	75,429	–	–	–	–
Tax recoverable		–	18,893	–	–	18,893	–
Prepaid operating expenses		2,038,240	171,691	270,479	12,376	12,376	4,275
Cash and bank balances	12	43,018,758	61,970,469	17,747,320	23,007,901	38,088,854	190,355
		109,464,057	133,961,588	67,182,160	26,705,415	40,389,708	759,678
Total assets		283,204,209	235,992,619	170,338,357	219,791,319	160,894,908	121,521,878
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables and accruals	13	63,452,386	82,015,823	55,643,305	330,336	211,119	95,390
Other payables	13	7,828,345	9,499,713	6,966,711	–	–	–
Amount due to a subsidiary	13	–	–	–	59,329,373	11,982,905	10,793,513
Deferred income	14	1,840,039	1,971,710	1,727,593	–	26,750	–
Loan and borrowing	15	2,900,004	–	6,000,000	–	–	6,000,000
Provision for taxation		5,172,362	4,989,434	4,451,234	8,035	–	2,438
		81,193,136	98,476,680	74,788,843	59,667,744	12,220,774	16,891,341
Net current assets/(liabilities)		28,270,921	35,484,908	(7,606,683)	(32,962,329)	28,168,934	(16,131,663)
Non-current liabilities							
Loan and borrowing	15	54,616,662	–	12,000,000	–	–	12,000,000
Deferred taxation	16	4,290,000	4,489,500	4,672,000	–	–	–
Net assets		143,104,411	133,026,439	78,877,514	160,123,575	148,674,134	92,630,537
Equity attributable to owners of the Company							
Share capital	17	98,946,111	98,946,111	70,700,000	98,946,111	98,946,111	70,700,000
Foreign currency translation reserve		(2,819)	(1,199)	(897)	–	–	–
Accumulated profits		44,118,297	34,081,527	8,178,411	61,177,464	49,728,023	21,930,537
		143,061,589	133,026,439	78,877,514	160,123,575	148,674,134	92,630,537
Non-controlling interests	18	42,822	–	–	–	–	–
Total equity		143,104,411	133,026,439	78,877,514	160,123,575	148,674,134	92,630,537

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2018

	Note	Group 2018 $	Group 2017 $
Revenue			
Real estate brokerage fees and related services	19	419,940,195	396,951,053
Other revenue	20	4,023,031	3,687,179
Total revenue		423,963,226	400,638,232
Items of expense			
Cost of services		371,162,437	345,769,174
Personnel costs	21	13,030,799	13,757,934
Marketing and promotion expenses		1,135,037	1,099,309
Depreciation of plant and equipment	5	501,280	511,625
Amortisation of intangible assets	6	932,400	932,400
Impairment losses on financial assets:			
- Trade receivables	11	1,511,359	2,556,398
- Other receivables (non-trade)	11	116,429	74,571
Initial Public Offer ("IPO") expenses		–	1,181,075
Other operating expenses	20	5,882,773	5,058,152
Finance costs	22	444,309	265,503
		394,716,823	371,206,141
Operating profit		29,246,403	29,432,091
Share of results of joint venture	8	(20,373)	(13,627)
Profit before tax		29,226,030	29,418,464
Income tax expense	23	(4,981,830)	(3,515,348)
Profit for the year		24,244,200	25,903,116
Attributable to:			
Owners of the Company		24,244,678	25,903,116
Non-controlling interests		(478)	–
		24,244,200	25,903,116
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	24	6.83	8.03

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Group	
	2018	2017
	$	$
Profit for the year	24,244,200	25,903,116
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,620)	(302)
Other comprehensive income for the year, net of tax	(1,620)	(302)
Total comprehensive income for the year	24,242,580	25,902,814
Total comprehensive income attributable to:		
Owners of the Company	24,243,058	25,902,814
Non-controlling interests	(478)	–
	24,242,580	25,902,814

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 2018

	Attributable to owners of the Company						
	Share Capital (Note 17) $	Foreign currency translation reserve $	Accumulated profits/ (losses) $	Total reserves $	Total equity $	Non-controlling interests $	Total equity $
Group							
2018							
Opening balance at 1 January 2018 (FRS framework and SFRS (I) framework)	98,946,111	(1,199)	34,081,527	34,080,328	133,026,439	–	133,026,439
Profit/(loss) for the year	–	–	24,244,678	24,244,678	24,244,678	(478)	24,244,200
Other comprehensive income – Foreign currency translation	–	(1,620)	–	(1,620)	(1,620)	–	(1,620)
Total comprehensive income for the year	–	(1,620)	24,244,678	24,243,058	24,243,058	(478)	24,242,580
Total changes in ownership interests in subsidiaries – Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	–	43,300	43,300
Total contributions by and distributions to owners – dividends on ordinary shares	–	–	(14,207,908)	(14,207,908)	(14,207,908)	–	(14,207,908)
Closing balance at 31 December 2018	98,946,111	(2,819)	44,118,297	44,115,478	143,061,589	42,822	143,104,411

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 2018

	Attributable to owners of the Company						
	Share Capital (Note 17) $	Foreign currency translation reserve $	Accumulated profits/ (losses) $	Total reserves $	Total equity $	Non-controlling interests $	Total equity $
Group							
2017							
Opening balance at 1 January 2017 (FRS framework and SFRS (I) framework)	70,700,000	(897)	8,178,411	8,177,514	78,877,514	–	78,877,514
Profit for the year	–	–	25,903,116	25,903,116	25,903,116	–	25,903,116
Other comprehensive income – Foreign currency translation	–	(302)	–	(302)	(302)	–	(302)
Total comprehensive income for the year	–	(302)	25,903,116	25,902,814	25,902,814	–	25,902,814
Contributions by and distributions to owners							
Issuance of new shares pursuant to IPO	29,117,682	–	–	–	29,117,682	–	29,117,682
Share issuance expenses	(871,571)	–	–	–	(871,571)	–	(871,571)
	28,246,111	–	–	–	28,246,111	–	28,246,111
Closing balance at 31 December 2017	98,946,111	(1,199)	34,081,527	34,080,328	133,026,439	–	133,026,439

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 2018

	2018 $	2017 $
Cash flows from operating activities		
Profit before tax	29,226,030	29,418,464
Adjustments for :		
Impairment losses on financial assets	1,627,788	2,630,969
Bad debts recovered	(8,665)	(30,731)
Depreciation of plant and equipment	501,280	511,625
Loss on disposal of plant and equipment	18,069	15,678
Write off of plant and equipment	–	152,078
Amortisation of intangible assets	932,400	932,400
Fair value loss in other investment	46,430	–
Share of results of joint venture	20,373	13,627
Interest expense	444,309	265,503
Interest income	(288,936)	(65,986)
Operating cash flows before working capital changes	32,519,078	33,843,627
Changes in working capital		
Decrease/(increase) in trade receivables, other receivables and recoverables	7,050,334	(24,987,926)
(Decrease)/increase in trade and other payables	(20,366,476)	29,149,637
Cash flows from operations	19,202,936	38,005,338
Interest income received	288,936	65,986
Interest paid	(444,309)	(265,503)
Income taxes paid	(4,979,509)	(3,178,541)
Net cash flows generated from operating activities	14,068,054	34,627,280
Cash flows from investing activities:		
Purchase of investment property	(72,800,000)	–
Purchase of plant and equipment	(373,006)	(474,698)
Proceeds from disposal of plant and equipment	888	8,456
Proceeds received from shares issued to non-controlling interest	43,300	–
Investment in joint venture	–	(34,000)
Investment in convertible loan	(2,794,150)	–
Payment for other investment	(55,555)	–
Advance extended to joint venture	(350,000)	(150,000)
Net cash used in investing activities	(76,328,523)	(650,242)
Cash flow from financing activities		
Proceeds from loan and borrowings	58,000,000	10,000,000
Repayment of loan and borrowings	(483,334)	(28,000,000)
Proceeds from issuance of new shares pursuant to IPO, net of share issuance expenses	–	28,246,111
Payment of dividend	(14,207,908)	–
Net cash flows generated from financing activities	43,308,758	10,246,111
Net (decrease)/increase in cash and cash equivalents	(18,951,711)	44,223,149
Net cash and cash equivalents at beginning of year	61,970,469	17,747,320
Net cash and cash equivalents at end of year (Note 12)	**43,018,758**	**61,970,469**

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

1. CORPORATE INFORMATION

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

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

The registered office of the Company and its principal place of business are located at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007.

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the "ERA Real Estate" brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the subsidiaries are stated in Note 7 to the financial statements. Except for the rental income earned from the acquisition of an investment property, there has been no significant change in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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 $).

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There is no impact arising from SFRS(I) 9 adoption at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

SFRS(I) 9 Financial Instruments (cont'd)

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group measures its available-for-sale (AFS) unquoted equity securities at FVPL.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group has performed an assessment of its previous financial assets and concluded that no additional impairment or adjustment is required.

The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's and Company's financial statements.

SFRS(I) 15 Revenue from contracts with customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. Management has concluded that the adoption of SFRS(I) 15 has no material impact on the Group and there is no change in point of revenue recognition before the adoption of SFRS(I) 15.

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

2.3 *Standards issued but not yet effective*

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

Description	*Effective for annual periods beginning on or after*
SFRS(I) 16 Leases	*1 January 2019*
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	*1 January 2019*
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	*1 January 2019*
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	*1 January 2019*
Annual Improvements to SFRS(I)s 2015-2017 Cycle	*1 January 2019*
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*

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

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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

2.3 *Standards issued but not yet effective (cont'd)*

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to recognise the right-of-use assets and lease liabilities for its leases previously classified as operating leases, with a corresponding adjustment to the opening retained earnings and its related tax impact as of 1 January 2019.

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.

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

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

2.5 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2.7 *Investment property*

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

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

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

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

2.8 *Plant and equipment*

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

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

Computers	-	3 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Electrical installation and fittings	-	5 years
Renovation	-	5 years
Motor vehicles	-	7 years

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

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

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

2.9 *Intangible assets*

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

Intangible assets comprise the ERA Regional Master franchise right for certain countries in the Asia Pacific region, ERA Subfranchise right in Singapore and Coldwell Banker franchise right in Singapore arising from a business combination in 2013. The useful lives of these intangible assets are finite. They are stated at cost and amortised on a straight line method over their estimated useful lives of 16, 37 and 15 years respectively, representing the remaining period of the franchise agreement in which the Group was granted the exclusive right of use of the franchise brand names. If the franchise agreement can be renewed, the useful life of the intangible asset include the renewal period only if there is evidence to support the renewal by the Group without significant cost. The amortisation period and the amortisation method are reviewed at least at each financial year end.

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

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

2. 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 *Joint arrangements*

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

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

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

Joint venture

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

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

2.13 *Joint Venture*

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

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

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

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

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

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

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

2.14 *Financial instruments*

a) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

<u>Investments in debt instruments</u>

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.

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

2.14 *Financial instruments (cont'd)*

a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Impairment of financial assets*

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

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

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

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

2.16 *Cash and cash equivalents*

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

2.17 *Provisions*

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

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

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

2.18 *Borrowing costs*

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

2.19 *Employee benefits*

(a) *Defined contribution plan*

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

(b) *Employee leave entitlement*

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

2.20 *Leases*

(a) *As lessee*

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

(b) *As lessor*

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

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

2.21 *Revenue*

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

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

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

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

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Other revenue***

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

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

2.22 *Government grants*

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

Government grant related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

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

2.23 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

- In respect of taxable temporary differences associated with investment in subsidiaries and interests in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

2.23 *Taxes (cont'd)*

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

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

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

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

(c) *Sales tax*

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

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

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

2.24 *Share capital and share issue expenses*

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 *Judgement made in applying accounting policies*

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

3.2 *Key sources of estimation uncertainty*

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

Impairment of goodwill

As disclosed in Note 6 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 6 to the financial statements.

The carrying amount of the goodwill as at 31 December 2018, 31 December 2017 and 1 January 2017 is $74,993,471.

Fair value of investment property

The Group carries its investment property at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2018. The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. The key assumptions used to determine the fair value of these investment property and sensitivity analysis are provided in Note 29(c).

The carrying amount of the investment property carried at fair value as at 31 December 2018 is $72,800,000 (31 December 2017: Nil, 1 January 2017: Nil).

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 28(c).

The carrying amount of trade receivables as at 31 December 2018 is $51,965,628 (31 December 2017: $59,592,403, 1 January 2017: $40,590,028).

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 2018, the Group recognised revenue from real estate brokerage fees and related services of $414,490,608 (2017: $391,226,102).

4. INVESTMENT PROPERTY

	Group 2018 $	Group 2017 $
Additions during the year and at 31 December	72,800,000	–
Consolidated income statement:		
Rental income from investment property	566,556	–
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating property	(551,680)	–
	14,876	–

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

Valuation of investment property

Investment property is stated at fair value, which has been determined based on valuation performed as at 31 December 2018. The valuation was performed by Savills Valuation and Professional Services (S) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. Details of valuation techniques and inputs used are disclosed in Note 29(c).

Property pledged as security

The investment property is mortgaged to secure bank loan (Note 15).

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

Description and Location	Existing Use	Tenure	Unexpired lease term
ERA APAC Centre at 450 Lorong 6 Toa Payoh Singapore 319394: a 4-storey commercial building	Shops/ offices and auditoriums	Leasehold	50 years

5. PLANT AND EQUIPMENT

Group	Computers	Furniture and fittings	Office equipment	Electrical installation and fittings	Renovation	Motor vehicles	Total
	$	$	$	$	$	$	$
Cost:							
At 1 January 2017	545,076	1,593,926	298,496	217,346	19,473	21,800	2,696,117
Additions	108,562	213,844	36,048	81,444	–	34,800	474,698
Disposal/write-off	(104,799)	(362,478)	(44,600)	(4,469)	–	(21,800)	(538,146)
At 31 December 2017 and 1 January 2018	548,839	1,445,292	289,944	294,321	19,473	34,800	2,632,669
Additions	66,693	145,207	126,874	34,232	–	–	373,006
Disposal/write-off	(3,138)	(71,448)	(1,956)	–	–	–	(76,542)
At 31 December 2018	612,394	1,519,051	414,862	328,553	19,473	34,800	2,929,133
Accumulated depreciation:							
At 1 January 2017	416,279	608,201	120,899	97,715	11,547	5,450	1,260,091
Charge for the year	71,399	325,273	59,052	45,266	3,895	6,740	511,625
Disposal/write-off	(104,723)	(212,470)	(35,334)	(2,400)	–	(7,007)	(361,934)
At 31 December 2017 and 1 January 2018	382,955	721,004	144,617	140,581	15,442	5,183	1,409,782
Charge for the year	79,912	285,936	64,521	58,131	3,895	8,885	501,280
Disposal/write-off	(3,138)	(53,274)	(1,173)	–	–	–	(57,585)
At 31 December 2018	459,729	953,666	207,965	198,712	19,337	14,068	1,853,477
Net carrying amount:							
At 1 January 2017	128,797	985,725	177,597	119,631	7,926	16,350	1,436,026
At 31 December 2017	165,884	724,288	145,327	153,740	4,031	29,617	1,222,887
At 31 December 2018	152,665	565,385	206,897	129,841	136	20,732	1,075,656

6. INTANGIBLE ASSETS

Group	Goodwill $	Franchise rights $	Total $
Cost:			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	75,575,538	29,473,000	105,048,538
Accumulated amortisation and impairment:			
At 1 January 2017	582,067	3,146,300	3,728,367
Charge for the year	–	932,400	932,400
At 31 December 2017 and 1 January 2018	582,067	4,078,700	4,660,767
Charge for the year	–	932,400	932,400
At 31 December 2018	582,067	5,011,100	5,593,167
Net carrying amount:			
At 1 January 2017	74,993,471	26,326,700	101,320,171
At 31 December 2017	74,993,471	25,394,300	100,387,771
At 31 December 2018	74,993,471	24,461,900	99,455,371

Company	Franchise rights $
Cost:	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	3,816,000
Accumulated amortisation:	
At 1 January 2017	768,300
Charge for the year	236,400
At 31 December 2017 and 1 January 2018	1,004,700
Charge for the year	236,400
At 31 December 2018	1,241,100
Net carrying amount:	
At 1 January 2017	3,047,700
At 31 December 2017	2,811,300
At 31 December 2018	2,574,900

6. INTANGIBLE ASSETS (CONT'D)

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being "ERA" and "Coldwell Banker".

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2018, the carrying amount of the ERA franchise right in Asia Pacific region is $2,574,900 (31 December 2017: $2,811,300, 1 January 2017: $3,047,700) and has remaining amortisation period of 11 years (31 December 2017: 12 years, 1 January 2017: 13 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which is automatically renewed upon expiry with no additional cost in accordance to the franchise agreement. As at 31 December 2018, the carrying amount of the ERA Singapore Subfranchise right is $21,886,000 (31 December 2017: $22,582,000, 1 January 2017: $23,278,000) and has remaining amortisation period of 32 years (31 December 2017: 33 years, 1 January 2017: 34 years).

In addition, the Group has the Coldwell Banker franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2018, the carrying amount of the Coldwell Banker Franchise right is $1,000 (31 December 2017: $1,000, 1 January 2017: $1,000) and has remaining amortisation period of 10 years (31 December 2017: 11 years, 1 January 2017: 12 years).

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

Group	2018	31.12.2017	1.1.2017
	$	$	$
Real estate brokerage income	61,345,510	61,345,510	61,345,510
Membership fee earned in relation to the master franchisee of ERA Singapore	10,310,573	10,310,573	10,310,573
Property management, valuation, consultancy, training and related services	3,337,388	3,337,388	3,337,388
Membership fee earned in relation to the "Coldwell Banker" franchise	582,067	582,067	582,067
	75,575,538	75,575,538	75,575,538
Less: Impairment loss	(582,067)	(582,067)	(582,067)
	74,993,471	74,993,471	74,993,471

6. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (cont'd)

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

	2018	31.12.2017	1.1.2017
Growth rate	1.4% - 1.8%	3%	3%
Discount rate	11%	13% - 15%	15%

Amortisation expenses

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

Impairment testing of goodwill

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

Key assumptions used in the value in use calculations

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

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

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

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

Sensitivity to changes in assumptions

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

7. INVESTMENT IN SUBSIDIARIES

	Company 2018 $	31.12.2017 $	1.1.2017 $
Unquoted shares, at cost	190,825,604	117,984,000	117,984,000
Less: Impairment losses	(714,600)	(690,100)	(669,500)
	190,111,004	117,293,900	117,314,500

Composition of the Group

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

Name	Effective interest 2018 %	31.12.2017 %	1.1.2017 %	Principal activities (Place of business)	Cost of investments carried by the Company 2018 $	31.12.2017 $	1.1.2017 $
Held by the Company							
ERA Realty Network Pte Ltd	100	100	100	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Singapore)	99,420,311	99,420,311	99,420,311
ERA Singapore Pte Ltd	100	100	100	Master franchisee of the "ERA Real Estate" franchise for the territory of Singapore to grant membership of the "ERA" franchise to housing agents. (Singapore)	13,316,882	13,316,882	13,316,882
Realty International Associates Pte Ltd	100	100	100	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals. (Singapore)	4,310,377	4,310,377	4,310,377

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group (cont'd)

Name	Effective interest 2018 %	Effective interest 31.12.2017 %	Effective interest 1.1.2017 %	Principal activities (Place of business)	Cost of investments carried by the Company 2018 $	Cost of investments carried by the Company 31.12.2017 $	Cost of investments carried by the Company 1.1.2017 $
Held by the Company							
Electronic Realty Associates Pte Ltd	100	100	100	Real estate brokerage and related services. (Singapore)	136,428	136,428	136,428
Coldwell Banker Real Estate (S) Pte Ltd	100	100	100	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	799,999	799,999	799,999
***Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	100	Dormant. (Singapore)	1	1	1
APAC Investment Pte. Ltd. ("AIP") (formerly known as HC Home Pte. Ltd.)	100	–	–	Rental of Investment Property. (Singapore)	72,800,000	–	–
APAC Investment 2 Pte. Ltd.	100	–	–	Investment holding. (Singapore)	2	–	–
***APAC Holding (Thailand) Limited [(1)]	49	–	–	Investment holding. (Thailand)	41,602	–	–
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	100	Inactive. (Shanghai, China)	1	1	1
** ERA Realty Limited	100	100	100	Dormant. (Hong Kong)	1	1	1
					190,825,604	117,984,000	117,984,000

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

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

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of investment property and related assets and liabilities

On 18 September 2018 (the "acquisition date"), the Company acquired 100% equity interest in APAC Investment Pte. Ltd. ("AIP") (formerly known as HC Home Pte. Ltd.), a company incorporated in Singapore. AIP owns the property at 450 Lorong 6 Toa Payoh Singapore 319394, and is in the business of rental of investment property. Upon the acquisition, AIP became a wholly owned subsidiary of the Group. The acquisition was accounted for as an asset acquisition.

The fair value of the identifiable assets and liabilities of AIP as at the acquisition date were:

	Fair value recognised on acquisition $
Investment property	72,800,000
Trade and other receivables	463,911
Cash and cash equivalents	336,661
	73,600,572
Trade and other payables	(698,202)
Income tax payable	(49,770)
Deferred tax liability	(52,600)
Total identifiable net assets at fair value	72,800,000
Cash consideration for the acquisition	72,800,000

At Group level, the Group has accounted for the above acquisition as an asset acquisition.

Impairment testing of investment in subsidiaries

The movement in impairment loss is as follows:

		Group	
	2018 $	31.12.2017 $	1.1.2017 $
At beginning of year	690,100	669,500	635,300
Impairment loss recognised	24,500	20,600	34,200
At end of year	714,600	690,100	669,500

During the current financial year, management performed an impairment test for the investment in Coldwell Banker Real Estate (S) Pte Ltd as this subsidiary had been persistently making losses. An additional impairment loss of $24,500 (2017: $20,600) was recognised for the year ended 31 December 2018 to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in Coldwell Banker Real Estate (S) Pte Ltd has been determined based on fair value less costs to sell.

8. INVESTMENT IN JOINT VENTURE

The Group has 34% (31 December 2017: 34%, 1 January 2017: Nil) interest in the ownership and voting rights in a joint venture, SoReal Prop Pte. Ltd. ("SoReal") that is held through a subsidiary. This joint venture is incorporated in Singapore and is a strategic venture in the business of providing web portals. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

The Group has recognised its share of losses in SoReal amounting to $20,373 (31 December 2017: $13,627, 1 January 2017: Nil).

The Group has not recognised losses relating to SoReal where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was $100,199 (31 December 2017: Nil, 1 January 2017: Nil). The Group has no obligation in respect of these losses.

9. FIXED DEPOSITS

Fixed deposits in 2018, 31 December 2017 and 1 January 2017 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and earn interest rate of 0.5% to 1.0% (31 December 2017: 1.5%, 1 January 2017: 1.5%) per annum.

10. CONVERTIBLE LOAN

In November 2018, the Group entered into a convertible loan agreement with a company incorporated in Indonesia. The convertible loan of $2,794,150 bore 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.

11. TRADE RECEIVABLES, OTHER RECEIVABLES AND RECOVERABLES

	Group 2018 $	Group 31.12.2017 $	Group 1.1.2017 $	Company 2018 $	Company 31.12.2017 $	Company 1.1.2017 $
Trade receivables	51,965,628	59,592,403	40,590,028	60,000	57,000	48,000
Other receivables						
Deposits	785,454	931,526	896,860	542,914	553,914	442,970
Advances	564,177	344,395	271,632	–	–	–
GST receivable	2,978	93,437	–	2,978	93,437	–
Sundry receivables	42,446	57,355	56,638	851	6,999	843
	1,395,055	1,426,713	1,225,130	546,743	654,350	443,813
Trade and other receivables	53,360,683	61,019,116	41,815,158	606,743	711,350	491,813
Recoverables	7,943,226	10,705,990	7,325,311	–	23,551	–
Add:						
Amount due from subsidiaries	–	–	–	3,078,395	1,534,684	73,235
Amount due from a related party	–	–	23,892	–	–	–
Amount due from a joint venture	309,000	75,429	–	–	–	–
Total trade and other receivables	61,612,909	71,800,535	49,164,361	3,685,138	2,269,585	565,048
Less:						
Advances	(564,177)	(344,395)	(271,632)	–	–	–
GST receivable	(2,978)	(93,437)	–	(2,978)	(93,437)	–
Recoverables	(7,943,226)	(10,705,990)	(7,325,311)	–	(23,551)	–
Add:						
Fixed deposits (Note 9)	400,000	400,000	400,000	400,000	400,000	400,000
Cash and bank balances (Note 12)	43,018,758	61,970,469	17,747,320	23,007,901	38,088,854	190,355
Total financial assets carried at amortised cost	96,521,286	123,027,182	59,714,738	27,090,061	40,641,451	1,155,403

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.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $7,979,495 as at 31 December 2017 and $6,935,086 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	31.12.2017	1.1.2017	31.12.2017	1.1.2017
	$	$	$	$
Not past due	51,612,908	33,654,942	57,000	48,000
Receivables that are past due but not impaired:				
Past due up to 30 days	2,685,245	2,853,895	–	–
Past due 31 to 60 days	2,060,045	1,332,979	–	–
Past due 61 to 90 days	1,300,934	1,281,671	–	–
Past due more than 90 days	1,933,271	1,466,541	–	–
	7,979,495	6,935,086	–	–
Total	59,592,403	40,590,028	57,000	48,000

Trade receivables that are impaired

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

	Group	
	31.12.2017	1.1.2017
	$	$
Trade receivables – nominal amounts	3,174,349	1,567,941
Less: Allowance for impairment	(3,174,349)	(1,567,941)
	–	–
Movement in allowance accounts:		
At beginning of year	1,567,941	2,070,512
Charge for the year	2,556,398	1,100,556
Written off	(949,990)	(1,603,127)
At end of year	3,174,349	1,567,941

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

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

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

	Group 2018 $
Movement in allowance accounts:	
At beginning of year	3,174,349
Charge for the year	1,511,359
Written off	(1,977,479)
At end of year	2,708,229

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 is as follows:

	Group	
	31.12.2017 $	1.1.2017 $
Other receivables – nominal amount	14,800	14,800
Less: Allowance for impairment	(14,800)	(14,800)
	–	–
Movement in allowance accounts:		
At beginning of year	14,800	20,460
Written back	–	(5,392)
Written off	–	(268)
At end of year	14,800	14,800

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.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in allowance for expected credit losses of other receivables is as follows:

Expected credit losses

	Group 2018 $
Movement in allowance accounts:	
At beginning and end of year	14,800

Deposits

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

Amount due from a subsidiary/related party/joint venture

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

Amount due from a joint venture that is impaired at the end of the reporting period and the movement of the allowance account used to record the impairment in amount due from a joint venture is as follows:

	Group	
	31.12.2017 $	1.1.2017 $
Amount due from a joint venture – nominal amount	150,000	–
Less: Allowance for impairment	(74,571)	–
	75,429	–
Movement in allowance accounts:		
Charge for the year and at end of year	74,571	–

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

Expected credit losses

	Group 2018 $
Movement in allowance accounts:	
At beginning of year	74,571
Charge for the year	116,429
At end of year	191,000

12. 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		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Cash at banks and on hand	43,018,758	48,967,666	17,747,320	23,007,901	25,086,051	190,355
Short-term deposits	–	13,002,803	–	–	13,002,803	–
	43,018,758	61,970,469	17,747,320	23,007,901	38,088,854	190,355

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group and the Company were 0.01% to 0.68% (31 December 2017: 0.11%, 1 January 2017: 0.15%) and 0.68% (31 December 2017: 0.2%, 1 January 2017: 3.7%) respectively.

13. TRADE AND OTHER PAYABLES

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Trade payables and accruals	63,452,386	82,015,823	55,643,305	330,336	211,119	95,390
Other payables						
Deposits	492,709	206,534	191,318	–	–	–
GST payable	5,143,783	7,932,654	5,390,864	–	–	–
Sundry payables	2,191,853	1,360,525	1,384,529	–	–	–
	7,828,345	9,499,713	6,966,711	–	–	–
Amount due to a subsidiary	–	–	–	59,329,373	11,982,905	10,793,513
Total trade and other payables	71,280,731	91,515,536	62,610,016	59,659,709	12,194,024	10,888,903
Less: GST payable	(5,143,783)	(7,932,654)	(5,390,864)	–	–	–
Add: Loan and borrowing (Note 15)	57,516,666	–	18,000,000	–	–	18,000,000
Total financial liabilities carried at amortised cost	123,653,614	83,582,882	75,219,152	59,659,709	12,194,024	28,888,903

13. TRADE AND OTHER PAYABLES (CONT'D)

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.

14. DEFERRED INCOME

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

15. LOAN AND BORROWINGS

		Group			Company		
	Maturity	2018 $	31.12.2017 $	1.1.2017 $	2018 $	31.12.2017 $	1.1.2017 $
Current:							
SGD loan at SIBOR + 2.0% p.a.	2019	2,900,004	–	–	–	–	–
SGD loan at swap rate + 3.25% p.a.	2017	–	–	6,000,000	–	–	6,000,000
		2,900,004	–	6,000,000	–	–	6,000,000
Non-current:							
SGD loan at SIBOR + 2.0% p.a.	2023	54,616,662	–	–	–	–	–
SGD loan at swap rate + 3.25% p.a.	2020	–	–	12,000,000	–	–	12,000,000
		54,616,662	–	12,000,000	–	–	12,000,000
Total		57,516,666	–	18,000,000	–	–	18,000,000

SGD bank loan at SIBOR + 2.0% per annum

The Company acquired the entire issued share capital of APAC Investment Pte. Ltd. ("AIP") (formerly known as HC Home Pte. Ltd.) on 10 September 2018 and took a $58.0 million loan from DBS to part-finance this acquisition which cost $72.8 million.

On 19 October 2018, the $58.0 million loan by the Company was pushed down and AIP assumed liability for the loan. The loan is secured by way of a first legal mortgage over AIP's property at 450 Lorong 6 Toa Payoh, Singapore 319394 (Note 4) and a corporate guarantee from the Company.

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

15. LOAN AND BORROWINGS (CONT'D)

SGD bank loan at swap rate + 3.25% per annum

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

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

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

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

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

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

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

	1.1.2018	Cash flows	Non-cash flows Reclassification	31.12.2018
	$	$	$	$
Interest bearing loans and borrowings				
- Current	–	(483,334)	3,383,338	2,900,004
- Non-current	–	58,000,000	(3,383,338)	54,616,662
Total	–	57,516,666	–	57,516,666

	1.1.2017	Cash flows	Non-cash flows Reclassification	31.12.2017
	$	$	$	$
Interest bearing loans and borrowings				
- Current	6,000,000	(28,000,000)	22,000,000	–
- Non-current	12,000,000	10,000,000	(22,000,000)	–
Total	18,000,000	(18,000,000)	–	–

16. DEFERRED TAXATION

	Group 2018 $	31.12.2017 $	1.1.2017 $
The deferred tax liabilities arises as a result of:			
Excess of net carrying amount over tax written down value of plant and equipment	129,000	170,000	194,000
Fair value adjustment on acquisition of franchise	4,161,000	4,319,500	4,478,000
	4,290,000	4,489,500	4,672,000

17. SHARE CAPITAL

	Group and Company					
	2018		31.12.2017		1.1.2017	
	No. of shares	$	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:						
At 1 January	355,197,700	98,946,111	70,700,000	70,700,000	70,700,000	70,700,000
Sub-division of 70,700,000 shares into 311,080,000 shares[(a)]	–	–	240,380,000	–	–	–
Issuance of new shares pursuant to IPO on 28 September 2017	–	–	44,117,700	29,117,682	–	–
Share issuance expenses[(b)]	–	–	–	(871,571)	–	–
At 31 December	355,197,700	98,946,111	355,197,700	98,946,111	70,700,000	70,700,000

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

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

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

18. NON-CONTROLLING INTERESTS

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

19. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Major product or service lines						
Real estate brokerage fees and related services	414,490,608	391,226,102	–	–	414,490,608	391,226,102
Others	–	–	5,449,587	5,724,951	5,449,587	5,724,951
	414,490,608	391,226,102	5,449,587	5,724,951	419,940,195	396,951,053
Timing of transfer of goods or services						
At a point in time	414,490,608	391,226,102	4,478,202	5,279,043	418,968,810	396,505,145
Over time	–	–	971,385	445,908	971,385	445,908
	414,490,608	391,226,102	5,449,587	5,724,951	419,940,195	396,951,053

20. OTHER REVENUE AND OTHER EXPENSES

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

	Group	
	2018	2017
	$	$
Other revenue		
Rental of properties, workstations, lockers and furniture	1,370,918	1,314,894
Professional indemnity insurance fees	763,469	501,024
Incentives, referral and administrative fees	578,633	688,612
Business conference income	550,771	483,181
Interest income from cash at bank and fixed deposits	288,936	65,986
Bad debts recovered	8,665	30,731
Sundry income	461,639	602,751
	4,023,031	3,687,179
Other expenses		
Audit fees:		
- Auditors of the Company	160,717	152,800
- Other auditors	1,897	1,913
Non audit services:		
- Auditors of the Company	13,900	11,500
- Others	9,867	5,600
Rental expense	2,477,769	2,756,434
Electricity and water	154,918	113,657
Facility arrangement fee	10,000	100,000
Legal and professional fees	243,836	81,656
Photocopy charges	196,504	129,417
Printing and stationery	91,347	78,284
Secretarial services	73,524	25,732
Telephone charges	144,635	138,396
Travel and transport expenses	189,112	128,340
Upkeep of computers and office equipment	426,828	307,652
Loss on disposal of plant and equipment	18,069	15,678
Write off of plant and equipment	–	152,078
Donations	225,313	19,850
Repair and maintenance	134,840	27,988
Fair value loss on other investment	46,430	–
Other administrative expenses	1,263,267	811,177
	5,882,773	5,058,152

21. PERSONNEL COSTS

	Group	
	2018	2017
	$	$
Directors:		
- Directors of the Company		
Directors' fees	195,000	48,750
- Directors of subsidiaries		
Salary, bonus and incentive	3,008,574	3,181,310
Central Provident Fund	40,021	43,860
	3,243,595	3,273,920
Staff:		
Salary and bonus	8,526,198	9,176,256
Central Provident Fund	1,128,466	1,214,624
Provision for leave entitlement	29,882	54,663
Grant income from Special Employment Credit	(28,468)	(69,884)
	9,656,078	10,375,659
Other related expenses	131,126	108,355
	13,030,799	13,757,934

22. FINANCE COSTS

	Group	
	2018	2017
	$	$
Interest expense on loan	444,309	265,503

23. INCOME TAX EXPENSE

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

	Group	
	2018	2017
	$	$
Tax expense recognised in respect of profit for the year		
Current tax	5,170,000	5,020,000
Under/(over) provision in respect of previous years	11,330	(1,322,152)
	5,181,330	3,697,848
Deferred tax provided		
Origination and reversal of temporary differences	(199,500)	(182,500)
Income tax expense	4,981,830	3,515,348

23. 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	
	2018	2017
	$	$
Profit before tax	29,226,030	29,418,464
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	4,965,782	4,998,432
Adjustments:		
Non-deductible expenses	146,743	320,064
Effect of partial tax exemption and tax relief	(143,700)	(469,649)
Under/(over) provision in respect of previous years	11,330	(1,322,152)
Others	1,675	(11,347)
Income tax expense	4,981,830	3,515,348

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

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

24. EARNINGS PER SHARE

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

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

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

	2018	2017
	$	$
Profit for the year attributable to owner of the Company	24,244,678	25,903,116

	No. of shares	No. of shares
Weighted average number of ordinary shares for earnings per share computation	355,197,700	322,563,000

25. DIVIDEND PAID

	Group and Company 2018 $	2017 $
Declared and paid during the financial year:		
Dividend on ordinary shares:		
- Final exempt (one-tier) dividend for 2017: 2.0 cents per share (2016: Nil)	7,103,954	–
- Interim exempt (one-tier) dividend for 2018: 2.0 cents per share (2017: Nil)	7,103,954	–
	14,207,908	–
Proposed but not recognised as a liability as at 31 December 2018:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt (one-tier) dividend for 2018: 2.5 cents per share (2017: 2.0 cents)	8,879,943	7,103,954
	8,879,943	7,103,954

26. 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 2018 $	2017 $
Subsidiaries		
Dividend income	26,000,000	28,800,000
Membership fees received	576,878	522,061
Training fees	229,357	151,140

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

	Group 2018 $	2017 $
Real estate brokerage fees	1,765	–

The provision of brokerage services in connection with the sale, purchase and/or rental of residential properties to the director were on an arm's length basis and on normal commercial terms.

(b) Compensation of key management personnel

	Group 2018 $	2017 $
Remuneration (including commission and incentives) of the 5 key management personnel	1,067,802	1,163,883

27. COMMITMENTS

(a) Operating lease commitments – as a lessee

The Group has entered into commercial leases on certain properties. These leases have an average tenure of between one and three years with no contingent rent provision included in the contracts. Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2018 amounted to $2,477,769 (2017: $2,756,434).

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

	Group		
	2018	31.12.2017	1.1.2017
	$	$	$
Within one year	2,416,250	1,664,289	2,698,505
Later than one year but not later than five years	5,495,331	1,516,889	1,582,907
	7,911,581	3,181,178	4,281,412

(b) Operating lease commitments – as a lessor

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

Total rental received from the non-cancellable leases recognised as income in the consolidated income statement for the financial year ended 31 December 2018 amounted to $566,556 (2017: $Nil).

	Group		
	2018	31.12.2017	1.1.2017
	$	$	$
Within one year	946,124	–	–
Later than one year but not later than five years	17,000	–	–
	963,124	–	–

(c) Other commitments

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

	Group		
	2018	31.12.2017	1.1.2017
	$	$	$
Later than one year but not later than five years	375,000	400,000	–
More than five years	375,000	400,000	–
	750,000	800,000	–

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks. 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-mention 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 financial institution.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 25 (2017: Nil) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $29,305 (2017: $Nil) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(b) *Liquidity risk*

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

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

At the end of the reporting period, approximately 5.0% (31 December 2017: Nil, 1 January 2017: 33.3%) of the Group's loan and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

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

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

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group				
2018				
Financial assets				
Fixed deposits	–	402,000	–	402,000
Convertible loan (Note 10)	2,794,150	–	–	2,794,150
Trade and other receivables (Note 11)	53,102,528	–	–	53,102,528
Cash and bank balances (Note 12)	43,018,758	–	–	43,018,758
Total undiscounted financial assets	98,915,436	402,000	–	99,317,436
Financial liabilities				
Trade and other payables (Note 13)	66,136,948	–	–	66,136,948
Loan and borrowing (Note 15)	4,329,436	60,958,206	–	65,287,642
Total undiscounted financial liabilities	70,466,384	60,958,206	–	131,424,590
Total net undiscounted financial assets/(liabilities)	28,449,052	(60,556,206)	–	(32,107,154)
31.12.2017				
Financial assets				
Fixed deposits	–	402,500	–	402,500
Trade and other receivables (Note 11)	60,656,713	–	–	60,656,713
Cash and bank balances (Note 12)	61,970,469	–	–	61,970,469
Total undiscounted financial assets	122,627,182	402,500	–	123,029,682
Financial liabilities				
Trade and other payables (Note 13)	83,582,882	–	–	83,582,882
Total undiscounted financial liabilities	83,582,882	–	–	83,582,882
Total net undiscounted financial assets	39,044,300	402,500	–	39,446,800

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

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

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group				
1.1.2017				
Financial assets				
Fixed deposits	–	408,500	–	408,500
Trade and other receivables (Note 11)	41,567,418	–	–	41,567,418
Cash and bank balances (Note 12)	17,747,320	–	–	17,747,320
Total undiscounted financial assets	59,314,738	408,500	–	59,723,238
Financial liabilities				
Trade and other payables (Note 13)	57,219,152	–	–	57,219,152
Loan and borrowing (Note 15)	6,669,614	13,116,024	–	19,785,638
Total undiscounted financial liabilities	63,888,766	13,116,024	–	77,004,790
Total net undiscounted financial liabilities	(4,574,028)	(12,707,524)	–	(17,281,552)
Company				
2018				
Financial assets				
Fixed deposits	–	402,000	–	402,000
Trade and other receivables (Note 11)	3,685,138	–	–	3,685,138
Cash and bank balances (Note 12)	23,007,901	–	–	23,007,901
Total undiscounted financial assets	26,693,039	402,000	–	27,095,039
Financial liabilities				
Trade and other payables (Note 13)	59,659,709	–	–	59,659,709
Total undiscounted financial liabilities	59,659,709	–	–	59,659,709
Total net undiscounted financial (liabilities)/assets	(32,966,670)	402,000	–	(32,564,670)

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

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

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Company				
31.12.2017				
Financial assets				
Fixed deposits	–	402,500	–	402,500
Trade and other receivables (Note 11)	2,152,597	–	–	2,152,597
Cash and bank balances (Note 12)	38,088,854	–	–	38,088,854
Total undiscounted financial assets	40,241,451	402,500	–	40,643,951
Financial liabilities				
Trade and other payables (Note 13)	12,194,024	–	–	12,194,024
Total undiscounted financial liabilities	12,194,024	–	–	12,194,024
Total net undiscounted financial assets	28,047,427	402,500	–	28,449,927
1.1.2017				
Financial assets				
Fixed deposits	–	408,500	–	408,500
Trade and other receivables (Note 11)	565,048	–	–	565,048
Cash and bank balances (Note 12)	190,355	–	–	190,355
Total undiscounted financial assets	755,403	408,500	–	1,163,903
Financial liabilities				
Trade and other payables (Note 13)	10,888,903	–	–	10,888,903
Loan and borrowing (Note 15)	6,669,614	13,116,024	–	19,785,638
Total undiscounted financial liabilities	17,558,517	13,116,024	–	30,674,541
Total net undiscounted financial liabilities	(16,803,114)	(12,707,524)	–	(29,510,638)

28. 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, amount due from a joint venture and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

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

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

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

(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 $
As at 1 January 2018	3,263,720
Loss allowance measured at:	
12-month ECL	116,429
Lifetime ECL	
- Trade amounts (Simplified approach)	(466,120)
As at 31 December 2018	2,914,029

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

	Group	2018 $
12-month ECL	Financial assets at amortised cost	4,136,850
Lifetime ECL	Financial assets at amortised cost	54,673,857
	Total	58,810,707

The gross carrying amount of trade and other receivables, amount due from a joint venture of the Group are disclosed in Note 11.

28. 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 2018 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

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

Brokerage income from resale and rental of properties:

31 December 2018	Current $	91 – 120 days $	121 – 180 days $	181 – 365 days $	> 365 days $	Total $
Gross carrying amount	20,976,436	2,624,710	2,069,498	2,226,418	1,705,789	29,602,851
Loss allowance provision	52,851	61,325	48,353	681,333	1,705,789	2,549,651

Brokerage income from new home sales:

31 December 2018	Current $	91 – 120 days $	121 – 180 days $	181 – 365 days $	> 365 days $	Total $
Gross carrying amount	16,627,898	4,630,902	1,564,296	1,894,756	–	24,717,852
Loss allowance provision	–	–	–	126,640	–	126,640

Others:

31 December 2018	Current $	91 – 120 days $	121 – 180 days $	181 – 365 days $	> 365 days $	Total $
Gross carrying amount	308,701	2,670	9,845	9,289	22,649	353,154
Loss allowance provision	–	–	–	9,289	22,649	31,938

Information regarding loss allowance movement of trade receivables are disclosed in Note 11.

28. 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 11.

29. 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.

29. 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 2018 Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Assets measured at fair value					
Financial assets:					
Equity securities at FVTPL					
- Equity shares (unquoted)		–	–	9,125	9,125
Financial assets as at 31 December 2018		–	–	9,125	9,125
Non-financial assets:					
Investment property	4	–	–	72,800,000	72,800,000
Non-financial assets as at 31 December 2018		–	–	72,800,000	72,800,000

There are no financial assets measured at fair value as at 31 December 2017 and 1 January 2017.

29. 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*

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

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

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

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

29. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

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

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

	Group 2018 Fair value measurements using significant unobservable inputs (Level 3)		
Description	**Available-for-sale financial assets**	**Investment Property**	**Total**
	Equity instruments (unquoted)	ERA APAC Centre	
Total gains and losses for the period included in			
Profit or loss:			
Other expenses	46,430	–	46,430

(iii) *Valuation policies and procedures*

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

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

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

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

29. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

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

(iii) *Valuation policies and procedures (cont'd)*

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, convertible loan, trade and other payables and amounts due from/to a subsidiary/related party/joint venture based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

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.

30. SEGMENT INFORMATION

<u>Change in presentation – Analyses by segment</u>

The scope of the operating segments has been modified following the acquisition of an investment property. Management has revisited and identified the Group's operating segments as follows:

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

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

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

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

30. SEGMENT INFORMATION (CONT'D)

Allocation basis and transfer pricing

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

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

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

	Real estate brokerage services		Others [a]	Total
	Brokerage income from resale and rental of properties	Brokerage income from new home sales		
	$	$	$	$
2018				
Revenue:				
Real estate brokerage fees and related services	286,509,081	127,981,527	5,449,587	419,940,195
Other revenue	8,665	–	4,014,366	4,023,031
Total revenue	**286,517,746**	**127,981,527**	**9,463,953**	**423,963,226**
Segment results	10,995,444	15,194,393	3,211,939	29,401,776
Share of results of joint venture				(20,373)
Interest income				288,936
Finance costs				(444,309)
Profit before tax				**29,226,030**
Income tax expense				(4,981,830)
Profit for the year				**24,244,200**
Others:				
Bad debts recovered	8,665	–	–	8,665
Impairment losses (provided)/written back on financial assets – trade receivables	(1,627,665)	87,935	28,371	(1,511,359)
Impairment losses on financial assets – other receivables (non-trade)	–	–	(116,429)	(116,429)
Depreciation and amortisation	(464,120)	(585,580)	(383,980)	(1,433,680)

[a] Rental income is included within others as it is not material in FY2018.

30. SEGMENT INFORMATION (CONT'D)

	Real estate brokerage services		Others	Total
	Brokerage income from resale and rental of properties	Brokerage income from new home sales		
	$	$	$	$
2017				
Revenue:				
Real estate brokerage fees and related services	267,613,505	123,612,597	5,724,951	396,951,053
Other revenue	30,731	–	3,656,448	3,687,179
Total revenue	**267,644,236**	**123,612,597**	**9,381,399**	**400,638,232**
Segment results	9,427,218	18,795,745	1,408,645	29,631,608
Share of results of joint venture				(13,627)
Interest income				65,986
Finance costs				(265,503)
Profit before tax				**29,418,464**
Income tax expense				(3,515,348)
Profit for the year				**25,903,116**
Others:				
Bad debts recovered	30,731	–	–	30,731
Impairment losses provided on financial assets – trade receivables	(2,525,554)	(24,052)	(6,792)	(2,556,398)
Impairment losses on financial assets – other receivables (non-trade)	–	–	(74,571)	(74,571)
Depreciation and amortisation	(470,000)	(599,833)	(374,192)	(1,444,025)

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.

31. CAPITAL MANAGEMENT

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

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

No changes were made to the objectives, policies or processes during the year ended 31 December 2018 and 2017.

	2018 $	2017 $
Loan and borrowing (Note 15)	57,516,666	–
Trade and other payables (Note 13)	71,280,731	91,515,536
	128,797,397	91,515,536
Less: Cash and bank balances (Note 12)	(43,018,758)	(61,970,469)
	85,778,639	29,545,067
Equity attributable to the owners of the Company	143,061,589	133,026,439
Capital and net debt	228,840,228	162,571,506
Gearing ratio	37%	18%

32. SUBSEQUENT EVENTS

(i) On 11 February 2019, the Company announced that it had entered into various transactions through its wholly-owned subsidiary APAC Investment 2 Pte. Ltd. ("APAC Investment 2") whereby APAC Investment 2 will lend up to S$13.9 million ("Aggregate Consideration") to PT Realti Jaya Abadi for the acquisition of PT ERA Graharealty ("ERA Indonesia"), the ERA master franchisor for Indonesia.

A total of S$9.1 million was lent out to PT Realti Jaya Abadi to fund the acquisition of PT ERA Graharealty. S$2.8 million was drawn from the convertible loan on 28 November 2018 and S$6.3 million was drawn down from the loan provided by APAC Investment 2 on 11 February 2019.

(ii) On 26 March 2019, the Group entered into a Share Purchase Agreement through its wholly-owned subsidiary Electronic Realty Associates Pte. Ltd. ("EPL") whereby EPL sold 17,000 shares out of its stake of 34,000 shares in SoReal Prop Pte Ltd ("SoReal") to SEAA Services Pte Ltd for a consideration of $17,000. There is no material financial impact on the financial statement for the year ended 31 December 2018. Pursuant to the sale, EPL will record the investment in SoReal as other investment.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 28 March 2019.

STATISTICS OF SHAREHOLDINGS
As at 15 March 2019

SHARE CAPITAL

Issued and Fully Paid-Up Capital	:	S$98,946,111
Class of Shares	:	Ordinary share
Number of issued and paid-up shares	:	355,197,700
Voting Rights	:	One vote per share

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.13	143	0.00
100 - 1,000	206	9.12	181,647	0.05
1,001 - 10,000	1,299	57.50	6,767,551	1.91
10,001 - 1,000,000	737	32.63	37,455,368	10.54
1,000,001 and above	14	0.62	310,792,991	87.50
Total	**2,259**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2019

No.	Name	No. of Shares	%
1	DBS Nominees (Private) Limited	276,472,103	77.84
2	DB Nominees (Singapore) Pte Ltd	6,771,200	1.91
3	Phillip Securities Pte Ltd	4,813,000	1.36
4	Raffles Nominees (Pte.) Limited	4,683,748	1.32
5	HSBC (Singapore) Nominees Pte Ltd	3,765,800	1.06
6	OCBC Securities Private Limited	2,599,900	0.73
7	Tan Kwang Hwee	2,006,600	0.56
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,847,108	0.52
9	Citibank Nominees Singapore Pte Ltd	1,505,579	0.42
10	Tan Tai Wei	1,387,900	0.39
11	Maybank Kim Eng Securities Pte. Ltd.	1,361,553	0.38
12	UOB Kay Hian Private Limited	1,309,400	0.37
13	Liew Yeow Weng	1,250,000	0.35
14	United Overseas Bank Nominees (Private) Limited	1,019,100	0.29
15	ABN AMRO Clearing Bank N.V.	910,800	0.26
16	Roxy-Pacific Holdings Limited-Share Buy Back Account	800,000	0.23
17	Lim and Tan Securities Pte Ltd	724,600	0.20
18	Teo Kee Bock	680,000	0.19
19	Lee Wei Sheng or Law Hui Min (Liu Huimin)	655,000	0.18
20	JJL Assets Management Pte Ltd	650,000	0.18
	Total	**315,213,391**	**88.74**

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

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

(1) Asia Pacific Realty Holdings Ltd's deemed interest is held by DBS Nominees (Private) Limited.
(2) PGA Realty Partners Ltd is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.
(3) Tan Choon Hong is deemed interested in the shares held by Asia Pacific Realty Holdings Ltd.
(4) "%" is based on 355,197,700 issued shares as at 15 March 2019.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 28.19% of the issued share capital of the Company was held by the public as at 15 March 2019. 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 (the "**Company**") will be held at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 on Monday, 22 April 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditor's Report. **(Resolution 1)**

2. To declare a one-tier tax-exempt second and final dividend of 2.5 Singapore cents per share for the year ended 31 December 2018 (2017: 2.0 Singapore cents per share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 94 of the Constitution of the Company:

   (a) Mr Chua Khee Hak **(Resolution 3)**
   (b) Mr Hee Theng Fong **(Resolution 4)**

   [See Explanatory Note (i)]

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

   Mr Hee Theng Fong will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent.

4. To approve the payment of Directors' fees of S$195,000 for the year ended 31 December 2018 (2017: S$48,750). **(Resolution 5)**

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

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

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (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 which are outstanding or subsisting at the time of the passing of this Resolution; and

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (ii)]

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; or

(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; or

(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 after the relevant five-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of 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

(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 (iii)]

By Order of the Board

Ngiam May Ling
Secretary

Singapore
5 April 2019

Explanatory Notes:

(i) Ordinary Resolutions 3 and 4 are for the re-election of Mr Chua Khee Hak and Mr Hee Theng Fong, Directors of the Company who retire by rotation at the Annual General Meeting. For more information on the Directors, please refer to pages 13 to 16 in this Annual Report.

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

(iii) Ordinary Resolution 8, 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, whichever is the earlier, 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 2018 are set out in greater detail in the Letter to Shareholders attached.

Notes:

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

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

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

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

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

Personal Data Privacy:

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

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

PROXY FORM

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

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2019.

I/We (Name) ____________________________________(NRIC/Passport/UEN No.) _________________________

of (Address) ____

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

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

and/or (delete as appropriate)*

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting of the Company to be held at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 on Monday, 22 April 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For ^	Number of Votes Against ^
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2018		
2	Payment of one-tier tax-exempt second and final dividend of 2.5 Singapore cents per share for the year ended 31 December 2018		
3	Re-election of Mr Chua Khee Hak as a Director of the Company		
4	Re-election of Mr Hee Theng Fong as a Director of the Company		
5	Approval of Directors' fees amounting to S$195,000 for the year ended 31 December 2018		
6	Re-appointment of Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to fix its remuneration		
7	Authority to issue shares		
8	Renewal of the Share Buy-back Mandate		

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

Dated this .... day of .... 2019.

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

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

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

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

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

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

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

General:

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

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