



APAC REALTY LIMITED
Company Registration Number: 201319080C

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020

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UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

The Board of Directors of APAC Realty Limited wishes to announce the following unaudited results of the Group for the half year ended 30 June 2020.

1(a)(i) Consolidated Income Statement

	Group		
	1H 2020	1H 2019	Change
	\$'000	\$'000	(%)
Real estate brokerage fees and related services	169,883	160,995	5.5
Other revenue	2,940	2,066	42.3
Total Revenue	172,823	163,061	6.0
Cost of services	151,152	143,083	5.6
Personnel cost	6,164	5,845	5.5
Marketing and promotion expenses	1,482	1,631	(9.1)
Depreciation of plant and equipment	273	262	4.2
Depreciation of right-of-use assets	861	798	7.9
Amortisation of intangible assets	466	466	–
Allowance for doubtful debt provided			
- trade	898	754	19.1
- non-trade	–	54	(100.0)
Finance costs	670	899	(25.5)
Other operating expenses	1,789	3,017	(40.7)
Total operating expenses	12,603	13,726	(8.2)
Costs and Expenses	163,755	156,809	4.4
Profit before tax	9,068	6,252	45.0
Income tax expense	1,367	1,213	12.7
Profit for the period	7,701	5,039	52.8
Profit attributable to:			
Owners of the Company	7,757	5,104	(52.0)
Non-controlling interests (“NCI”)	(56)	(65)	(13.8)
	7,701	5,039	52.8

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

	Group	
	1H 2020 \$'000	1H 2019 \$'000
<u>Included in other revenue</u>		
Government grant under Jobs Support Scheme (“JSS”)	900	–
Interest income	268	316
Write back of investment in joint venture upon disposal	–	17
Bad debts recovered	30	22
<u>Included in finance costs</u>		
Interest on lease liabilities	107	134
<u>Included in other operating expenses</u>		
Foreign exchange (gain)/loss, net	(460)	87
Investment in joint venture written back	–	(17)
Plant and equipment written off	–	20
Rental expense	46	271
<u>Included in income tax expense</u>		
Over provision of prior years’ tax	2	3
Deferred tax written back	40	80

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

	Group	
	1H 2020 \$'000	1H 2019 \$'000
Profit for the period	7,701	5,039
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(32)	1
Other comprehensive income for the period, net of tax	(32)	1
Total comprehensive income for the period	7,669	5,040
Attributable to:		
Owners of the Company	7,725	5,105
Non controlling interests	(56)	(65)
	7,669	5,040

1(b)(i) Statement of Financial Position

	Group		Company	
	30-Jun-2020	31-Dec-2019	30-Jun-2020	31-Dec-2019
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Investment property	72,800	72,800	–	–
Plant and equipment	1,435	1,677	–	–
Right-of-use assets	4,571	5,053	–	–
Intangible assets	98,057	98,523	2,220	2,338
Investment in subsidiaries	–	–	190,001	190,001
Investment in an associate	1,500	–	1,500	–
Other investment	1,500	1,000	1,500	1,000
Fixed deposits	400	400	400	400
	<u>180,263</u>	<u>179,453</u>	<u>195,621</u>	<u>193,739</u>
Current assets				
Convertible loan	2,786	2,786	–	–
Trade receivables	53,265	57,242	70	54
Other receivables	12,768	10,986	526	544
Unbilled receivables	14,419	10,812	–	–
Amount due from subsidiaries	–	–	14,025	12,898
Amount due from a joint venture	–	45	–	–
Tax recoverable	–	31	–	31
Prepaid operating expenses	1,334	1,762	111	12
Cash and bank balances	34,256	32,024	10,901	7,693
	<u>118,828</u>	<u>115,688</u>	<u>25,633</u>	<u>21,232</u>
Total assets	<u>299,091</u>	<u>295,141</u>	<u>221,254</u>	<u>214,971</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables and accruals	70,758	71,901	360	410
Other payables	6,832	9,310	2	–
Amount due to subsidiaries	–	–	57,468	56,440
Deferred income	1,809	1,288	–	–
Lease liabilities	1,777	1,680	–	–
Loan and borrowing	2,900	2,900	–	–
Provision for taxation	4,720	3,336	2	–
	<u>88,796</u>	<u>90,415</u>	<u>57,832</u>	<u>56,850</u>
Net current assets/(liabilities)	30,032	25,273	(32,199)	(35,618)
Non-current liabilities				
Lease liabilities	2,750	3,359	–	–
Loan and borrowing	50,267	51,717	–	–
Deferred taxation	4,149	4,190	–	–
	<u>57,166</u>	<u>59,266</u>	<u>–</u>	<u>–</u>
Net assets	<u>153,129</u>	<u>145,460</u>	<u>163,422</u>	<u>158,121</u>
Equity attributable to owners of the Company				
Share capital	98,946	98,946	98,946	98,946
Foreign currency translation reserve	(34)	(2)	–	–
Accumulated profits	54,343	46,586	64,476	59,175
	<u>153,255</u>	<u>145,530</u>	<u>163,422</u>	<u>158,121</u>
Non-controlling interests	(126)	(70)	–	–
Total equity	<u>153,129</u>	<u>145,460</u>	<u>163,422</u>	<u>158,121</u>

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

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

As at 30-Jun-20		As at 31-Dec-19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
2,900	–	2,900	–

(b) Amount repayable after one year

As at 30-Jun-20		As at 31-Dec-19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
50,267	–	51,717	–

(c) Details of any collaterals

SGD bank loan at floating rate

The loan is secured by way of a first legal mortgage over the property at 450 Lorong 6 Toa Payoh, Singapore 319394 of the subsidiary, APAC Investment Pte. Ltd. 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.

1(c) Consolidated Statement of Cash Flows

	Group	
	1H 2020 \$'000	1H 2019 \$'000
Cash flows from operating activities		
Profit before tax	9,068	6,252
<u>Adjustments for:</u>		
Allowance for doubtful debts		
- trade	898	754
- non-trade	–	54
Amortisation of intangible assets	466	466
Bad debts recovered	(30)	(22)
Depreciation of plant and equipment	273	262
Depreciation of right-of-use assets	861	798
Government grant under JSS	(900)	–
Interest expense	670	899
Interest income	(268)	(316)
Plant and equipment written off	–	20
Write back of investment in joint venture on disposal	–	(17)
Operating cash flows before working capital changes	11,038	9,150
<u>Changes in working capital</u>		
(Increase)/decrease in trade and other receivables	(2,059)	542
Decrease in trade and other payables	(3,201)	(3,863)
Cash flows from operations	5,778	5,829
Interest income received	268	316
Interest paid	(562)	(765)
Income taxes paid	(24)	(2,554)
Net cash generated from operating activities	5,460	2,826
Cash flows from investing activities		
Purchase of plant and equipment	(31)	(364)
Investment in an associate	(1,500)	–
Investment in other investment	(500)	–
Advances extended to PT Realti Jaya Abadi	–	(9,354)
Advances extended to joint venture	(129)	(60)
Proceeds received from shares issued to non-controlling interests	–	22
Net cash used in investing activities	(2,160)	(9,756)
Cash flows from financing activities		
Proceeds from government grant (JSS)	1,001	–
Repayment of lease liabilities	(619)	(931)
Repayment of loan and borrowings	(1,450)	(1,450)
Payment of dividends	–	(8,880)
Proceeds from partial disposal of interests in joint venture	–	17
Net cash used in financing activities	(1,068)	(11,244)
Net increase/(decrease) in cash and cash equivalents	2,232	(18,174)
Cash and cash equivalents at beginning of the period	32,024	43,019
Cash and cash equivalents at end of the period	34,256	24,845

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

GROUP - 2020	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
As at 1 January 2020	98,946	(2)	46,586	145,530	(70)	145,460
Profit/(loss) for the period	–	–	7,757	7,757	(56)	7,701
Other comprehensive income - Foreign currency translation	–	(32)	–	(32)	–	(32)
Total comprehensive income	–	(32)	7,757	7,725	(56)	7,669
As at 30 June 2020	98,946	(34)	54,343	153,255	(126)	153,129

GROUP - 2019	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
As at 1 January 2019	98,946	(3)	44,118	143,061	43	143,104
Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	22	22
	98,946	(3)	44,118	143,061	65	143,126
Profit/(loss) for the period	–	–	5,104	5,104	(65)	5,039
Other comprehensive income - Foreign currency translation	–	1	–	1	–	1
Total comprehensive income	–	1	5,104	5,105	(65)	5,040
Dividend paid	–	–	(8,880)	(8,880)	–	(8,880)
As at 30 June 2019	98,946	(2)	40,342	139,286	–	139,286

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

There were no changes in the share capital of the Company in 1H2020. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2020 and 31 December 2019.

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

As at 30 June 2020, the Company's issued and paid-up capital, excluding treasury shares, comprises 355,197,700 (31 December 2019: 355,197,700) ordinary shares.

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

Not applicable.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

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

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

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

6 Earnings Per Ordinary Share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group		
	1H 2020	1H 2019	Change (%)
(i) Based on the weighted average number of shares (cents)	2.18	1.44	51.4
- Weighted average number of shares ('000)	355,198	355,198	
(ii) On a fully diluted basis (cents)	2.18	1.44	51.4
- Adjusted weighted average number of shares ('000)	355,198	355,198	

7 Net Asset Value Per Share

	Group			Company		
	30-Jun-20	31-Dec-19	Change (%)	30-Jun-20	31-Dec-19	Change (%)
Net asset value per ordinary share based on issued share capital, excluding treasury shares, at the end of the financial period/year (cents)	43.1	41.0	5.1	46.0	44.5	3.4

Note: The net asset value per share have been computed based on 355,197,700 shares as at 30 June 2020 and 31 December 2019.

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

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

1H2020 vs 1H2019

	1H 2020	1H 2019	Change
	\$'000	\$'000	(%)
Total revenue	172,823	163,061	6.0
Cost of services	151,152	143,083	5.6
Gross Profit	21,671	19,978	8.5

Revenue

Revenue from real estate brokerage fees and related services increased by approximately \$9.7 million or 6.0%, from \$163.1 million in 1H2019 to \$172.8 million in 1H2020. This was mainly due to the increase in brokerage income from:

- a) resale and rental of properties of \$1.4 million or 1.3%, from \$111.5 million in 1H2019 to \$112.9 million in 1H2020; and
- b) new home sales of \$7.3 million or 15.5%, from \$47.0 million in 1H2019 to \$54.3 million in 1H2020.

Other revenue increased by approximately \$0.8 million or 42.3%, from \$2.1 million in 1H2019 to \$2.9 million in 1H2020 mainly due to the recognition of government grant income under Jobs Support Scheme of \$0.9 million in 2Q2020.

Cost of services

Cost of services increased by approximately \$8.1 million or 5.6%, from \$143.1 million in 1H2019 to \$151.2 million in 1H2020, in line with the increase in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit increased by approximately \$1.7 million or 8.5%, from \$20.0 million in 1H2019 to \$21.7 million in 1H2020. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

Operating expenses

Personnel cost increased by approximately \$0.4 million or 5.5%, from \$5.8 million in 1H2019 to \$6.2 million in 1H2020 mainly due to higher reversal of unutilised provision for bonus in 1H2019 as compared to 1H2020 of \$0.3 million.

Marketing and promotion expenses decreased by approximately \$0.1 million or 9.1%, from \$1.6 million in 1H2019 to \$1.5 million in 1H2020 due to less marketing activities carried out in 1H2020.

Depreciation of plant and equipment was approximately \$0.3 million for both 1H2019 and 1H2020.

Depreciation of right-of-use assets was approximately \$0.8 million and \$0.9 million in 1H2019 and 1H2020 respectively.

Amortisation of intangible assets was approximately \$0.5 million for both 1H2019 and 1H2020.

Allowance for doubtful debts (trade) increased by approximately \$0.1 million or 19.1%, from \$0.8 million in 1H2019 to \$0.9 million in 1H2020 mainly due to slower collections from customers.

Finance costs of approximately \$0.7 million in 1H2020 (1H2019: \$0.9 million) comprised mainly interest expense from bank borrowings. The decrease is in line with the lower bank borrowings in 1H2020 due to loan repayments and lower bank interest rates ranging from 1.27% to 2.65% p.a. in 1H2020 (1H2019: 2.55% to 2.78% pa).

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

Other operating expenses decreased by approximately \$1.2 million or 40.7%, from \$3.0 million in 1H2019 to \$1.8 million in 1H2020 mainly due to unrealised exchange gain of approximately \$0.5 million in 1H2020 and the absence of recruitment expenses of approximately \$0.7 million in 1H2019.

Overall, total operating expenses decreased by approximately \$1.1 million or 8.2%, from \$13.7 million in 1H2019 to \$12.6 million in 1H2020.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately \$2.8 million or 45.0%, from \$6.3 million in 1H2019 to approximately \$9.1 million in 1H2020.

Tax expense

Tax expense increased by approximately \$0.2 million or 12.7%, from \$1.2 million in 1H2019 to \$1.4 million in 1H2020. The increase was mainly due to the higher taxable income in 1H2020.

Profit for the period

As a result of the foregoing, profit for the period increased by approximately \$2.7 million or 52.8%, from \$5.0 million in 1H2019 to \$7.7 million in 1H2020.

Financial Position Review

30 June 2020 vs 31 December 2019

Non-current assets

The Group's total non-current assets amounted to approximately \$179.5 million and \$180.3 million as at 31 December 2019 and 30 June 2020 respectively. The increase of approximately \$0.8 million or 0.5% was mainly due to the investment in an associate of \$1.5 million, other investment of \$0.5 million and an increase in right-of-use assets of \$0.4 million, partially reduced by depreciation of plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$1.6 million in 1H2020.

Current assets

Trade receivables amounted to approximately \$57.2 million and \$53.3 million as at 31 December 2019 and 30 June 2020 respectively. The decrease of approximately \$3.9 million or 6.9% was mainly due to the lower brokerage revenue invoiced in 2Q2020 as compared to 4Q2019.

Other receivables amounted to approximately \$11.0 million and \$12.8 million as at 31 December 2019 and 30 June 2020 respectively. The increase of approximately \$1.8 million or 16.2% was mainly due to advances of approximately \$0.3 million granted to ERA salespersons, interest receivable and unrealized exchange gain on the grant of loans in FY2019 to PT Realti Jaya Abadi.

Unbilled receivables amounted to approximately \$10.8 million and \$14.4 million as at 31 December 2019 and 30 June 2020 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately \$1.8 million and \$1.3 million as at 31 December 2019 and 30 June 2020 respectively. The decrease of \$0.5 million was mainly due to the recognition of expenses in 1H2020.

Cash and bank balances increased by approximately \$2.3 million or 7.0%, from \$32.0 million as at 31 December 2019 to \$34.3 million as at 30 June 2020.

As a result of the foregoing, total current assets increased by approximately \$3.1 million or 2.7%, from \$115.7 million as at 31 December 2019 to \$118.8 million as at 30 June 2020.

Non-current liabilities

The Group's total non-current liabilities decreased from \$59.3 million as at 31 December 2019 to \$57.2 million as at 30 June 2020. The decrease of \$2.1 million or 3.5% was mainly due to the repayment of loan and borrowing of \$1.5 million and lease liabilities of \$0.6 million in 1H2020.

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

Current liabilities

Trade payables and accruals amounted to approximately \$71.9 million and \$70.8 million as at 31 December 2019 and 30 June 2020 respectively. The decrease of approximately \$1.1 million or 1.6% was due to a drop in commission payables which corresponds with the lower trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$9.3 million and \$6.8 million as at 31 December 2019 and 30 June 2020 respectively. The decrease of approximately \$2.5 million or 26.6% was mainly due to lower GST payable as a result of the lower brokerage revenue invoiced in 2Q2020 as compared to 4Q2019.

Deferred income amounted to approximately \$1.3 million and \$1.8 million as at 31 December 2019 and 30 June 2020 respectively. The increase of approximately \$0.5 million or 40.5% was mainly due to the collections for the annual business conference scheduled to be held in February 2020 but has since been deferred indefinitely.

Lease liabilities of \$1.7 million and \$1.8 million represent the current portion of the lease obligations as at 31 December 2019 and 30 June 2020 respectively.

Provision for taxation amounted to approximately \$3.3 million and \$4.7 million as at 31 December 2019 and 30 June 2020 respectively. The increase of approximately \$1.4 million or 41.5% was mainly due to higher income tax provided for 1H2020 as a result of higher taxable income.

As a result of the foregoing, total current liabilities decreased by approximately \$1.6 million or 1.8%, from \$90.4 million as at 31 December 2019 to \$88.8 million as at 30 June 2020.

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company increased by approximately \$7.6 million or 5.3%, from \$145.5 million as at 31 December 2019 to \$153.1 million as at 30 June 2020. The increase was mainly attributable to the profit of \$7.7 million for 1H2020.

Cash Flow Review

1H2020 vs 1H2019

Net cash generated from operating activities was approximately \$2.8 million in 1H2019 as compared to approximately \$5.5 million in 1H2020. The increase of \$2.7 million was mainly due to the higher operating profit of \$2.8 million in 1H2020 as compared to 1H2019.

Net cash used in investing activities was approximately \$9.8 million and \$2.2 million in 1H2019 and 1H2020 respectively. The decrease of \$7.6 million was mainly due to the advance of \$9.4 million extended to PT Realti Jaya Abadi in 1H2019 as compared to investment in an associate company of \$1.5 million and other investment of \$0.5 million in 1H2020. Refer to paragraph 17(a) and 17(c) for more details.

Net cash used in financing activities was approximately \$11.2 million and \$1.1 million in 1H2019 and 1H2020 respectively. The decrease of \$10.1 million was mainly due to a dividend payment of \$8.9 million in 1H2019 (outflow) as compared to the receipt of JSS of \$1.0 million (inflow) from the government in 1H2020.

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately \$2.2 million for 1H2020 as compared to a decrease of approximately \$18.2 million in 1H2019.

Cash and cash equivalents stood at \$34.3 million as at 30 June 2020.

9 Use of Proceeds Raised From IPO

Purpose	Balance of Net Proceeds (as announced on 4 July 2019) (S\$'000)	Net Proceeds Utilised as at 13 August 2020 (S\$'000)	Balance of Net Proceeds as at 13 August 2020 (S\$'000)
Enhancing technological capabilities	4,000	768 ⁽ⁱ⁾	3,232
General corporate and working capital purposes	2,000	–	2,000
	6,000	768	5,232

Note:

- (i) Subsequent to the last announcement made by the Company on 4 July 2019, the Company has utilised a total of \$0.768 million as at 13 August 2020. Refer to paragraph 17(c) and 17(d) below for more details.

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

The Company did not make any prospect statement previously.

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

The Singapore property market bore the brunt of the July 2018 property cooling measures in 2H FY2018. Although the market started to show signs of improvements in FY2019, the pace of recovery has been relatively slow and confined to specific sectors of the market. The primary market and HDB resale market have seen increased activity, however, the private residential resale market continues to remain soft given the prevailing cooling measures.

As announced on 10 June 2020, due to the suspension of real estate business during the circuit breaker from 7 April to 1 June 2020 (Circuit Breaker Period), and the time required for completion of real estate transactions and time lag in revenue recognition, the adverse financial impact from the Circuit Breaker Period will be felt in the third quarter of FY2020. The outbreak of the novel coronavirus (Covid-19) is still evolving. The Group is monitoring the situation closely and will provide periodic updates on the Group's business and performance.

The Group continues to focus on strengthening its competitive edge in Singapore through technology investments such as its recent S\$0.5 million investment in Turning-Point Pte Ltd. Our digital strategy and progress in this area continue to drive digital innovation and productivity across the Group, ensuring that ERA sales teams are able to deliver the Group's motto of being first in service excellence and results.

In addition to enhancing its business in Singapore, the Group will continue to focus on its regional expansion strategy. The depth of the Group's 10-nation strong Asia Pacific network provides a fertile platform for cross-selling opportunities, allowing ERA sales agents to reach quality home buyers and investors in markets such as Indonesia, Thailand, Vietnam and Malaysia. In the near term, the Group remains cautious of developments in these countries given the prevailing Covid-19 situation.

The total number of unsold private residential units have been increasing in the year 2018 and reached 38,710 (including ECs) as at 31 March 2019 before coming down to 29,876¹ as at 30 June 2020. The vacancy rate of completed private residential units continues to trend downwards and reached 5.4% as at 30 June 2020, coming down from a high of 8.9% as at 30 June 2016.

Apart from the 29,876 unsold units (including ECs) with planning approval as at 30 June 2020, there is a potential supply of 5,400 units (including ECs) from Government Land Sales (GLS) sites that have not been granted planning approval yet.

¹ "Release of 2nd Quarter 2020 real estate statistics", URA, 24 July 2020

12 Dividend

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	0.75 cents per ordinary share
Tax Rate	Tax Exempt

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	0.75 cents per ordinary share
Tax Rate	Tax Exempt

(c) Date payable

Payment of interim dividend will be made on **9 September 2020**.

(d) Record date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on **31 August 2020** for the preparation of dividend warrants for the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. (Singapore time) on **31 August 2020** will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on **31 August 2020** will be entitled to the interim dividend.

13 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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

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

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

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

16 Confirmation Pursuant to the Rule 705(5) of the Listing Manual

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the half year ended 30 June 2020 unaudited financial results to be false or misleading in any material respect.

17 Additional information required Pursuant to the Rule 706A of the Listing Manual

- a) Acquisition of equity interest in Eurocapital Joint Stock Company (“Eurocapital”) and subscription of shares in ERA Vietnam Realty Limited Company (“ERA Vietnam”)
The Company entered into an Investment Agreement with Eurocapital and ERA Vietnam for the acquisition of 304,000 shares in Eurocapital (representing 38% of the current issued share capital in Eurocapital) and the subscription of 1,225,800 new shares in ERA Vietnam (representing 38% of the enlarged issued share capital of ERA Vietnam upon completion of the proposed subscription) for S\$100 and S\$1,499,900 respectively. For more information, please refer to the announcement dated 26 February 2020.
- b) Acquisition of additional shares in Soreal Prop Pte. Ltd. (“SoReal”)
The Company’s wholly-owned subsidiary, Electronic Realty Associates Pte. Ltd. (“EPL”) entered into a share sale and purchase agreement with, inter alia, SEAA Services Pte. Ltd. (“Vendor”) for the acquisition of 13,667 ordinary shares, representing 13.667% of the issued and paid-up capital of SoReal for a total consideration of S\$1.00. For more information, please refer to the announcement dated 8 June 2020.
- c) Acquisition of equity interest in Turning-Point Pte. Ltd. (“Turning-Point”)
The Company entered into an Investment Agreement to subscribe for 30 new shares (“First Subscription”) in Turning-Point (representing 15% of its enlarged issued share capital upon completion of the First Subscription and Second Subscription) for a total amount of S\$500,000. For more information, please refer to the announcement dated 13 August 2020.
- d) Acquisition of entire equity interest in Fang Pte. Ltd. (“FP”)
The Company entered into a Sale & Purchase of Shares Agreement with the existing shareholders of Fang Pte. Ltd. (“FP”) to acquire 100% of the shares in FP for S\$268,000. For more information, please refer to the announcement dated 13 August 2020.

BY ORDER OF THE BOARD

Chua Khee Hak
Executive Chairman and CEO
13 August 2020