2022 ANNUAL REPORT

APAC REALTY

CONTENTS

Our Vision

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

Our Mission

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

Our Philosophy

Our five pillars of philosophy underpin our Vision and Mission:

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

Our Core Values

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

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

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 21,900 salespersons across 647 offices.

ERA Realty is one of the largest ERA Member Brokers globally by transaction value, and is also one of Singapore's largest real estate agencies with 8,534 agents registered as at 28 February 2023. 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 41 years.

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

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

OUR BUSINESS

Real Estate Brokerage Services

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

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

Franchise Arrangements

Derives royalties from sub-franchisees:

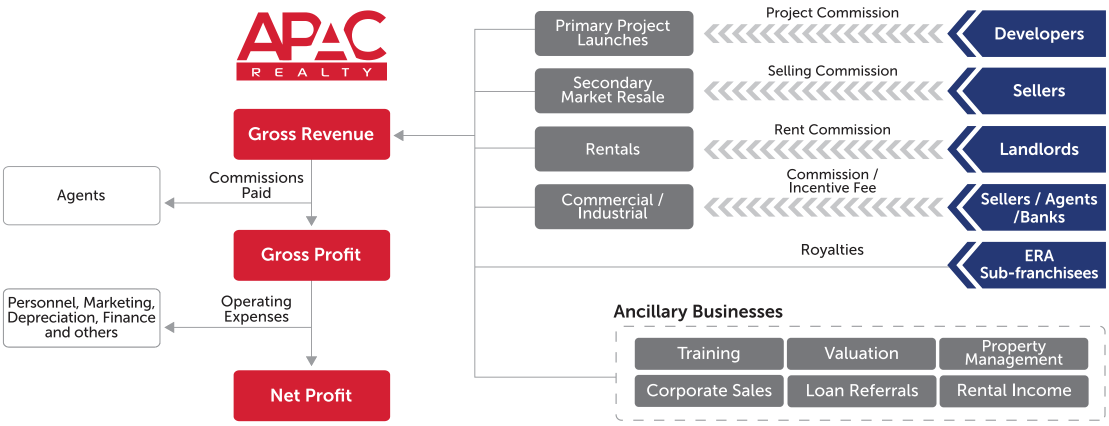
- Singapore
- Indonesia
- Japan
- Thailand
- Taiwan
- Malaysia
- Korea
- Vietnam
- Cambodia
- China
- Laos

Training, Valuation and Other Ancillary Services

Derives revenue from:

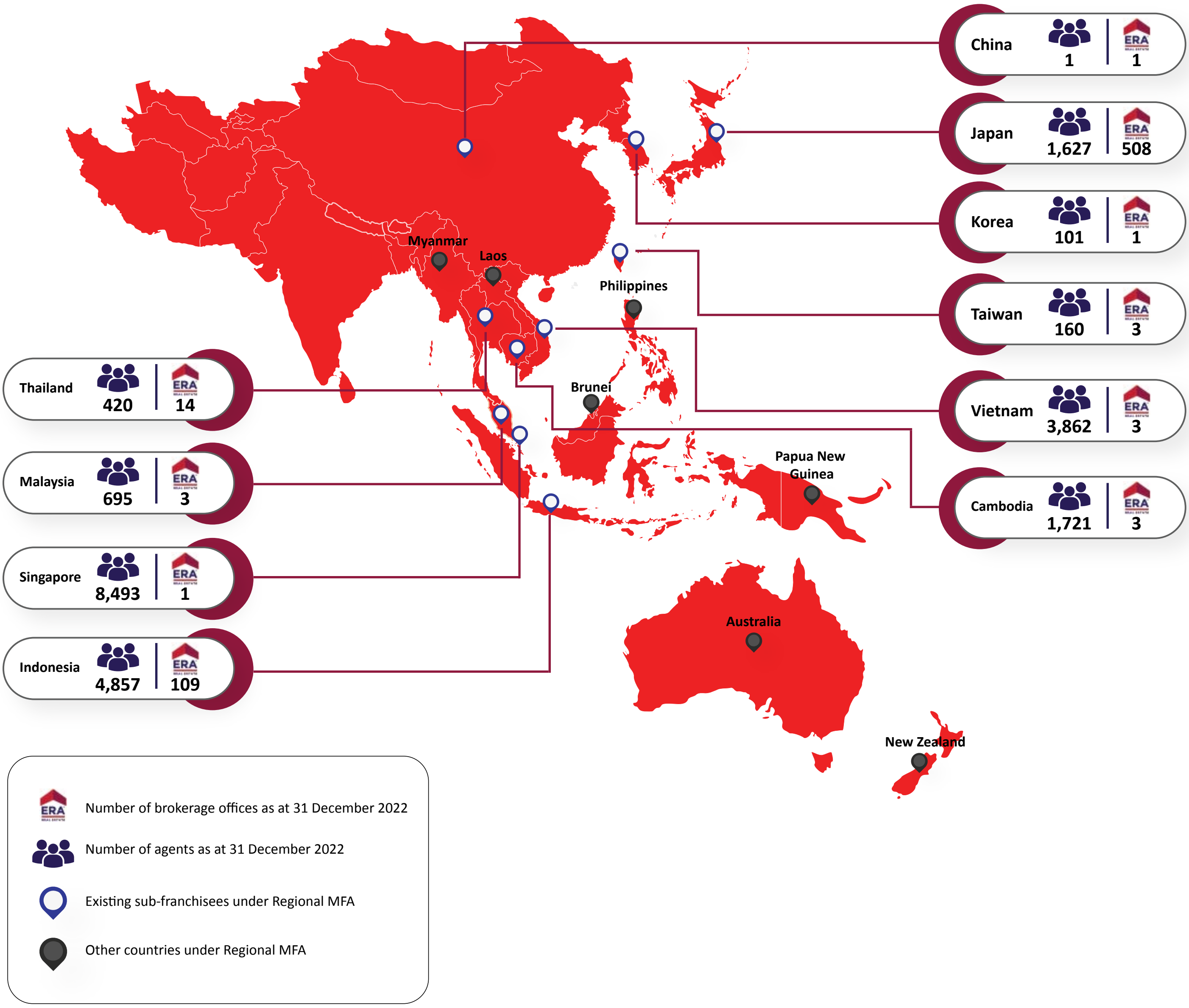
- Training programmes and courses for real estate agents in preparation for professional certification exams and as part of meeting continuing professional development regulations
- Valuation work undertaken on behalf of clients such as financial institutions, government agencies and property owners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

Robust Business Model



Exclusive ERA Regional Master Franchise Rights for

17 Countries in the Asia Pacific Region



As announced on 21 March 2023, the Company had entered into an ERA Master Franchise Agreement with ERA Laos Co. Ltd. for an initial term of 25 years.

Over the last 41 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.

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.

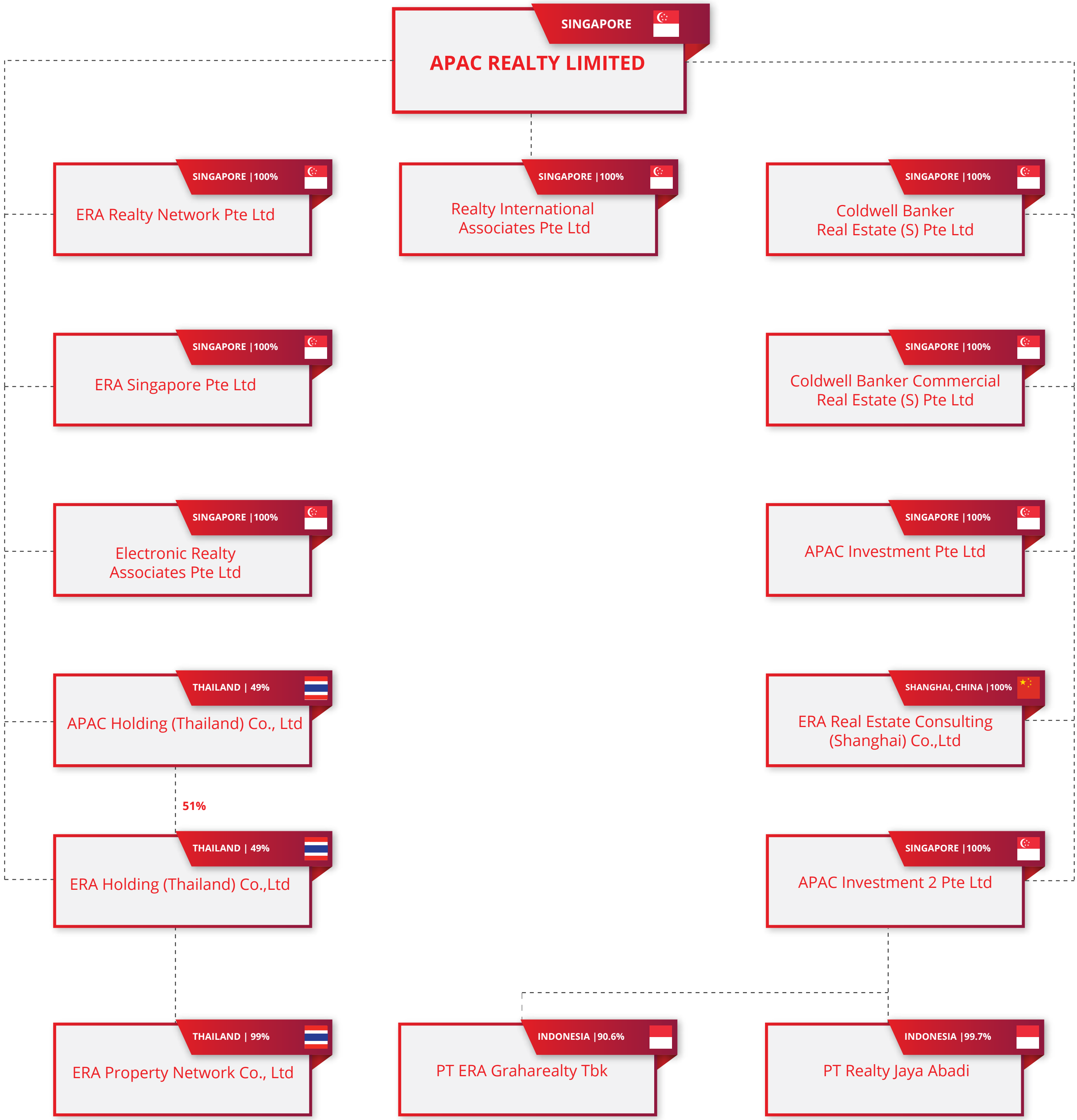
Expand our range of services and geographical presence in the Asia Pacific region

- 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, ERApro).
  - New mobile application (SALES+) - Proptech app for our salespersons and consists of 6 modules: Suite, Analytics, Listings, Enterprise, Support and Plus (integrate external tech tools such as GPT-3.5).
  - New website (upcoming new revamp website which consolidates all ERA websites) - era.com.sg, tech.era.com.sg, properties.era.com.sg, findpropertyagent.sg, uat.com.sg.
  - Customer relationship and management system (RealtyWatch and a new upcoming CRM software to manage leads, salespersons and campaigns).
  - An internal portal (myERA) for our salespersons 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).
  - A platform for our salespersons to post their property listings for consumers and co-broke (properties.era.com.sg).
  - Through SALES+, ERA salespersons can also publish their own personal sales, recruitment and project websites; with the function to customise their preferred domains. These websites can be used for personal branding as well as recruitment and new launch project marketing.
  - Through SALES+, ERA salespersons can access Financial Whiz to have access to over 15 property calculators to assist them with their property transactions.
  - iSubmission - ERA salespersons can submit their transaction forms electronically through this portal. This functionality is also upcoming in SALES+ app.

CORPORATE STRUCTURE[1]



[1] As at 31 December 2022

On 9 January 2023, the Company announced the acquisition of an additional 22% stake in ERA Vietnam Real Estate Joint Stock Company and Eurocapital Joint Stock Company. Following this acquisition, both companies became subsidiaries (60% stake) of the Company.

DEVELOPMENTS DURING THE YEAR IN REVIEW

April 2022

NHPEA Ace Realty Company Limited ("NHPEA"), a wholly-owned subsidiary of a private equity fund managed by Morgan Stanley Private Equity Asia ("MSPEA"), acquired 59.8% of the total outstanding shares of APAC Realty Limited (the "Company") for a total consideration of approximately S$129.5 million. NHPEA made an unconditional mandatory general offer for all the outstanding shares in APAC Realty Limited, other than those shares that are already owned by NHPEA.

June 2022

The unconditional mandatory general offer by NHPEA closed on 10 June 2022 and the total number of shares of the Company owned, controlled or agreed to be acquired by NHPEA amount to 64.83% of the total outstanding shares of the Company.

Cessation of Tan Choon Hong as Non-executive non-independent Director.

Appointment of Andrew Scobie Hawkyard as Non-executive non-independent Director.

August 2022

The Group acquired 79.74% of the share capital of PT ERA Graharealty Tbk ("PT ERA") a company incorporated in Indonesia and listed on the Indonesian Stock Exchange.

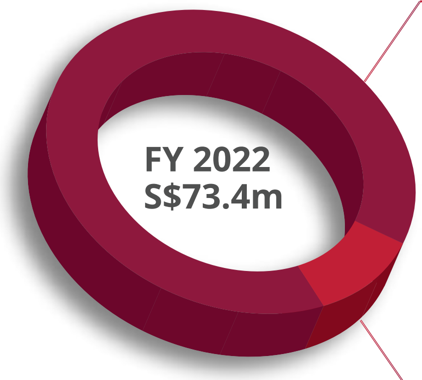
November 2022

Marcus Chu, the Group's Chief Executive Officer, was named Executive of the Year, Real Estate Agency, at the Singapore Business Review ("SBR") Management Excellence Awards 2022.

FINANCIAL HIGHLIGHTS

Contribution by Our Business Segments

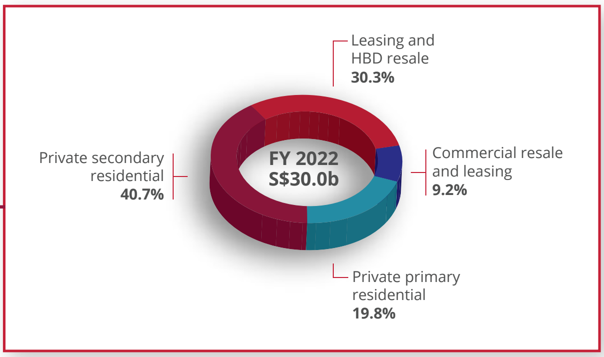
FY 2022 Gross Profit by Business Segments



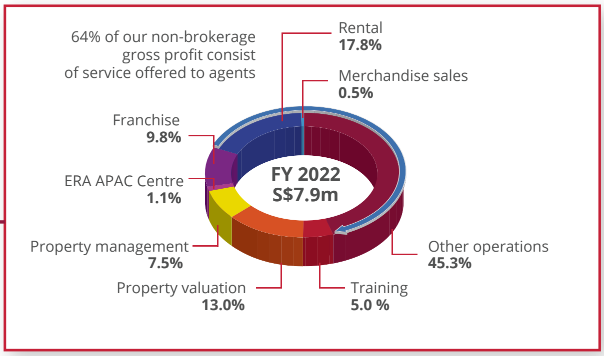
BROKERAGE
89.3%

NON-BROKERAGE
10.7%

FY2022 Brokerage Transaction Value by Property Segments



FY2022 Non-brokerage Gross Profit by Business Segments



Key Highlights

41
Years of solid track record in Singapore

>21,900
Agents in **646** offices across 10 countries[1]

8,493
Agents in Singapore[1]

40.6 %
Market share by transaction value in FY2022[2]

S$705.0m
Revenue generated in FY2022

74.8 %
Dividend payout for FY2022

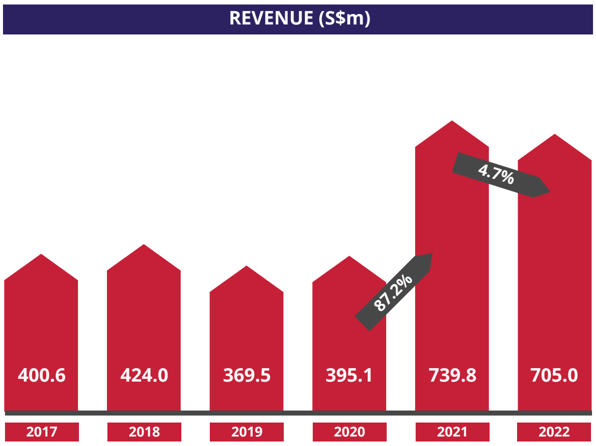
10.2 %
Dividend yield[3] for FY2022

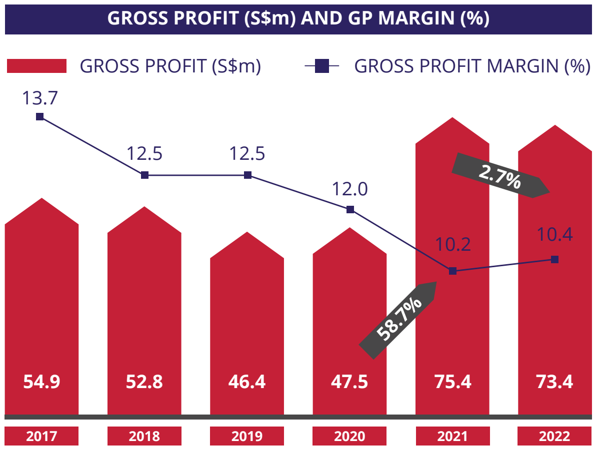
Notes:

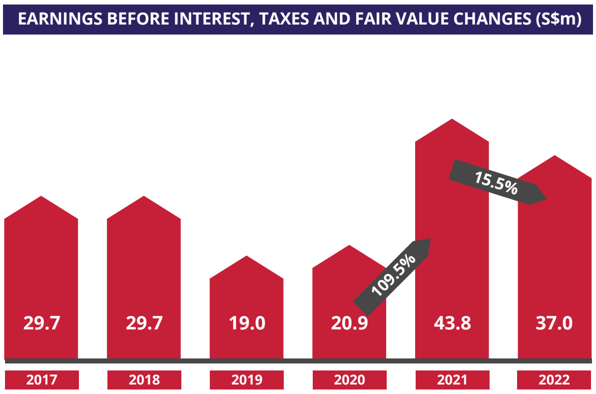
[1] As at 31 December 2022

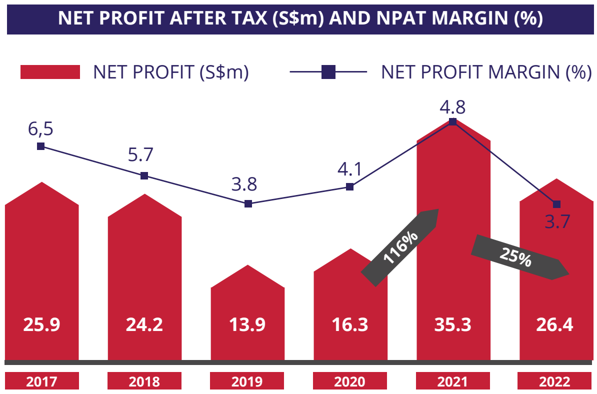
[2] Based on URA and HBD market data released on 27 January 2023

[3] Based on closing price of S$0.615 per share at 22 February 2023









Group Simplified Financial Position

	FY 2018 S$'000	FY 2019 S$'000	FY 2020 S$'000	FY 2021 S$'000	FY 2022 S$'000
Assets					
Investment property	72,800	72,800	-	-	-
Property, plant and equipment	1,076	1,677	73,918	72,848	**73,858**
Intangible assets	99,455	98,523	97,719	96,890	**104,008**
Right-of-use assets	-	5,053	3,710	1,988	**230**
Trade and other receivables including recoverables	64,098	81,826	106,991	156,910	**158,370**
Cash and cash equivalents including fixed deposits	43,419	32,424	35,519	54,065	**49,674**
Other assets	2,356	2,838	3,427	3,149	**2,260**
Total	283,204	295,141	321,284	385,850	**388,400**
Total Equity					
Capital and reserves	143,061	145,530	154,752	160,914	**160,212**
Non-controlling interests	43	(70)	(164)	(250)	**158**
Liabilities					
Borrowings					
Non-current	54,617	51,717	48,817	45,917	-
Current	2,900	2,900	2,900	2,900	**45,917**
Trade and other payables	71,281	81,211	101,789	161,762	**169,114**
Lease liabilities					
Non-current	-	3,359	1,738	44	**19**
Current	-	1,680	1,879	1,694	**118**
Taxation					
Deferred	4,290	4,190	4,200	4,089	**4,343**
Current	5,172	3,336	4,159	7,481	**6,753**
Other liabilities	1,840	1,288	1,214	1,299	**1,766**
Total	283,204	295,141	321,284	385,850	**388,400**

LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Fellow Shareholders,

On behalf of the Board of APAC Realty Limited ("APAC Realty" or the "Group"), I am pleased to present the Group's annual report for the year ended 31 December 2022 ("FY2022").

Over the past year, a fresh set of challenges emerged to overwhelm major economies and businesses, weighing on consumer sentiment. With geo-political uncertainties, rising cost of energy, and escalating inflation in play, COVID-19 seems to have become an afterthought. Many countries have adopted a living-with-COVID approach, with China being one of the last few to fully open their borders to international travel in January 2023.

Following the Singapore property market's outperformance in FY2021, the Singapore Government implemented a fresh round of cooling measures in September 2022 to moderate demand and ensure prudent borrowing in an environment of rising interest rates. Whilst these measures proved to be effective in controlling transaction volumes, home prices remained stable underpinned by strong demand amidst a backdrop of limited supply in FY2022.

CREATING LONG-TERM VALUE FOR SHAREHOLDERS

I am pleased to update that the Board, management and staff remained focused on creating value for shareholders during the year. Growth was achieved on multiple fronts. We advanced our regional growth strategy by increasing our position in ERA Vietnam and expanded our lines of business with the formation of the Group's Capital Markets & Investment Sales ("CMIS") division. We also made strategic investments to bolster our technical and IT capabilities, positioning the Group and empowering all ERA Trusted Advisors in our next phase of growth.

Following a record year in FY2021, revenues declined 4.7% to S$705.0 million in FY2022, primarily due to a lower number of property transactions as a result of the September 2022 cooling measures implemented by the Singapore Government. This impact was partially offset by strong demand from local home buyers and foreign investors for well-located properties across Singapore. On a segmental basis, new home sales remained relatively stable at S$278.3 million in FY2022, compared with S$281.0 million in FY2021. Revenue from resale and rental of properties declined 7.1% to S$417.0 million in FY2022 from S$449.1 million in the year-ago period.

To realise our growth and value creation strategies, we also strengthened our corporate and marketing communications teams, increasing personnel costs by 19.6% to S$18.0 million in FY2022. FY2022 marketing and promotion expenses increased by approximately 15.8% to S$4.3 million as we raised the level of marketing activities during the year. As a result, APAC Realty ended the year with a net profit of S$26.4 million, compared to S$35.3 million in FY2021.

DELIVERING CONSISTENTLY HIGH PAYOUTS

For those new to APAC Realty Limited, we have a stated dividend policy of distributing between 50% to 80% of our profits as dividends on a semi-annual basis. We have been true to this policy since our listing in 2017, and have provided an average payout ratio of 77% over the past five years. The Group's ability to provide shareholders with consistently high payout ratios is underpinned by a robust balance sheet and strong cash flows.

The Board is pleased to declare a final dividend of 2.75 Singapore cents per share. Together with the interim dividend of 3.5 Singapore cents per share distributed on 9 September 2022, the aggregate dividend of 6.25 cents represents a payout ratio of 74.8%[1]. Based on the closing price of S$0.615 per share on 22 February 2023[2], total FY2022 dividends represent a dividend yield of 10.2%.

A LEADING POSITION IN SINGAPORE

Supported by a team of more than 8,600 trusted agents[3], Singapore continues to be our largest market, contributing to 99.8% of total FY2022 revenue.

The Group has an established track record of success in the new homes market, delivering service excellence and quality advice to established developers and new home buyers. Our ability to conceptualise, develop and execute marketing strategies across market cycles has positioned us as the preferred marketing agency for Singapore developers.

In FY2022, developers in Singapore sold 8,578 private residential units (including ECs), a decline of 43.4% compared to 15,146 units in FY2021. ERA Realty was appointed sole or joint-marketing agent to 14 projects with a total of 4,032 units available for sale in FY2022. For FY2023, we have secured marketing agent mandates for 36 residential projects providing ERA trusted agents with a pipeline of almost 12,000 new home units[4] available for sale.

With the September 2022 cooling measures dampening sentiment in FY2022, Singapore's private residential resale market close the year with 14,791 units, a decline of 28.0% compared to 20,530 units transacted in FY2021. Similarly, the HDB resale market declined 10.1% to 27,896 units in FY2022, from 31,017 units in FY2021.

For the year, ERA recorded 20,832 property transactions compared to 26,851 property transactions in FY2021. Based on market data, we closed the year with 40.6% share of Singapore's total residential property market, compared with 40.3% in the year-ago period.

As a testament to the foresight of management, APAC Realty expanded its lines of business to set up our CMIS business in early FY2022. The CMIS team has made significant ground in the last one year and facilitated the sale of two industrial properties worth S$115 million for a listed real estate company in March 2023.

Singapore's economy expanded 3.6% in FY2022 and the government has forecast GDP to grow between 0.5% and 2.5% in FY2023[5]. Despite the expected slowdown in the economy, Singapore's property market is expected to remain buoyant given genuine demand from local and foreign investors.

In June 2023, the government will offer 6.8 hectares in its first land sale at Jurong Lake District for mixed-use development to a master developer. Jurong Lake District will be developed as a vibrant business hub to house one million residents, who will be able to enjoy good connectivity to the rest of the island via four MRT lines and access to six institutes of higher learning. With the government set to develop Jurong Lake District as the largest hub outside the Central Business District, real estate activity in the location is expected to be positive over the next few years[6].

Since China's reopening in January 2023, we have seen a gradual return of Chinese tourists and foreign buyers of high-end residential properties. The demand generated by these high-end property investors will help mitigate the impact of inflationary pressures and rising interest rates on the market.

DELIVERING ON OUR REGIONAL GROWTH STRATEGY

We have in place a regional growth strategy which will deliver significant returns over the long-term. At the time of writing, our regional footprint covers five of the six largest economies in Southeast Asia: Indonesia, Thailand, Vietnam, Malaysia and Singapore.

In Indonesia, Thailand, Vietnam and Malaysia, we have a strong and established ERA brand which is widely recognised by local home owners and buyers. The ability of ERA trusted agents to consistently deliver service excellence, bespoke advice based on deep local knowledge, and access to wide networks, will form the basis of our success as these regional real estate markets recover.

We have a 90.6% interest in ERA Indonesia, which is the first and only real estate agency listed on the Indonesian Stock Exchange. At the end of FY2022, we had 4,857 salespersons and 109 franchise offices across Southeast Asia's largest economy. Demand is expected to gradually recover in FY2023 with the return of expatriates following the government's lifting of travel bans and social restrictions[7].

We are moderately optimistic for the market as several condominium projects which were put on hold in FY2022 are expected to be launched in FY2023. Furthermore, the Central Bank's 4Q2022 has indicated that residential property prices continue to rise with the Residential Property Price Index up 2.0% year-on-year from 1.9% year-on-year in the previous period[8]. Setting the tone will be Indonesia's economy which is forecasted to grow between 4.5% and 5.3% on the back of increasing household consumption and investment[9].

In January 2023, we acquired an additional 22% stake in ERA Vietnam for S$4.9 million, giving us a controlling interest of 60%. ERA Vietnam has experienced rapid growth over the past two years to become a leading independent real estate brokerage with 3,862 salespersons. We are well positioned to participate in the long-term growth of Vietnam's property market which is supported by a rapidly developing economy and favourable demographics. Whilst the industry expects both demand and supply to come under pressure due to cautious sentiment amid economic uncertainty and prolonged legal issues, prices have remained resilient especially for high-end apartments[10]. The Asian Development Bank has projected the country's economy to grow 6.7% in FY2023[11].

The real estate market in Thailand continues to improve, with domestic demand currently dominating the condominium market. The market has worked through its oversupply situation and now faces a shortage of new supply in the prime condominium market. Only 1,585 units from four prime projects were launched in FY2022 and 1,517 units are expected to be completed in FY2023. The government will be providing subsidiary policies for real estate transactions, including mortgage fees and transfer fees to stimulate the market[12]. The outlook for the country's economy looks positive with the Asian Development Bank expecting growth of 4.2% in FY2023[13].

Over in Malaysia, ERA Malaysia has three offices with a team of 695 salespersons. The industry saw a dearth of project launches in FY2022 as project launch timelines were pushed out due to rising construction costs and labour shortages[14]. New launches are expected in FY2023 and the industry expects an uptick in foreign interest, driven by the government's new Premium Visa Programme and the revamped Malaysia My 2nd Home (MM2H) programme. These programmes are focused on re-establishing Malaysia's position as a second home and an investment destination of choice within the region. Bank Negara has forecast Malaysia's economy to grow 4.5% in FY2023[15].

A WORD OF THANKS

On behalf of the Board of Directors, I would like to express our heartfelt thanks to Mr Tan Choon Hong, who stepped down as Non-Executive Non-Independent Director on 10 June 2022. Since his appointment on 15 July 2013, Mr Tan Choon Hong has provided invaluable contributions and guidance as a Member of Audit and Risk Committee, Nominating Committee and Remuneration Committee. We wish Mr Tan Choon Hong well in his future endeavours.

With Mr Tan Choon Hong's resignation, we welcomed Mr Andrew Scobie Hawkyard as Non-Executive Non-Independent Director and Member of Audit and Risk Committee, Nominating Committee and Remuneration Committee on 10 June 2022. Mr Hawkyard is currently Chief Investment Officer of Morgan Stanley Private Equity Asia and a Managing Director of Morgan Stanley, a substantial shareholder of APAC Realty. Mr Hawkyard brings significant knowledge, experience and expertise honed through 25 years of private equity investment, complementing the skillsets of the Board.

We have also recently announced that Mr Tan Bong Lin will be retiring at the upcoming AGM as Lead Independent Director, Chairman of Audit and Risk Committee and Member of Nominating and Remuneration Committees with effect from 20 April 2023. I would also like to take this opportunity to extend gratitude and appreciation to Mr Tan Bong Lin for his past services and invaluable contributions during his tenure with the Company.

In closing, I would like to thank our employees and ERA trusted advisors for their hard work and dedication over the past year. To our shareholders, customers and business partners, thank you for your continued support and trust in the Board and management.

Capitalising on our value proposition and competitive strengths, we will fortify our position as Asia Pacific's leading real estate agency with a network of more than 21,900 agents in 647 offices across 11 countries and territories, and deliver sustained growth and value for our stakeholders.

Chua Khee Hak
Executive Chairman

1 Based on profit after tax before FV loss on convertible loan of S$29.7 million
2 Bloomberg LLP
3 As at 16 March 2023
4 As at 22 February 2023
5 "MTI Maintains 2023 GDP Growth Forecast at '0.5 to 2.5 Per Cent'.", Ministry of Trade and Industry, 13 February 2023
6 "Strategic investment options to look out for in safe haven Singapore in 2023", Jones Lang Lasalle, 1 March 2023
7 "APPD Market Report Article – Jakarta", Jones Lang Lasalle, 28 February 2023
8 "Residential Property Price Survey Q4/2022: Residential Property Prices Continue To Rise", Bank Indonesia, 17 February 2023
9 "Solid Economic Growth Persists In Indonesia", Bank Indonesia, 6 February 2023
10 "APPD Market Report Article - Ho Chi Minh City", Jones Lang Lasalle, 28 February 2023
11 https://www.adb.org/countries/viet-nam/economy
12 "APPD Market Report Article – Bangkok", Jones Lang Lasalle, 28 February 2023
13 https://www.adb.org/countries/thailand/economy
14 "APPD Market Report Article – Kuala Lumpur", Jones Lang Lasalle, 28 February 2023
15 "Budget 2023: GDP to grow 4.5% in 2023", The Star, 24 February 2023

IN CONVERSATION WITH THE CEO

We speak to Mr Marcus Chu, Chief Executive Officer of APAC Realty and ERA Asia Pacific, on his views on the Group's FY2022 performance, regional growth plans, new business lines and the Group's all-in-one digital app, SALES+.

Q: What were some of the defining moments in FY2022?

It was a year ago, I outlined a three-pronged 3-year roadmap to build resilience and deliver sustained growth for the Group and our shareholders[1]. I am pleased to inform you that we have made good progress in year one, strengthening our core and competitive edge across three areas: Enlarging our base of Trusted Agents; Driving Digital Transformation; and Creating Value through Regional Expansion.

Whilst our business is dependent on real estate, its growth is enabled by people. The tenacity, knowledge and skill-sets of our trusted agents are key to our future success and we have set a target of enlarging our agent count to approximately 10,000 trusted agents over the next two years. As at 16 March 2023, ERA Singapore had more than 8,600 trusted agents.

During the year, we made further progress in advancing our digitalisation and IT transformation strategy. We launched SALES+, our proprietary and highly advanced super-app in August 2022, moving the needle for the industry and ERA trusted agents. With its one-tap access to data, market trends, financial and property analysis, SALES+ is an excellent prospecting digital tool for ERA trusted agents to manage and grow their business. We will endeavour to push the boundaries as we digitally transform, ensuring that our trusted agents continue to lead the competition in this all important space.

We made good progress with our regional expansion strategy by increasing our position in ERA Vietnam to 60% in January 2023. This allows us to benefit from the upside of Asia's best performing economy in FY2022 and consolidate ERA Vietnam into our financials. We will continue to focus on our regional markets, positioning Indonesia, Vietnam, Thailand and Malaysia for a property upcycle in the post-pandemic environment.

Q: Why did the Group increase its interest in ERA Vietnam? What's in store for this market over the next 12 months?

As part of our regional expansion strategy, we had acquired an initial 38% stake in ERA Vietnam in February 2020. With our initial investment, ERA Vietnam has grown significantly to rank in the Top 10 real estate agencies in the country according to Vietnam Association. Supported by close to 3,900 salespersons[2], ERA Vietnam's revenue more than doubled from approximately VND74.3 billion (S$4.4 million) for the year ended 31 December 2020 to approximately VND156.0 billion (S$9.2 million) for the year ended 31 December 2022.

In January 2023, we acquired an additional 22% in ERA Vietnam for S$4.9 million with an earn-out incentive of up to S$10.5 million[3]. Our second investment was a strategic step forward for us. ERA Vietnam has a cultured sales team that embodies the philosophy, values and ethics that have positioned ERA as the agency of choice around the world. With deep market knowledge and experience, the team has a strong reputation with local and international developers across the country. This has allowed ERA Vietnam to secure a strong stable of marketing mandates which have underpinned its healthy growth over the past two years.

Our second investment will support ERA Vietnam in its next phase of growth and allow us to consolidate both companies in our financial statements, realising greater value for APAC Realty shareholders over the long-term.

Looking ahead, ERA Vietnam has secured marketing mandates for 23 new home projects with a total of 6,460 units. This includes quality projects such as The 9 Stellars by Sonkim Land, Zeit River Thu Thiem by GS E&C, Cadia by Phat Dat, iD Junction by Tay Ho, and Grand Marina Saigon by Masterise.

At a roundtable on the Vietnamese real estate market, held in mid-February 2023 in Ho Chi Minh City, industry experts from the Vietnam National Real Estate Association, Prime Minister's Economic Advisory Council, and National Monetary and Financial Policy Advisory Council, predicted that the Vietnamese real estate market will bounce back and be prosperous by the end of 3Q FY2023[4].

The country's fundamentals remain strong, underpinned by continued urbanisation, stable economic environment, low unemployment levels, and a growing middle-class population which is expected to reach 75 million by 2030. Vietnam's economy grew 8.0% last year, positioning the country as the fastest growing economy in Asia Pacific in 2022. The government seeks to transform the country into a developing nation with modern industry and upper-middle-income status by 2030, and elevate Vietnam to a developed, high-income socialist oriented economy by 2045.

Q: You recently rolled-out the newest release of SALES+. Can you tell us why this mobile app will be integral to the success of every real estate agent?

In an increasingly digital and hypercompetitive market, we are focused on digitally transforming our business ahead of the curve to remain agile and competitive. We understand the importance of empowering our trusted agents and clients with well-designed digital tools which enhance user experience, drive efficiency and ensure the integrity of data.

Looking across the industry, there is a plethora of proptech applications that focus on specific areas along the real estate value chain. From online sites which allow consumers to view information about specific properties, to back-end solutions and software to streamline the property management process. In this fragmented ecosystem, users have to utilise multiple apps to deliver quality advice and reports to clients, making the process inefficient and challenging.

We saw a need to streamline this process, allowing our agents to reach a wider audience faster and more efficiently, generating better leads for effective prospecting. To this end, we introduced SALES+.

In August 2022, we launched the latest release of our super app, SALES+ which was positively received by the market, registering 13,249 downloads to-date. SALES+ provides our trusted agents with timely and accurate data and market intelligence needed to perform multiple functions. By leveraging SALES+, our trusted agents are able to increase their efficiency, allowing them to devote more time and energy to engage and advise their clients in a professional manner. Key features of SALES+ include automated data analysis, real-time updates on home sales statuses, in-app tools for quick financial calculations, as well as ease of disseminating industry and analytics reports with clients.

In a first for the industry, the latest release of SALES+ integrates Generative Pre-Trained Transformer 3.5 (GPT-3.5) to revolutionise how agents manage their daily work. Our trusted agents can take advantage of AI-powered automation within the SALES+ app to access an array of support features through two user-friendly platforms. First is Guided Creation which simplifies the process of creating and managing content, empowering agents with AI-generated copywriting, content generation and translations. Second is our Advanced chat feature which provides access to a chatbot for a wide range of AI-generated conversational responses. These features increase time efficiency and productivity for our trusted agents, allowing them to focus on engaging and connecting with clients.

Our other key proptech app, RealtyWatch, has also been widely received by the market. Since its launch from August 2021, the app has garnered 10,043 downloads across popular platforms such as Google Play and App Store. RealtyWatch lets consumers track property transactions in their own neighbourhoods, including real-time information on new launches such as fact sheets, virtual tours, site plans, number of transactions. The app essentially supports customers in their initial stages of the home-buying and research process.

We will continue to intensify our focus on digitalisation to future-proof the Group and ensure that our trusted agents continue to have a competitive edge in the industry. We have also tapped into the skills and expertise of our younger agents who are well-versed in digital tools and platforms, to drive our digital evolution. We are excited about what's to come in the future.

Marcus Chu
Chief Executive Officer

1 "APAC Realty Delivers Record Results In 2021", APAC Realty Limited, 22 February 2022.
2 As at 31 December 2022.
3 For more information, please refer to APAC Realty's announcement, "Proposed Acquisition Of Controlling Stake In Era Vietnam Real Estate Joint Stock Company And Eurocapital Joint Stock Company" dated 9 January 2023.
4 "Real estate market to reheat gradually in 2023, say experts", Vietnam Investment Review, 27 February 2023.

BOARD OF DIRECTORS

Mr. Chua Khee Hak
Executive Chairman

Mr. Chua was first appointed to the Board on 4 September 2017 and re-elected on 25 April 2018, 22 April 2019 and 21 April 2022. He joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as the Chief Executive Officer in August 2013 and Chairman in July 2019. He stepped down as Chief Executive Officer on 30 June 2021 but remained as Chairman of the Group. Prior to joining our Group, he was with the Public Works Department of Singapore from 1984 to 1990, his last held position being head of building management and building development services. Mr. Chua holds a Bachelor of Science (Building) (Hons) and a Master of Science (Project Management) from the National University of Singapore. He also holds a Diploma in Computer Studies from the National Centre for Information Technology and a Certified Diploma in Accounting & Finance from the Chartered Association of Certified Accountants.

Mr. Andrew Hawkyard
Non-Executive Non-Independent Director

Mr. Hawkyard was appointed to the Board on 10 June 2022. Mr. Hawkyard is the Chief Investment Officer of Morgan Stanley Private Equity Asia ("MSPEA") and a Managing Director of Morgan Stanley. Mr. Hawkyard joined Morgan Stanley in 1999 and has been investing in Asia private equity for over 25 years. Mr. Hawkyard currently leads the group's private equity activities in Taiwan, Hong Kong and Southeast Asia. Mr. Hawkyard also led the establishment of MSPEA's South Korea and Thailand private equity businesses and is the Chairman of MSPEA's Thai Fund Investment Committee. Prior to joining Morgan Stanley, Mr. Hawkyard worked in the Merchant Banking and Investment Banking divisions of Donaldson, Lufkin and Jenrette in Hong Kong and New York.

Mr. Hawkyard has held numerous directorships on MSPEA portfolio company boards. Mr. Hawkyard received a B.A. with First Class Honors in applied mathematics and a B.C.A. in finance from Victoria University.

Mr. Tan Bong Lin
Lead Independent Director

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

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

Mr. Wong was appointed to the Board on 15 July 2019 and re-elected on 18 June 2020 and 21 April 2022. Mr. Wong founded Sirius Venture Capital Pte Ltd in September 2002 and has been its managing director since its incorporation. He is currently Non-executive Chairman of NTUC LearningHub Pte Ltd. He is also the Non-executive Vice-Chairman of Japan Foods Holding Ltd, the Lead Independent Director of Alliance Healthcare Group Limited and Non-executive Non-independent Director of Jason Marine Group Limited, all listed on SGX-ST. Mr. Wong graduated from the National University of Singapore with a bachelor of business administration (first-class honours) and obtained a master of business administration from the Imperial College of Science, Technology and Medicine at the University of London. He also completed the Owners President Management Program from the Harvard Business School. He is a Chartered Financial Analyst, Chartered Director and also a Fellow of the UK Institute of Directors, Singapore Institute of Directors and Australian Institute of Company Directors.

Ms. Tan Poh Hong
Non-Executive Independent Director

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

MANAGEMENT TEAM

Marcus Chu, Chief Executive Officer

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

Under Marcus' leadership, the Group accelerated its digital transformation. He spearheaded numerous proptech innovations and initiatives, such as ERA's proprietary super app, SALES+ and RealtyWatch. SALES+ is a GPT-3.5 enabled super app that improves sales efficiency through data automation and market intelligence for real time property analysis. RealtyWatch, is currently the first and only client-agent-enabling CRM tool offering round-the-clock updates on the latest neighbourhood property transactions. SALES+ and RealtyWatch complement a range of robust applications conceptualized and developed under Marcus' guidance: iERA mobile app, FindPropertyAgent.sg, Agent Review Portal, Robo Advisor, Property Calculator, Project Web and Personal Web.

Doris Ong, Deputy Chief Executive Officer

Doris joined the Group in 1991 and pioneered ERA's foray into project marketing. Today, she heads the project marketing team and is responsible for leading strategic partnerships and creating strong relationships with property developers, whilst spearheading new opportunities to expand the market share in Singapore and beyond.

Doris is well-versed in both the international and local property markets, from the ultra-luxury private homes to suburban Executive Condominiums. Under her astute leadership, her team established ERA as Singapore's leading project marketing real estate agency, underpinned by a strong track record of selling more than 50,000 new homes and managing a multi-billion dollar portfolio.

Doris has been leading ERA Singapore's ESG efforts since 2021. In February 2023, she was appointed the chairperson of the company's Management Sustainability Committee.

Doris graduated with a Bachelor Degree of Science (Honours) in Estate Management from the National University of Singapore. She is also a licensed appraiser and a member of the Singapore Institute of Surveyors and Valuers.

Thomas Tan, Chief Learning Officer

Thomas joined the Group on 1 July 2021. He is responsible for elevating the professional competence of fellow professionals through effective training and development programmes, and digital initiatives. An accomplished leader in the real estate industry, Thomas comes with 19 years of industry experience, having risen from the ranks to become a Key Executive Officer of his own agency.

Thomas is passionate about education and has trained more than 12,000 real estate sales people through professional development courses since 2011. Thomas previously held the position of President of the Singapore Estate Agents Association, where he worked closely with the regulators, industry leaders and property agents to raise the bar of professionalism in estate agency in Singapore.

Eugene Lim, Key Executive Officer

Eugene first joined the Group in 1991 before returning in 2003. He is a well-respected real estate opinion leader, and his professional views on the real estate market and its pertinent issues are frequently sought by the media. Eugene appears regularly on television and radio and is often quoted by various print and online media. A highly regarded leader in real estate industry, Eugene is also a member of the Council for Estate Agencies' Professional Development Committee.

He oversees the legal and compliance team, and is responsible for the compliance of all agents' business dealings with the Estate Agents Act, and the relevant subsidiary legislation. His team is also the first point of contact that investigates any customer feedback.

Eugene also heads ERA's agent recruitment, recognition and retention operations as well as its business services and partnerships team.

He has over 30 years of experience in the real estate industry, seven of which were with publicly listed property developers such as DBS Land and CapitaLand. Eugene holds a Bachelor of Science (Hons) in Estate Management and a Master of Science (Real Estate) from the National University of Singapore.

Kevin Lim, Chief Agency Officer

Kevin joined the ERA family in 2003. He started as a rookie sales associate and rose swiftly to the position of division director in just 6 years in the light of his strong sales performance and management abilities. Kevin has been awarded with numerous top sales and leadership awards and was appointed APAC Realty Chief Agency Officer in 2022, working closely alongside CEO Marcus Chu & Deputy CEO Doris Ong.

A proud father of twin girls and only in his early 40s, Kevin also founded Preeminent Group, the largest real estate group in Singapore with more than 3,500 agents. A true inspiration, Kevin has guided thousands of agents to attain success and financial freedom over the years, with Preeminent Group producing some of the highest-performing realtors within the industry. Kevin walks the talk too – he is adept at team-building, and is well-versed with on-the-ground sales planning, project marketing and the latest industry trends.

Kevin was the first recipient of the ERA Honorary Award & Lifetime Achievement Award for his outstanding achievements & leadership, as well as various contributions and selfless service to the organisation & the industry.

Poh Chee Yong, Chief Financial Officer

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 and relinquished the role to head of legal and compliance on 1 January 2023.

Prior to joining our Group, Chee Yong 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 member of Young Finance Leaders of the Institute of Singapore Chartered Accountants (ISCA) since June 2018 and a member of Investigation and Disciplinary Panel of ISCA since July 2020.

Joy Koh, Chief Marketing Officer

Joy joined the Group on 25 April 2022 and is responsible for the Group's marketing and communication function. In her role, Joy leads the development and direction of the strategic marketing roadmap to align with the Group's business goals. She has been instrumental in the development and execution of the brand and marketing strategies across all marketing verticals including branding, communication, digital and advertising.

A versatile, accomplished, award-winning marketing and brand management executive with over 20 years of verifiable success, Joy has championed many successful marketing strategies and built successful brands/products across multiple industries to deliver unique value to corporate partners and stakeholders in terms of ROI and revenues. Proven success as a take-charge leader whose people skills, business acumen and execution expertise guarantee growth and competitiveness, Joy is known for having strong business acumen with proven ability to steer marketing strategies, analyse consumer insights to accurately measure impact, and manage client, stakeholder, and partner relationships.

Joy graduated with a Bachelor of Business (Marketing) with Distinction from Queensland University of Technology and was also an individual Recipient of the 2013 Marketer of the Year Award, Singapore Media Awards.

Raymond Leong, Chief Technology Officer

Raymond joined the group on 5 September 2022 and drives the business technology strategies, to build up the right infrastructure that will accelerate digital transformation and innovation. This includes mobile and backend engineering, enterprise technology, infrastructure operations and information security.

Raymond has over 18 years of IT project delivery and consulting experience, with 10 years in regional tech leadership roles. His expertise spans across e-Commerce, Retail, Shipping, Manufacturing, Agriculture and FMCG industries, and has championed over 20 successful Enterprise Resource Planning (ERP) implementations and over 30 systems design and developments.

Prior to joining, Raymond was the Director of Enterprise Tech in ZALORA, and led a regional team of 40 tech employees across Southeast Asia that supports over 2,200 employees in 10 markets. In his 8 years of leadership there, he was responsible for implementing various tech developments including ERP, Infrastructure Operations, Information Security, IT Audit and Controls, Data Governance and Tech Budget Planning pillars. Prior to ZALORA, Raymond worked in Golden Agri-Resource (Project Manager), HG Metal Manufacturing (Head of IT & ERP) and Ship Centric APAC (Head of IT Service Delivery).

Raymond graduated with a Bachelor of Computing from National University of Singapore and is also known for having excellent financial and accounting knowledge.

OPERATING & FINANCIAL REVIEW

OPERATING REVIEW

For the year 2022, there was a decrease in the overall transaction volume in the private new and resale residential markets, and HDB resale market following the cooling measures rolled out by the authorities in December 2021.

In 2022, developers sold 8,578 private residential units (including ECs), a decrease of 43.4% from 15,146 units sold in 2021. The private residential resale market recorded sales of 14,791 units, a decrease of 28.0% from 20,530 units sold in 2021. The HDB resale market reported a decline of 10.1% to 27,896 units in 2022 from 31,017 units in 2021.

The vacancy rate of completed private residential units has decreased from 6.0% as at 31 December 2021 to 5.5% as at 31 December 2022. Apart from the 16,961 unsold units (including ECs) with planning approval as at 31 December 2022, there is a potential supply of 9,300 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

The Group will continue to focus on its regional presence in ASEAN and has acquired controlling stakes in ERA Indonesia and ERA Vietnam, where the Group expects to be more involved going forward.

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 2022 $'000	FY 2021 $'000	Change (%)
Total revenue	705,005	739,750	(4.7)
Cost of services	(631,625)	(664,343)	(4.9)
Gross Profit	73,380	75,407	(2.7)
Gross Profit Margin	10.4%	10.2%	

Revenue

Revenue from real estate brokerage fees and related services decreased by approximately $35.0 million or 4.8%, from $735.4 million in FY2021 to $700.4 million in FY2022 following a decrease in property transactions completed during the year. The decrease in brokerage income is due to the following:

A. decrease in resale and rental of properties of $32.1 million or 7.1%, from $449.1 million in FY2021 to $417.0 million in FY2022; and
B. decrease in new home sales of $2.7 million or 1.0%, from $281.0 million in FY2021 to $278.3 million in FY2022.

Other revenue increased by approximately $0.2 million or 6.0%, from $4.4 million in FY2021 to $4.6 million in FY2022 mainly due to the gain on disposal of associate during the year.

Cost of services

Cost of services decreased by approximately $32.7 million or 4.9%, from $664.3 million in FY2021 to $631.6 million in FY2022, in line with the decrease in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit decreased by approximately $2.0 million or 2.7%, from $75.4 million in FY2021 to $73.4 million in FY2022 following the decrease in revenue during the year.

Operating expenses

Personnel cost increased by approximately $2.9 million or 19.6%, from $15.1 million in FY2021 to $18.0 million in FY2022 mainly due an increase in staff headcount in Singapore and general increase in staff salaries. The increase in staff headcount is attributed to the Group's new Capital Markets & Investment Sales team and the expansion of the Group's Marketing and IT departments.

Marketing and promotion expenses increased by approximately $0.6 million or 15.8%, from $3.7 million in FY2021 to $4.3 million in FY2022 due to increase in marketing activities carried out in FY2022 as activities resumed post-Covid.

Depreciation of property, plant and equipment increased by $0.3 million, from $2.1 million in FY2021 to $2.4 million in FY2022 due to the refurbishment costs incurred for ERA APAC Centre.

Depreciation of right-of-use assets decreased by $0.2 million in FY2022 due to the early return of some office area at Mountbatten Square to the landlord.

Amortisation of intangible assets was approximately $0.9 million for both FY2022 and FY2021.

Allowance for doubtful debts (trade) decreased by approximately $0.8 million or 19.6%, from $3.9 million in FY2021 to $3.1 million in FY2022 mainly due to lower general provision made on expected credit loss as a result of lower revenue for the year.

Fair value loss on convertible loan of $3.1 million was recognised following the conversion of the convertible loan to equity in PT RJA.

Finance costs of approximately $1.0 million in FY2022 (FY2021: $0.8 million) comprised mainly interest expense from bank borrowings. The increase is due to higher bank interest rates during the year, ranging from 1.28% to 3.44% p.a. in FY2022 (FY2021: 1.26% to 1.33% pa).

Other operating expenses increased by approximately $1.9 million or 44.7%, from $4.3 million in FY2021 to $6.2 million in FY2022 mainly due to:

- increase in legal and professional fees as a result of the mandatory general offer exercise and acquisitions conducted during the year;
- increase in physical events held by the Group as activities resumed post-Covid; and
- inclusion of expenses from the consolidation of PT ERA, the Group's subsidiary in Indonesia.

Overall, total operating expenses increased by approximately $8.2 million or 25.4%, from $32.4 million in FY2021 to $40.6 million in FY2022.

Share of results of associates

The share of profit of associates was contributed by the Group's associate in Vietnam.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately $9.7 million, from $42.6 million in FY2021 to $32.9 million in FY2022.

Tax expense

Tax expense decreased by approximately $0.9 million, from $7.3 million in FY2021 to $6.4 million in FY2022. The decrease was mainly due to the lower taxable income in FY2022.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately $8.9 million or 25.1%, from $35.3 million in FY2021 to $26.4 million in FY2022.

FINANCIAL POSITION REVIEW

Non-current assets

The Group's total non-current assets amounted to approximately $180.8 million and $175.3 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately $5.5 million or 3.1% was mainly due to purchase of plant and equipment which amounted to $2.4 million, increase in intangible assets arising from the acquisition of subsidiaries in Indonesia which amounted to $8.1 million, partially offset by depreciation of property, plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of $4.9 million.

Current assets

Trade receivables amounted to approximately $151.0 million and $120.8 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately $30.2 million or 25.0% was mainly due to slower collections in the fourth quarter of 2022 ("4Q2022"). Notwithstanding the higher trade receivables, the Group has made adequate provision for expected credit losses as at 31 December 2022.

Other receivables amounted to approximately $2.4 million and $12.9 million as at 31 December 2022 and 31 December 2021 respectively. The decrease was mainly due to receipt of advances that was utilised for the acquisition of PT ERA. In addition, the convertible loan was converted into investment in PT RJA.

Unbilled receivables amounted to approximately $2.1 million and $18.0 million as at 31 December 2022 and 31 December 2021 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately $2.9 million and $1.7 million as at 31 December 2022 and 31 December 2021 respectively. The increase of $1.2 million was mainly due to higher CEA (Council for Estate Agencies) registration fees for 2022 which was prepaid in 4Q2022.

Cash and bank balances decreased by approximately $4.4 million or 8.2%, from $53.7 million as at 31 December 2021 to $49.3 million as at 31 December 2022.

As a result of the foregoing, total current assets decreased by approximately $3.0 million or 1.4%, from $210.6 million as at 31 December 2021 to $207.6 million as at 31 December 2022.

Non-current liabilities

The Group's total non-current liabilities decreased from $50.1 million as at 31 December 2021 to $4.7 million as at 31 December 2022. The decrease of $45.4 million was mainly due to classification of the total bank loan as current as the loan's maturity date falls within 12 months from 31 December 2022. In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank as mentioned in Note 17 of the Group's consolidated financial statements for the year ended 31 December 2022.

Current liabilities

Trade payables and accruals amounted to approximately $155.9 million and $147.7 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately $8.2 million or 5.6% was due to an increase in commission payables which corresponds with the higher trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately $13.2 million and $14.0 million as at 31 December 2022 and 31 December 2021 respectively. The decrease of approximately $0.8 million or 5.7% was mainly due to lower GST payable as a result of the lower brokerage revenue invoiced in 4Q2022 as compared to 4Q2021.

Deferred income amounted to approximately $1.4 million and $1.3 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately $0.1 million or 7.7% was mainly due to higher collections for the annual business conference to be held in March 2023.

Lease liabilities represent the current portion of the lease obligations and was approximately $0.1 million and $1.7 million as at 31 December 2022 and 31 December 2021 respectively. The decrease was mainly due to the expiring lease of the Mountbatten Square office in February 2023.

Provision for taxation amounted to approximately $6.8 million and $7.5 million as at 31 December 2022 and 31 December 2021 respectively. The decrease of approximately $0.7 million or 9.3% was mainly due to lower income tax provided for FY2022 as a result of lower taxable income.

Loan and borrowing increased by $43.0 million due to classification of the total loan as current liabilities as the loan's maturity date falls within 12 months from 31 December 2022, as discussed above.

As a result of the foregoing, total current liabilities increased by approximately $48.2 million or 27.5%, from $175.1 million as at 31 December 2021 to $223.3 million as at 31 December 2022.

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company decreased by approximately $0.7 million or 0.4%, from $160.9 million as at 31 December 2021 to $160.2 million as at 31 December 2022. The decrease was mainly due to $0.3 million of foreign currency translation difference and dividend payments of $26.6 million during the year, offset by net profit of $26.4 million for FY2022.

CASH FLOW REVIEW

Net cash generated from operating activities was approximately $35.1 million in FY2022 as compared to approximately $54.9 million in FY2021. The decrease of $19.8 million was mainly due to the lower cash flows from operations of $43.0 million in FY2022 as compared to $59.1 million in FY2021 and higher income taxes paid in 2022 which arose from FY2021's higher taxable income.

Net cash used in investing activities was approximately $8.2 million and $2.1 million in FY2022 and FY2021 respectively. The increase of $6.1 million was mainly due to the increase in purchase of plant and equipment and acquisition of subsidiary of $1.2 million and $6.3 million respectively; partially offset by the absence of other investments in FY2022 and proceeds of $0.5 million received from the disposal of the Group's investment in SoReal Prop Pte Ltd.

Net cash used in financing activities was approximately $31.3 million and $34.2 million in FY2022 and FY2021 respectively. The decrease of $2.9 million was mainly due to lower dividend payments of $26.6 million in FY2022 (FY2021: $29.3 million).

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately $4.4 million for FY2022. Cash and cash equivalents stood at $49.3 million as at 31 December 2022.

SUSTAINABILITY REPORT

CONTENTS

CEO STATEMENT

APAC Realty is committed to expanding our business across the region while caring for our environment, society and people. We strive to ensure that our operations are socially and environmentally responsible.

Our sustainability strategy focuses on creating an environment that emphasises the professional development of our people. This includes providing them with the necessary resources and training to succeed in their roles and creating a culture of open communication, collaboration, and mutual respect between employees and management. The company also strives to create a safe and healthy work environment while doing its part to reduce its environmental impact by implementing energy-efficient measures. Finally, APAC Realty also supports local communities by developing initiatives that benefit the local community in our areas, such as job creation, education support outreach programmes, and other philanthropic activities.

To ensure the successful implementation of our strategies, APAC Realty has invested in building a solid foundation of industry expertise. Professional development and training programmes have been implemented for our agents to equip them with the relevant knowledge and skills to provide the highest level of service to our clients. The company also focused on developing sophisticated technologies and digital tools to streamline our operations and provide our agents and clients with a seamless real estate experience.

Furthermore, we promote an innovative culture within APAC Realty. We encourage our agents to think outside the box, explore different ideas, and develop creative solutions for our clients. Additionally, we have invested in solar panels to run our operations using clean, renewable energy while conserving energy in other areas. With these initiatives, APAC Realty strives to be the benchmark of service, results and customer satisfaction while also being a company that is conscious of our people, society and environment.

BOARD STATEMENT

The Board of Directors of APAC Realty Limited (the "Board") has taken a proactive approach to sustainability by considering the environmental, social, and governance (ESG) factors most material to the APAC Realty business and strategy. It has overseen the management approach related to these material ESG factors to ensure they are incorporated into the operations of APAC Realty.

Managing our people as a safeguard to have the right people with the right skills and experience is essential for our business resilience. The Board understands the vital role of our people and the materiality of this factor. Therefore, the Board encouraged the management to review their approach regularly. Investment in clean energy to harvest clean energy is an environmental investment made possible by the support of the Board. Furthermore, the Board acknowledges that APAC Realty needs to serve its direct stakeholders responsibly and transparently. When there is an expectation gap between a stakeholder group and the company, the Board will interact with the senior management/key executives to monitor how the company manages the gap.

This annual sustainability report is disclosed with reference to GRI Universal Standards 2021 and in adherence to the Singapore Exchange Securities Trading Limited ("SGX-ST" or "SGX") Listing Rules 711A, 711B and Practice Note 7.6. Further information on the reporting framework is disclosed under the sub-section 'Reporting Principle and Statement of Use.' The Board decided that APAC Realty shall review the sustainability disclosure as part of its internal audit cycle. There is no independent third-party verification of the information presented in this report except for information submitted to meet regulations and laws related to APAC Realty's daily operations. Sustainability is an ever-evolving journey. Therefore, the Board regularly reviews the verification level needed for our sustainability disclosure, our sustainability strategy and the involvement of broader stakeholders.

ABOUT APAC REALTY

ORGANISATIONAL DETAILS AND BUSINESS PRESENCE

APAC Realty Limited is Asia's leading real estate provider, supported by more than 21,900 agents across 646 offices. We manage the exclusive ERA regional master franchise rights for 17 countries/territories in Asia Pacific. We operate our businesses through our real estate brokerage services, franchise agreements, and training, valuation, and other ancillary services. Please refer to our Annual Report **(page 6)** for detailed information on our subsidiaries and shareholdings.

OUR ASPIRATION

We endeavour to be the real estate company of choice for clients and real estate salespersons in Singapore and across the region. Our ongoing digital transformation ensures our position as the leading digital real-estate agency in Singapore, empowering ERA salespersons with access to technologies, proprietary markets and data analytics applications to better serve our clients. We are committed to being 1st in service, 1st in results and 1st in customer satisfaction.

OUR ORGANISATIONAL STRUCTURE

Please refer to our Annual Report **(page 6)** for information regarding our organisational structure and **(page 16)** for details on the Board of Directors.

CORPORATE GOVERNANCE AND SUSTAINABILITY RISK MANAGEMENT

Please refer to our Annual Report **(page 58)** for details on our corporate governance. We disclose our sustainability governance and risk management under our TCFD report. Partial information on sustainability risk management is also disclosed under the section 'Material Sustainability Factors'.

ABOUT THE REPORT

REPORTING PRINCIPLE AND STATEMENT OF USE

We prepared this sustainability report with reference to GRI Universal Standards 2021. GRI, as the earliest global third-party sustainability reporting framework setter, has been adopted globally since 1997. APAC Realty has adopted GRI Standards after considering the international acceptance of the standards and evaluating other developments in sustainability reporting. We are observing the development of sustainability reporting standards by the IFRS ISSB (International Sustainability Standard Board) and the Singapore Exchange (SGX) directive on adopting the standard by ISSB in the future. Furthermore, APAC Realty has integrated the SGX ESG Core Metrics and Practice Note 7.6 on the sustainability report in preparing this report.

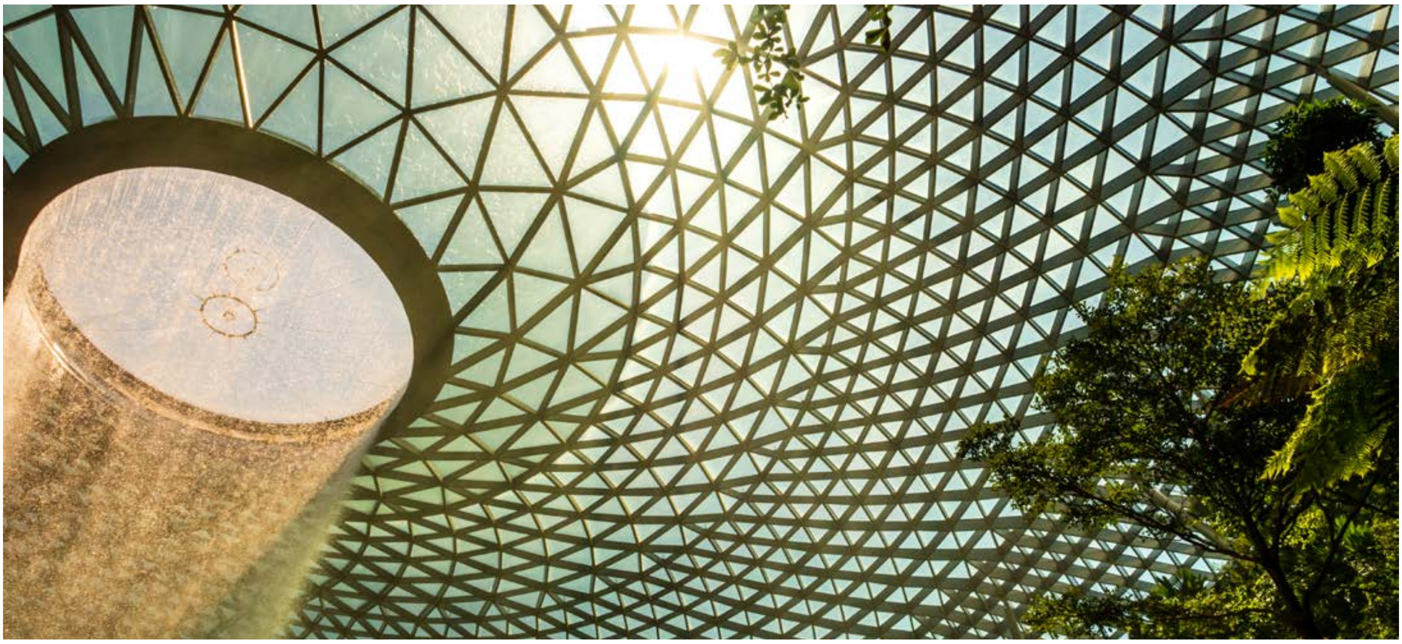
Our recently acquired subsidiary, PT ERA Graharealty Tbk, is listed on Indonesia Stock Exchange (IDX). It published an Integrated Report annually based on regulations set by the Indonesia Financial Services Authority (Otoritas Jasa Keuangan or OJK). Additionally, APAC Realty adopts ISO 31000 enterprise risk management framework. We refer to the United Nations Sustainable Development Goals (UN SDGs) to trace our contribution to sustainable development.

PERIOD, FREQUENCY AND SCOPE OF THE REPORT

The annual disclosure of our sustainability progress supplements our Annual Report. The reporting period of this sustainability report is from 1st January 2022 to 31st December 2022, which is the same as our Financial Year. The report's scope is the entirety of APAC Realty as a group, except for PT ERA Graharealty Tbk, which we gradually acquired and completed the process around the end of 2022. In the following sustainability report, APAC Realty will incorporate the summary of sustainability efforts by PT ERA Graharealty Tbk into the Group's report.

RESTATEMENTS

There is no restatement on human capital and community disclosures. We reviewed sustainability risks related to our business context in 2022. As a result, we updated our material sustainability factors and adjusted our stakeholder engagement platform accordingly. We present this information in the sub-section 'Material Sustainability Factors.' Additionally, as a result of fine-tuning our material sustainability factors and sustainability risks, we adopted a risk-based strategy to assess our sustainability strategy. The result is presented in the sub-section 'Sustainability Strategy and Pillars'.



RESTATEMENTS (CONT'D)

As we expand our regional presence, we may need to modify our stakeholder engagement platforms in the near future. We re-design the presentations of our energy emissions to categorise emissions under Scope 2 and Scope 3 for our operations in Singapore. Our 2022 electricity/energy emissions cover our operations in Singapore and Thailand. Furthermore, considering the discussion during COP 27 on the base of emission reduction to be the absolute carbon emission, we change our energy emission target to absolute carbon emission instead of carbon intensity. Therefore, we discontinued our targets related to air conditioners which were based on emission intensity. We merge those into the energy emission target based on absolute gross emissions.

ADDRESSING MATERIAL SUSTAINABILITY TOPICS

We present climate change disclosure, sustainability governance and risk management under the TCFD Report section. Non-emission environment disclosure is presented under the sub-section 'Environment.' The 'Human Capital' sub-section covers information on diversity and opportunity related to our people, and 'Community' is for our community engagement disclosure.

ASSURANCE

The information included in this report has gone through internal control and verification mechanism. The Board decided that the internal review cycle of our sustainability report be the same as our internal audit cycle. The scope of our internal review is in adherence to SGX-ST listing rules and the practice note, including the SGX Core ESG Metrics. The Board regularly assesses the process, and the result of our sustainability report internal review and analyse stakeholder needs for verification by a third party.

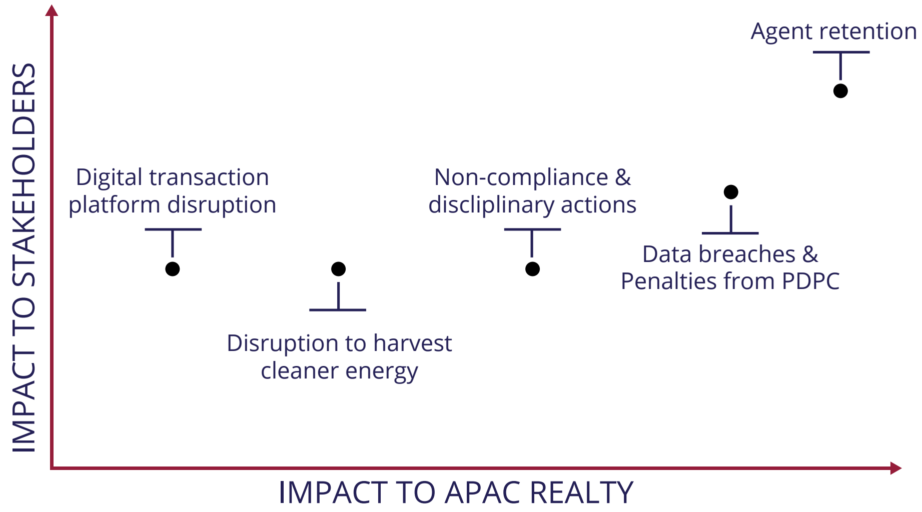
AVAILABILITY AND FEEDBACK

This report supplements the Group's Annual Report 2022 and is available online at SGXNet and the Company's website at https://www.apacrealty.com.sg.

A detailed section referencing GRI Universal Standards 2021 and the UN SDGs is documented in the 'GRI Standard Content Index and United Nations Sustainable Development Goals' appendix. Detailed reference to SGX Core ESG Metrics is provided under the appendix entitled 'SGX Core ESG Metrics.' The list of primary components of a sustainability report is under the appendix 'SGX-ST Five Primary Component Index'. To improve our sustainability practices, we welcome feedback from our stakeholders regarding this report. Please send feedback and comments to ir@apacrealty.com.sg.

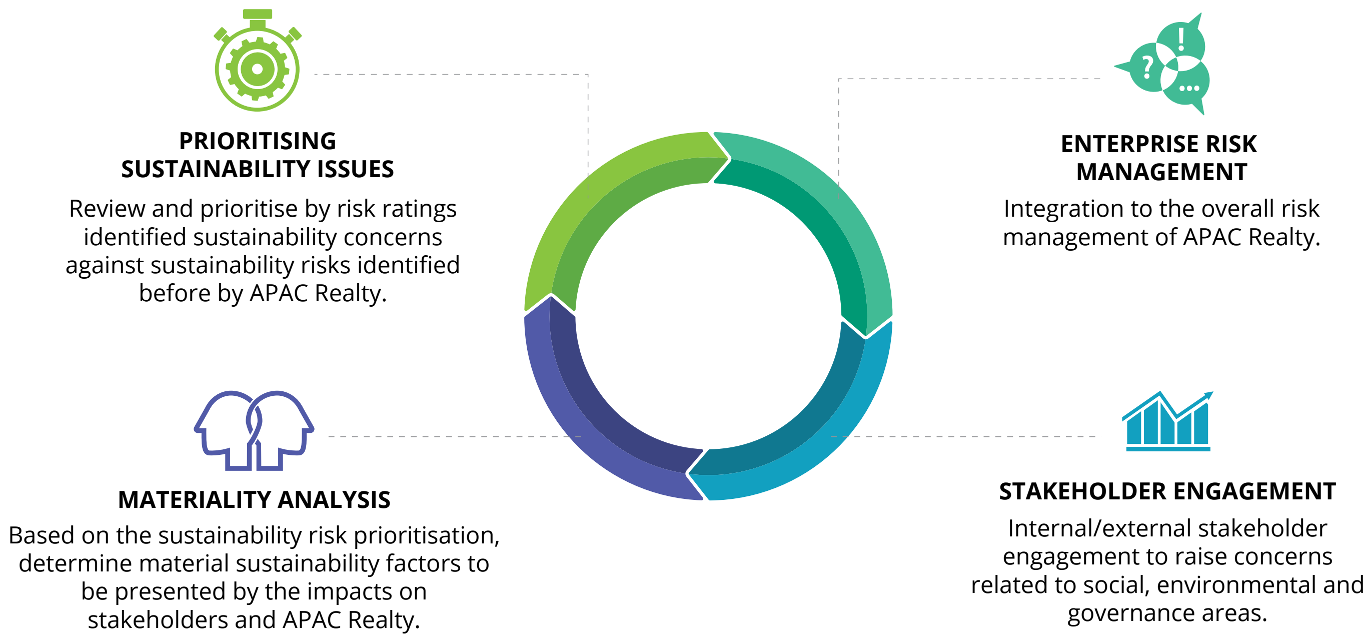
MATERIAL SUSTAINABILITY FACTORS

During 2022, we experienced changes in our operations due to the transition from pandemic to endemic.



Governments within the region we operate have relaxed their COVID-19 measures. As a result, we had more business activities in our offices and the fields. Acknowledging our operations' past and potential future impacts, our management and the Board reviewed our material sustainability factors and updated the material topics. The following chart depicts the result of our materiality analysis.

Our past stakeholder engagement in 2021 has provided us with the concerns of our stakeholders. We reviewed the relevance of those concerns and incorporated them into the materiality analysis by benchmarking them against our sustainability risk registry. From 2022 onwards, stakeholder engagement and materiality analysis results will be integrated into our enterprise risk management. The following chart summarises our updated method of integrating sustainability risks and materiality analysis into overall risk management.

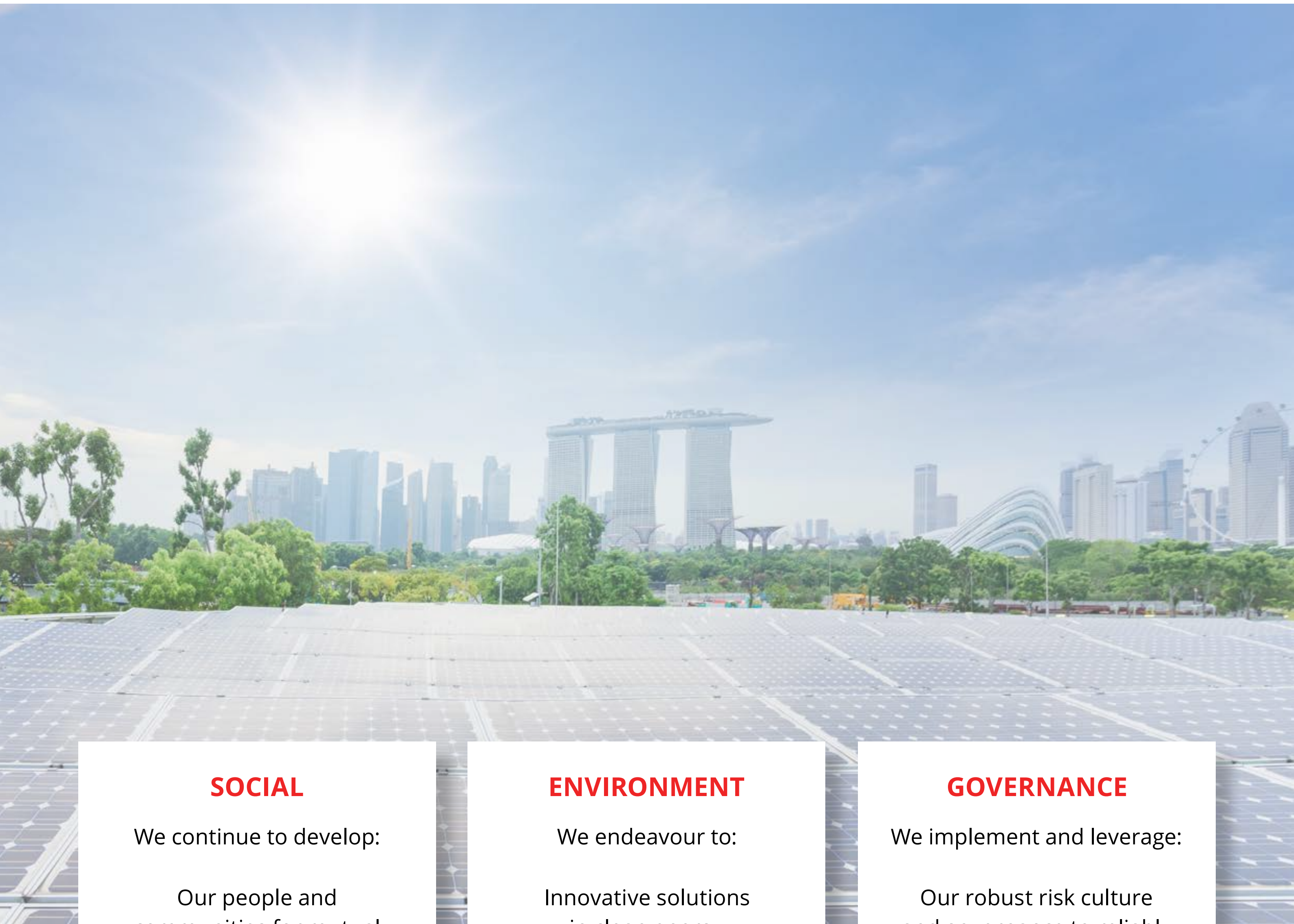


SUSTAINABILITY STRATEGY AND PILLARS

SUSTAINABILITY STRATEGY

We have reviewed our sustainability strategy in 2022 after re-assessing and updating our material sustainability factors. Investing in our people and maintaining a clean operation, alongside strong corporate governance and risk culture, remains crucial for the Group. Furthermore, developing our society for future mutual betterment is an opportunity and a moral obligation. Therefore, our sustainability endeavours will be steered by innovative culture for developing our people and communities, seeking solutions for clean operations while we implement and leverage on our risk culture and governance to be accountable to our stakeholders.

SUSTAINABILITY PILLARS



SOCIAL

We continue to develop:

Our people and communities for mutual betterment through our innovative culture.

ENVIRONMENT

We endeavour to:

Innovative solutions in clean energy and operations.

GOVERNANCE

We implement and leverage:

Our robust risk culture and governance to reliably deliver our accountability to stakeholders.

BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

At the Group level, the Board is responsible for setting the tone at the top on sustainability, including climate change and its reporting. The Board reviews sustainability-related issues as part of the Group's strategic formulation, determination of material sustainability factors and mitigations for sustainability risk. Climate-related risk management, strategy, governance and targets, as recommended by TCFD, are key climate change areas that the Board oversees closely as those are related to the Group's commitment to clean energy and operations.

GOVERNANCE

The Board sets the sustainability risk appetite of the Group, which determines the extent of material sustainability risks the Group is willing to take to achieve responsible business practices and clean operations. Climate change is part of material sustainability issues as the Board seeks to transition to a lower carbon economy by having clean operations and harvesting clean energy.

The Board has demonstrated its commitment to a lower carbon economy by investing heavily in solar panels, energy-saving technology and digitalisation. Solar panels are a climate-related strategic investment that will benefit APAC Realty in the long term as we have better resilience in clean and renewable energy while potentially continuing to share the benefit of this clean, renewable energy with others. Furthermore, the Board encourages clean operations through energy-saving technology and digitalisation to transition faster into a lower carbon economy. Energy-saving technology is gradually being adopted as part of the fittings and electrical design in the Group's buildings. Digitalisation to reduce the intensive use of paper has allowed us to contribute to reducing the risks related to chronic temperature and acute extreme weather caused by deforestation.

The Deputy CEO is responsible for leading assessments on overall sustainability targets and updating the Board. The Sustainability Task Force leads and monitors the implementation of the Group's climate change and other sustainability-related initiatives, as well as reporting at the operational level. The Task Force consists of representatives from different departments in APAC Realty.

SUSTAINABILITY TASK FORCE STRUCTURE

GOVERNANCE (CONT'D)

The Group implements a whistleblowing system to enable employees and third parties related to our businesses to express their concerns or complaints regarding questionable practices. This system gives our stakeholders direct access to the Audit Committee Chairman. The Board has no tolerance for money laundering, corruption and malpractice. The Group has a set of Company Rules and Regulations which requires all employees to act by the highest personal and professional integrity standards. All employees of the Group are required to read, understand and comply with the Company Rules and Regulations when they are on-boarded. Each person in the Group has access to these materials online, including the Group's Code of Conduct and Ethics. Further information on corporate governance is available under the section 'Corporate Governance' of our Annual Report **(page 58)**. All ERA salespersons have access to CEA's guidelines on the Prevention of Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CTF"), briefings are conducted by the Key Executive Office ("KEO"), and updates are communicated via email to all ERA salespersons. There is also a designated email address for internal enquiries and clarifications on matters concerning AML/CTF maintained by the KEO and the team of designated compliance officers.

The Group takes priority in protecting our consumers' privacy and data. Data privacy adheres to the PDPA by PDPC and related data privacy regulations in the region where we operate. The Group invests in processes, systems, and people to ensure PDPA compliance and mitigate the risks of PDPA breaches. All employees and ERA Salespersons are guided by the Group's Information Security Policy which aims 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 maintains an internal DNC registry to manage unsubscribe requests from the public and regularly communicates PDPA updates and concerns to ERA salespersons through e-mail. For FY2022, there was no data breach or fine from PDPC. Complaints relating to DNC were received from PDPC and satisfactorily resolved.

The Group's tax governance comprises the policy and procedures to fully comply with relevant tax laws and regulations in all jurisdictions we operate in. The Group has zero tolerance for any intentional breach of tax laws and regulations.

Our compliance with social and economic laws and regulations relates to Labour laws. There is no breach of labour laws as of 2022 and 2021. We continue to oversee agents' ethical and regulatory performance through our internal process for complaints. Overall, we managed to reduce the number of CEA cases by 71% in 2022 compared to 2021. Our objective is to strive for zero CEA disciplinary cases and we educate our agents by conducting regular trainings and compliance updates.

Name of real estate agency	2022		2021	
	Number of CEA Cases[1]	Per 1,000 agents[2]	Number of CEA Cases[1]	Per 1,000 agents[3]
ERA Realty Network Pte Ltd ("ERA")	2	0.24	7	0.83
Propnex Realty Pte Ltd	6	0.50	11	1.05
Huttons Asia Pte Ltd	3	0.64	2	0.56
OrangeTee & Tie Pte Ltd	2	0.62	4	1.04
SRI Pte Ltd	1	0.81	2	1.78
Other Agencies	1	NM	4	NM
Total	**15**	-	**30**	-

NM - Not Meaningful

1. Extracted from CEA's website.
2. Based on number of agents as at 31 December 2022.
3. Based on number of agents as at 31 December 2021.

CLIMATE CHANGE STRATEGY

The Group has identified material sustainability factors, including climate change-related ones. Details on reviewing and formulating material sustainability factors are under the section ‘Material Sustainability Factors’ **(page 33)**. We approach the issue of climate change by harvesting clean, renewable energy and innovating into clean operations. The Group will have better energy resilience by harvesting clean, renewable energy. Clean energy is also fundamental for our clean operations, and the Group is committed to conserving energy by using energy-saving fittings in the Group’s buildings. In addition, to lessen our role in global deforestation, the Group has switched to digital platforms and encourages all employees and agents to go paperless. The Group will continually assess its climate risks and opportunities.

CLIMATE CHANGE RISK MANAGEMENT

The Group annually reviews business and sustainability risks, including climate change-related ones. In 2022, the Group has integrated stakeholder engagement, materiality analysis and sustainability risks into the Group’s enterprise risk management. We adopt ISO31000 Risk Management standards and present the integrated enterprise risk management under the ‘Material Sustainability Factors’ **(page 33)**. Furthermore, the Group has established an Energy Policy that steers the Group’s initiatives in mitigating climate change transitional risks to achieve a lower carbon economy.

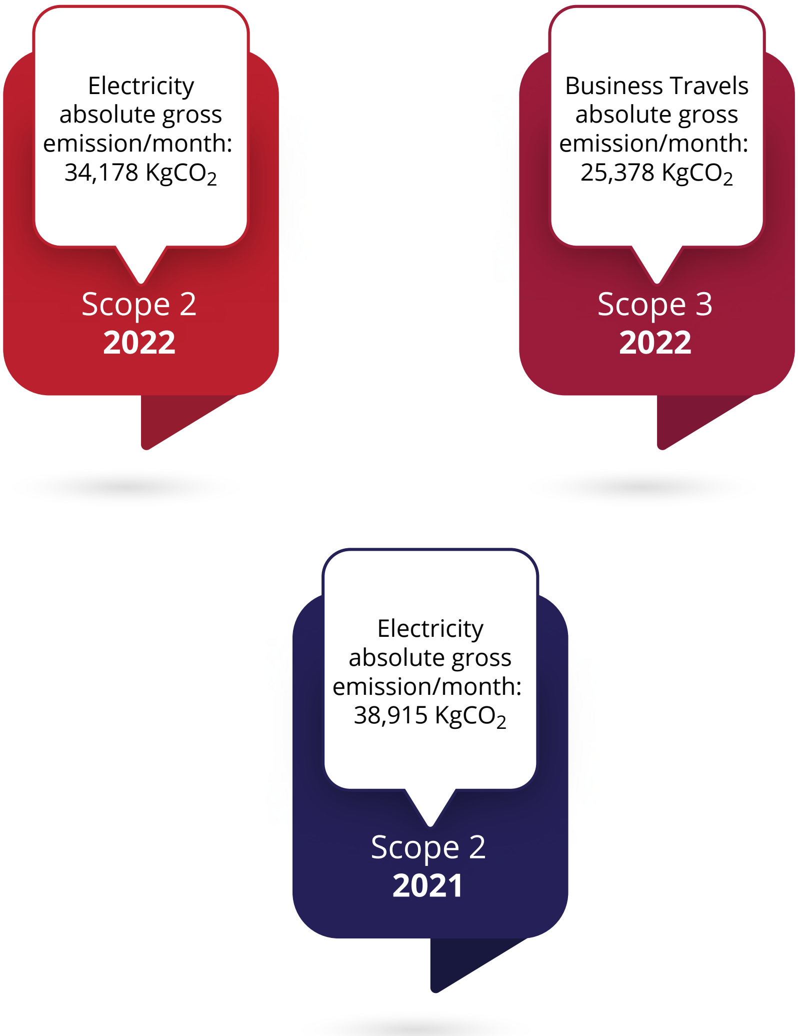
CLIMATE CHANGE METRICS AND TARGETS

Through its business life cycle, the Group traced possibilities of reducing our climate change impacts from our carbon footprint. The Group also has recorded its business travels emissions related to flights and all emissions from electricity. We calculated emissions from business air travel (Scope 3) using the methodology from ICAO (International Civil Aviation Organisation), a specialised United Nations agency in which Singapore is the Council Member State. As for our emissions from electricity (Scope 2), we adopt the IPCC (Intergovernmental Panel on Climate Change) method with the emission factor of the grid as per data from Energy Market Authority (EMA) Singapore. The absolute emission metric is in $KgCO_2$. The intensity metric is in $KgCO_2e$.

CLIMATE CHANGE METRICS AND TARGETS (CONT'D)

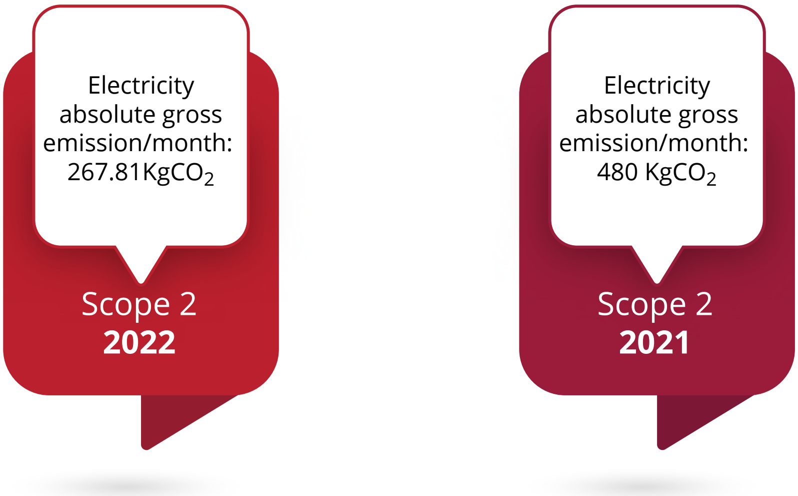
We do not calculate our Scope 1 direct CO_2 emission as the Group does not own/control company vehicles. In 2022, we calculated our Scope 3 for the first time based on our air flights. However, since travel restrictions were gradually relaxed in 2022, our business travels by flight cannot be the baseline of our complete activities. We set 2023 as our baseline for Scope 3 related to business travels by air. As we have invested in solar panels to reduce our carbon emissions from purchased electricity, we prevented Scope 2 purchased electricity emissions/month by 4,368 Kg CO_2. The emission of our solar panels per month is 442.23 Kg CO_2. Therefore, our Scope 2 net carbon emission/month is 30,252 Kg CO_2. We sold back 2,609 kWh to the national grid the electricity generated from our solar panels. In 2022, we generated 99,502 kWh of clean, renewable solar energy. We explored our emission target and presented the context of our target under the sub-section 'Scenario Analysis'.

We have set an annual target for electricity emission reduction of 1.2% lower than the previous year. In 2022, we reduced beyond the 1.2% energy emission reduction target by investing in and harvesting solar power while gradually devising our energy-saving initiatives. The target achievement below is based on our Singapore operation.



CLIMATE CHANGE METRICS AND TARGETS (CONT'D)

We seek to orchestrate our overall carbon emission reduction regionally. We started with our operations in Thailand. The following table shows the Scope 2 absolute gross emission data from our operation in Thailand. We also achieved our 1.2% target for energy emission reduction in this country.

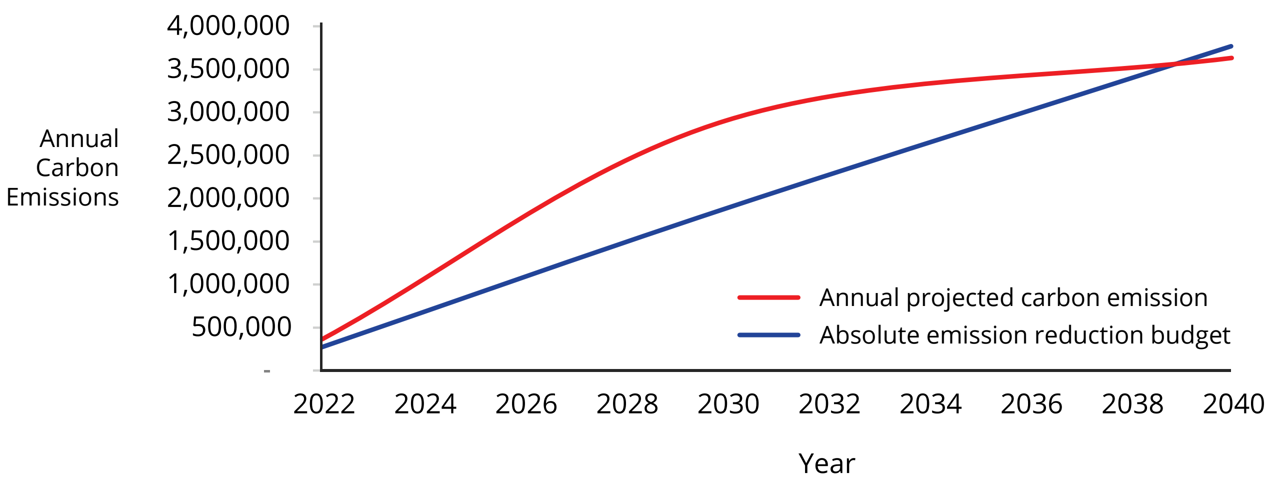


Our energy intensity (Scope 2) is presented in the table below.

Country of operation	Emission intensity 2022	Emission intensity 2021
SINGAPORE	0.48 $kgCO_2e$/sqft	1.15 $kgCO_2e$/sqft
THAILAND	0.11 $kgCO_2e$/sqft	0.20 $kgCO_2e$/sqft

SCENARIO ANALYSIS

Singapore Government has committed to the Paris Agreement on climate change, which aims to hold the temperature increase to well below 2ºC and pursue efforts to limit the temperature increase to 1.5ºC. The Group supports this national climate change target. In 2022, we explored a scenario only based on our Scope 2 energy consumption, clean energy policy, current clean energy investment and emission targets up to 2040.



SCENARIO ANALYSIS (CONT'D)

Based on our analysis, we will need to increase our carbon emissions reduction efforts by eight times per month in 2040 to stay around the 2°C target (by 2040 will be 2.03°C, an overshoot of 0.03°C). We understand that the 2°C is a tall order. However, we will continue to look for ways to conserve energy gradually and improve our operations to reduce further emissions not just under Scope 2 but also under Scope 3. We have reduced our electricity absolute gross carbon emissions compared to 2021. We will continue to explore our short, mid and long-term emissions targets based on our resources' availability and feasibility.

ENVIRONMENT

ENERGY

To transition into a lower carbon economy, the Board has supported the management on the investment in solar panels. Information regarding the emission and emission reduction from this initiative is available under our TCFD report, sub-section 'Climate Change Metrics and Targets.' Our journey to harvest clean, renewable energy started with surveys on the potential generated electricity and the limitation due to shading and other sources of energy loss. Additionally, the limited roof space restricts any plan to expand the investment on the same site. In 2022, we harvested solar power for nine (9) months from April and sold it back to the national energy grid provider to expand our contribution to a lower carbon economy.

Metal roof top available for solar installation

Shading evaluation

Furthermore, in 2018 we installed two (2) ticks air-conditioners to save a fair amount of energy from using the air conditioners. As of now, the cooling agent of the air-conditioners has not met the Green Mark requirement. We focused on ensuring energy efficiency in all of our equipment. Considering absolute carbon emissions as our baseline for carbon reduction, we are reevaluating our target related to air conditioners. Our total energy consumption from Singapore offices was 84,244kWh or 2.49 kWh/sqft.

WATER MANAGEMENT

The primary water source in our operations is national water providers from each country. Our buildings installed self-closing water-saving taps. As clean water is a supporting factor in our business, any impact due to degraded access to clean water is indirect.

Despite the indirect nature of water's impact on our operations, we trace our water consumption.
We understand that clean water is degrading in quality and quantity globally. Singapore Green Plan aims to reduce household water consumption by 130 litres per capita/day in 2030. That target signifies the importance of saving water for Singapore. In 2022, we started to trace our water consumption. We will observe our water consumption in the following years to contribute to water conservation. Our consumption based on Singapore offices was 2,685.6 Cu M or 0.04 Cu M/sqft.

DIGITALISATION

We believe technological advancement to digitalise our operations is essential for our clean operations. Digitalisation allows us to consume less paper and, in some workflows, eliminate paper. Since paper manufacturing traditionally requires trees to obtain pulp, the paperless environment suggests we reduce our role in deforestation.

In 2021, we moved to a paperless environment for our sales and marketing platform through our iSubmission platform. By eliminating some of the need for transportation, the platform streamlines sales and marketing processes and minimises carbon emissions. To enrich our platform users' experiences when researching properties digitally, we collaborated with Singapore Land Authority (SLA) and Ecoprop. These collaborations allow us to show different factors of property besides location.

DIGITALISATION (CONT'D)

We believe that we are in the right region to expand in digitalisation. In 2024, the Asia Pacific region is predicted to be a digital data powerhouse. We shall tap into regional data to enable better analysis and facilitate more accessible property evaluations by our people and prospective clients. Technology advancement for diverse real estate businesses in the region will allow us to select the technology best suited for our services. For example, in assessing the quality of a property, there is now an Artificial Intelligence thermographic technology which can assist in detecting potential air and water leaks on a building façade. Our portfolio may indirectly benefit from this technology when determining a commercial property's quality. More companies are integrating artificial intelligence and the Internet of Things into their products and services. We will assess possibilities to grow our digital ecosystem sustainably to enhance our clean and green operations.

ENVIRONMENT CERTIFICATION

We have secured the BCA Green Mark certification 'entry level' for ERA APAC Centre in Singapore. This Green Mark is under the category of existing non-residential buildings (ENRB:2017). The certification is valid until 21 July 2025.

BCA GREEN MARK

Existing Non-Residential Buildings (ENRB: 2017)

CERTIFICATE

Certified

presented to

ERA APAC Centre

450 Lorong 6 Toa Payoh (S319394)

CEO

Building and Construction Authority

Date of Original Issue:
21/07/2022

Date of Expiry:
21/07/2025

Building and Construction Authority BuildSG

HUMAN CAPITAL

DEVELOPING OUR PEOPLE

To nurture innovative culture, we must ensure that our people have proper paths to develop themselves. Our agents are at the frontline of our businesses in the region. We need to support them well so they can offer out-of-the-box solutions to our clients. In addition, they can gain professional knowledge by discussing regulations and laws regarding their activities as agents during the related training. In 2022, we provided and delivered consistent professional training to our agents. Using online technology besides face-to-face training delivery, our agents can decide on their development based on their activities. We provide training services through the RIA School of Real Estate under Realty International Associates Pte Ltd (a wholly-owned subsidiary). It is an approved course provider of the Council of Estate Agencies (CEA).

Every year we conduct a conference in either March or April. In 2022, we ran the conference on-site for the first time after completing it online during the COVID-19 pandemic. On the first day of the conference, we had a dialogue session with the topic 'Transformation: COVID-19 and the Future of the Real Estate Industry.' We have Mr Ong Ye Kung, the Minister of Health, as our guest of honour for the dialogue session. After the dialogue, we have a session for sustainability information followed by celebrating our agents' achievements. During the same conference event, we discussed the direction of the Group, career roadmap, transformation and appointments. The second day of the conference is focused on awarding exceptional efforts in various projects we have besides motivating our agents through motivational messages.

ASIA PACIFIC BUSINESS CONFERENCE APBC 2022

12-13 APRIL 2022 | ERA APAC CENTRE

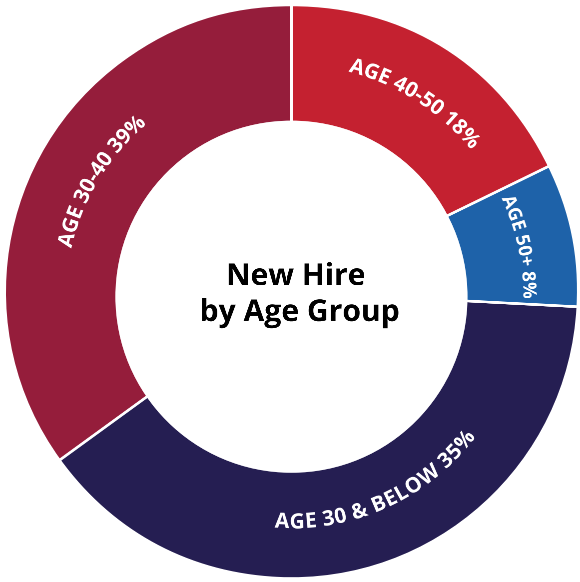
ERA REAL ESTATE 40 YEARS ONWARDS AND UPWARDS

Collaboration in driving workplace learning and knowledge sharing between enterprises is just as important as training our agents directly. We are glad to enter the Learning Enterprise Alliance (LEA) community in September 2022. As the community advocates workplace learning and lifelong learning, joining this community externally reflects our internal commitment to developing our people.

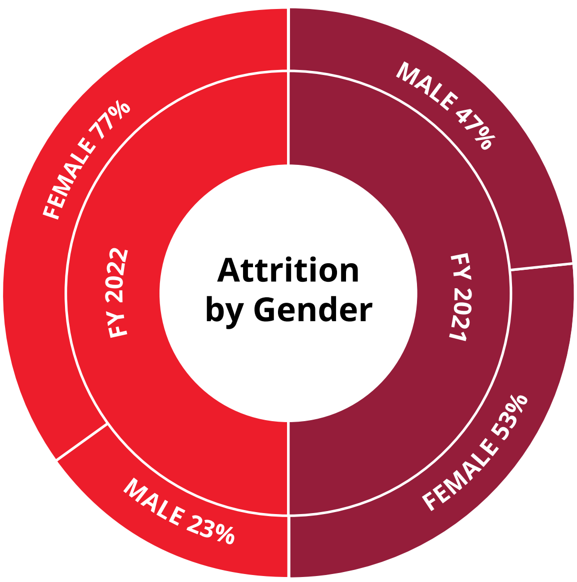
Groupwide, we offer employee coaching and mentoring, development through conferences, on-the-job training, job shadowing and job rotation. These development channels are on top of formal training programmes. We believe that people development is a collective process. Therefore, we encourage our people to consult their supervisors and peers on their development needs and available opportunities. Our Human Resources team will facilitate their aspirations.

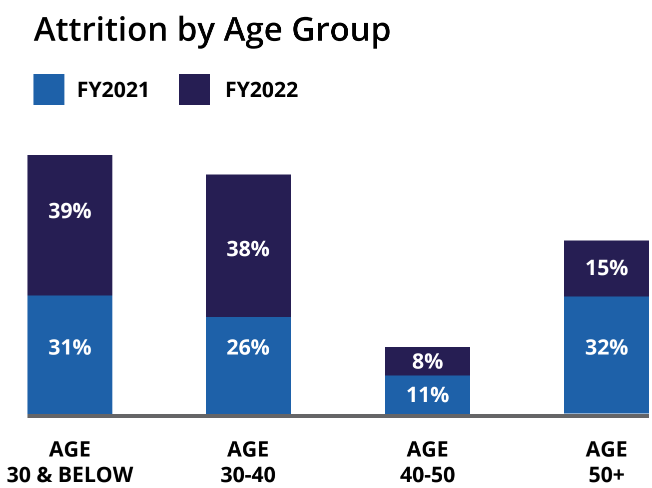
NEW HIRES AND ATTRITION

We rely heavily on the talent of our people. Therefore, we focus on the professional merit of each candidate to fill any vacant position groupwide. By concentrating on merits, we believe we provide equal opportunities to all candidates regardless of age, gender and nationality. Furthermore, we avoid diversity-sensitive terms in all official documents and job advertisements. The following charts depict data on new hires by gender and age group based on our Singapore offices.



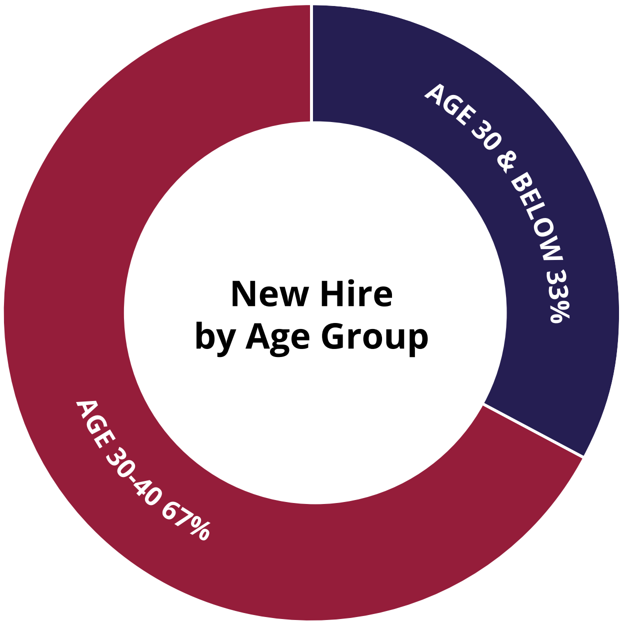
Under the formal employment contract that we offer our full-time employees, a service contract can be terminated by both the company and the employee. Termination may occur due to resignation, dismissal, or expiry of contract terms.

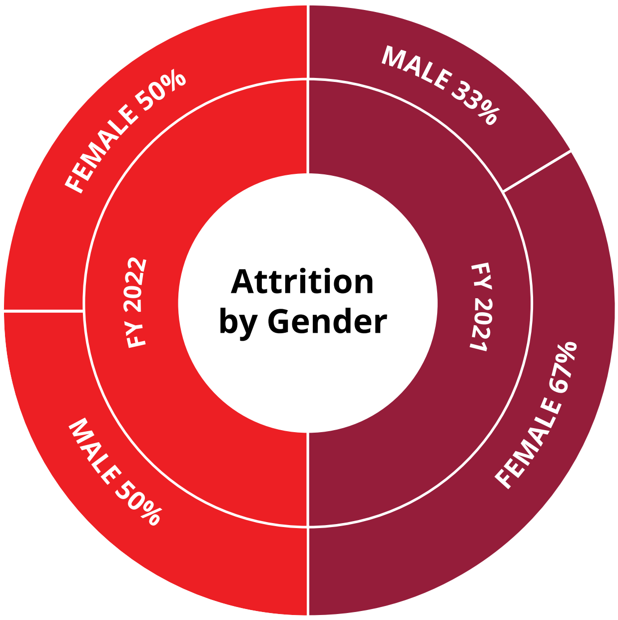


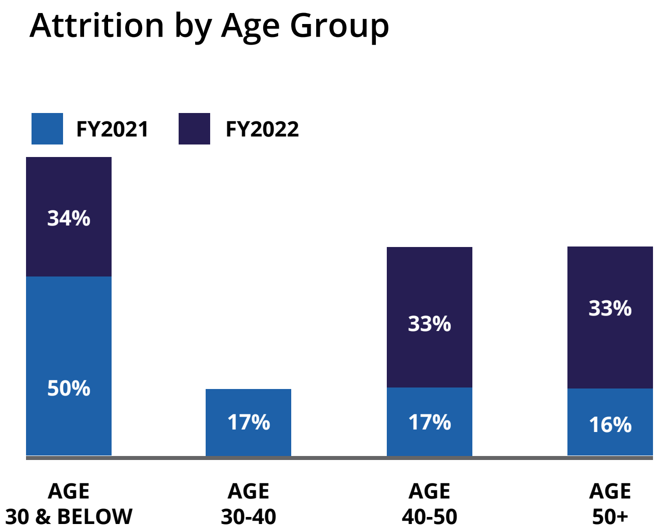


NEW HIRES AND ATTRITION (CONT'D)

Our Thailand office applies similar principles to Singapore offices for new hires and attrition. The following charts present our data on new hires from our Thailand office.

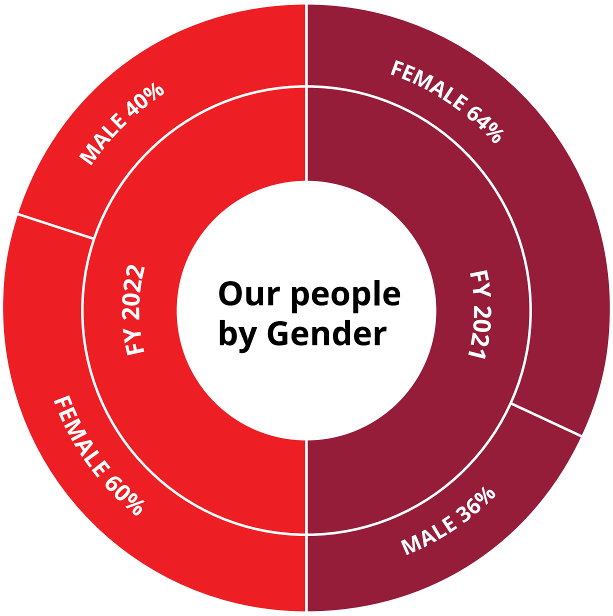


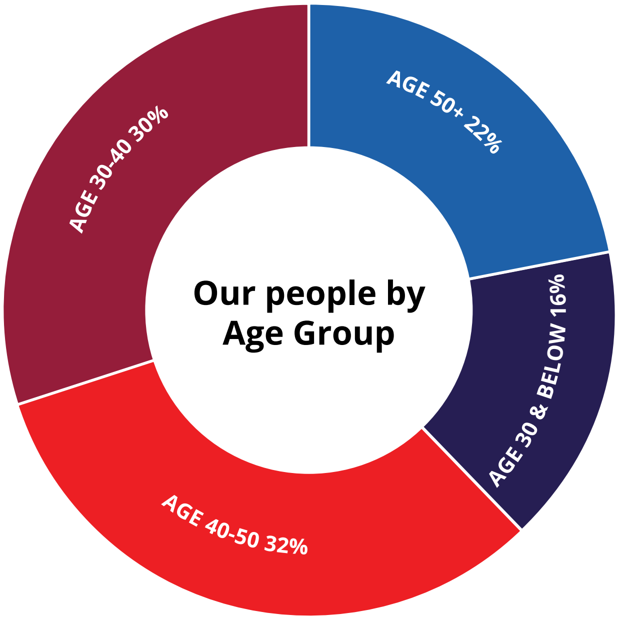




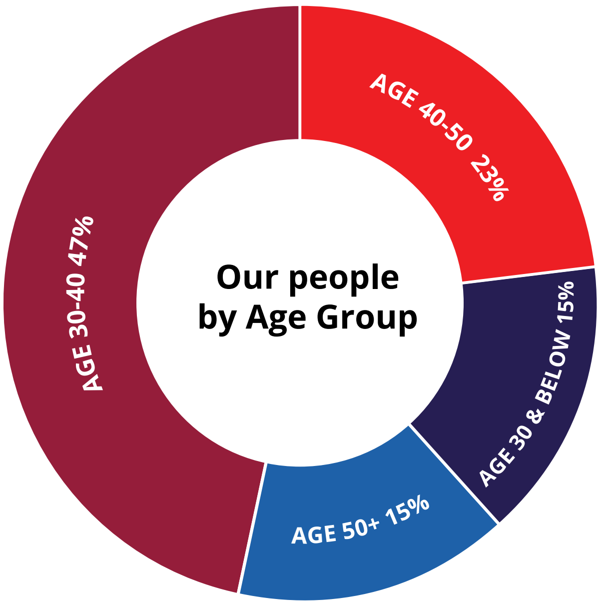
DEMOGRAPHY OF OUR PEOPLE

In this sub-section, we present the demography of our people by gender and age group. In the process of developing our people and facilitating their career aspirations, we treat our people equally. The following charts represent our data from Singapore offices.





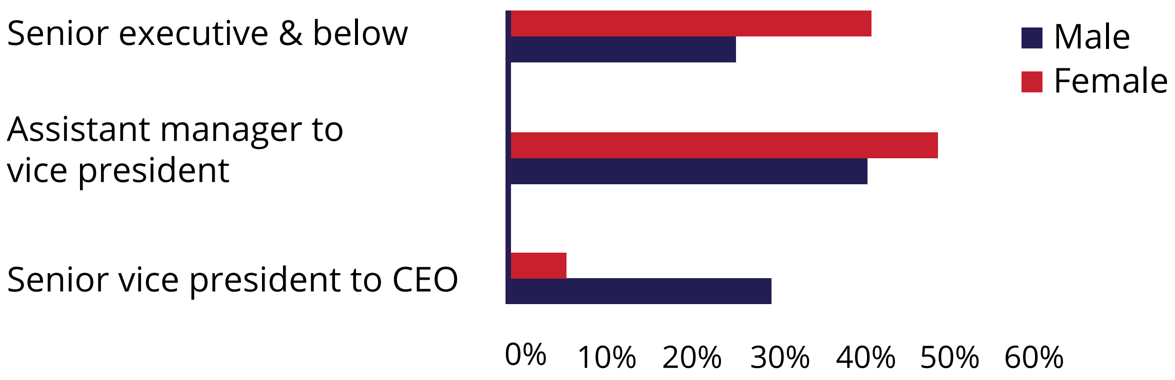
Our Thailand office reported the following demography. Gender data are similar year-to-year. Age group wise, they have most under the category of 30 years old to 40 years old. By principle, we treat our people equally regardless of gender and age in their career development and performance appraisals.



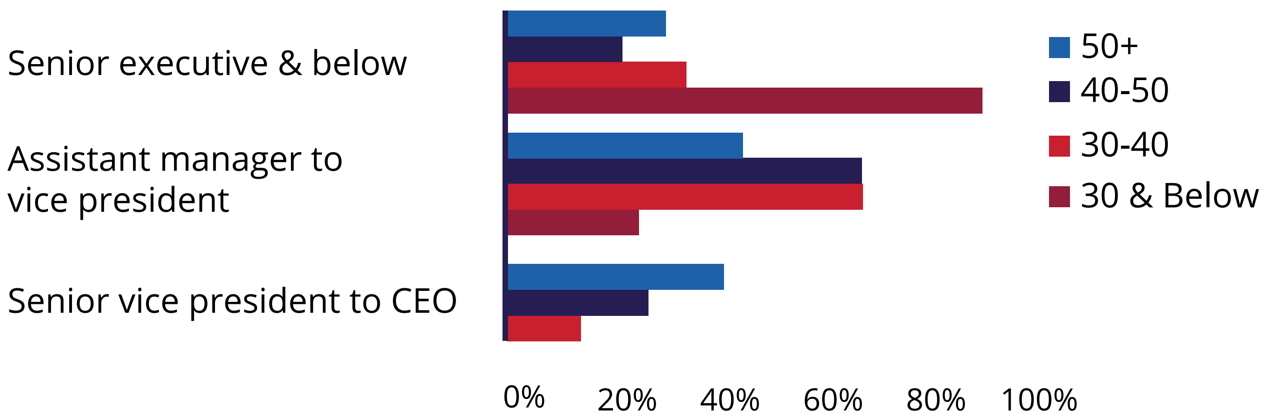
OUR PEOPLE'S DEMOGRAPHY BY POSITIONS

Under this sub-section, we present the career development of our people in the Singapore and Thailand offices. We present data on our Singapore offices by gender and age group, followed by those of Thailand.

SINGAPORE BREAKDOWN OF POSITIONS BY GENDER



SINGAPORE BREAKDOWN OF POSITIONS BY AGE

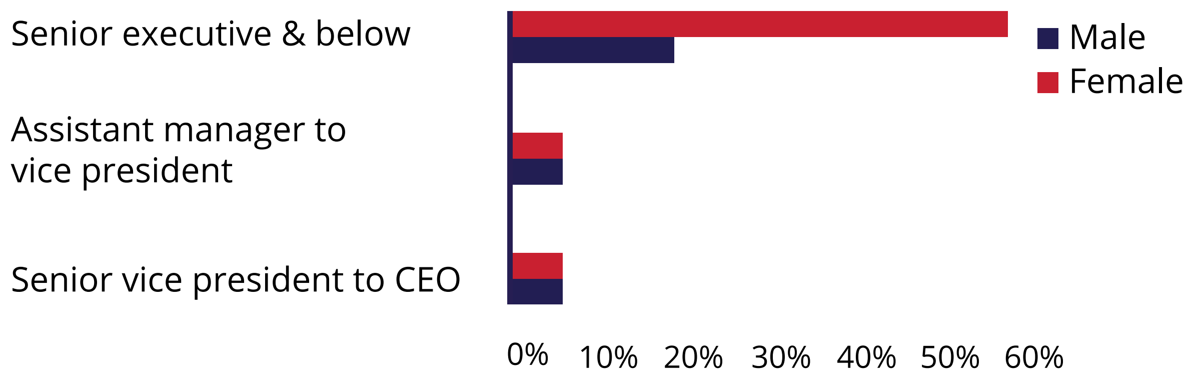


In APAC Realty, our Human Resources team ensures fair treatment to everyone. This includes appropriate treatment in career advancement. The Group has implemented performance management as the base of career advancement. Through performance management, our people can learn more about their roles and goals while receiving actionable feedback and rewards. All our people (100%) received regular performance appraisals and career development reviews. In total, we have 174 office staff in the Singapore office.

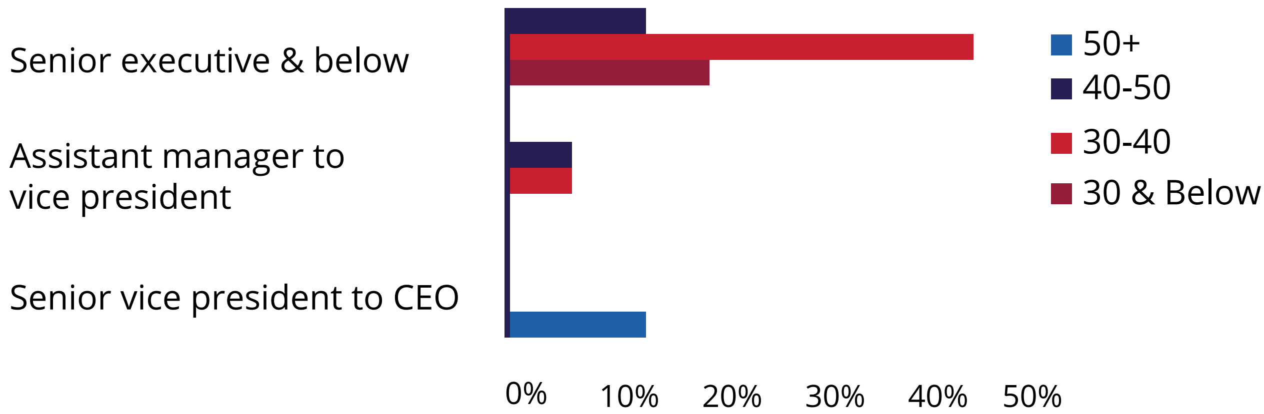
OUR PEOPLE'S DEMOGRAPHY BY POSITIONS (CONT'D)

At the management level, we expect leaders within the Group to be responsible for their team's performance. As leaders, they need to conduct effective and efficient coordination. Clear objectives, helpful feedback, team engagement, and incident logs related to each team member are team leadership skills that we expect from our leaders.

THAILAND BREAKDOWN OF POSITIONS BY GENDER



THAILAND BREAKDOWN OF POSITIONS BY AGE



Our office in Thailand has more people at the senior executive level and below. This is reflected in their breakdown of position by age group and gender. We have sixteen (16) office staff in our Thailand office.

We do not have incidents related to discrimination during 2022 and 2021. We do not tolerate discrimination related to any diversity indicators.

WELFARE AND BENEFITS

Besides providing performance management to set the foundation for career aspirations, people development, and team leadership, we also ensure that our employees are treated fairly regarding their welfare and benefits.

Physical and Wellbeing

Medical outpatient; Dental support;
Group H&S insurance; 2 days wellness leave

Compensation/Benefits

Competitive salary through yearly pay preview;
Recognition opportunities
through our annual bonus process;
Office events/ programs; Corporate Telco
Discounts perks; Staff employment referral scheme;
New launch project
marketing referral;
Birthday dining voucher

Balance and Sustainable Working Norms

Paid time off, allow quarter leave (2 hours);
Annual leave; Sick leave; Compassionate leave;
Maternity and paternity leaves; Marriage leave;
Childcare leave; Birthday leave;
Transportation & meal reimbursement for
working late (after 9 pm)

Career Growth and Development

Promote from within through performance review;
Allow cross-department transfer, job rotation and development;
Learning & development roadmap planning in the pipeline
started with Enneagram and another work-related development

Our Human Resources team moves forward for the betterment of our people by introducing new initiatives in 2023, including carrying forward our annual leave. The team will regularly review the acceptance and outcome of those initiatives on the well-being of our people and the growth of our business. In 2022, 30 employees took childcare leave. The childcare leave ranged from basic and enhanced childcare leave to extended childcare leave. They all returned to work after taking the leave.

SAFETY AND HEALTH

We provide health insurance benefits to our people. COVID-19-wise, we oriented our procedures to Government policies for COVID-19. During the year, there were several relaxed measures for COVID-19 following the reduced number of cases nationwide. Therefore, by the end of 2022, we no longer trace COVID-19 safety measures until further notice from related authorities. On the safety front, our people, especially our agents, are to exercise self-control while performing their duties as they spend most of their time in the fields. When they travel in unfit conditions, their safety may be at risk. We ensure that we secure heavy equipment, such as air conditioners, to maintain safety in our common office areas.

LEADERSHIP

We are proud that our CEO, Mr Marcus Chu, was awarded Executive of the Year 2022. Held on 17 November 2022, the SBR Management Excellence Awards recognises business leaders in Singapore who have made a significant impact or led in a transformation within their respective industries.

Into its eighth year, judging is by a panel of senior professionals and experts from notable organisations, including Deloitte SEA, Ernst & Young, KPMG and BDO LLP.

We organised a leaders retreat for all C-Suite and ERA Division Directors in Ho Chi Minh City, Vietnam in October 2022 over four (4) days and a total of 80 participants took part. We had team-bonding activities, visited ERA Vietnam and had a property tour. We observed new projects in Ho Chin Minh City during that time. Through this retreat, we aim to have stronger team bonding between leaders, besides building a better understanding of the operations of ERA Vietnam and the property market of Vietnam.

EMPLOYEE ENGAGEMENT

In September 2022, the Group organised a mid-autumn festival for all agents and employees, together with their families and friends. We had a magic show performance, balloon sculpture and goodie bags for children, and a lantern parade in front of ERA APAC Centre. The response was overwhelming and we target to have regular employee engagement annually.

COMMUNITY

Each one of us is a member of a community. We should aim to develop and grow together as a community. We target regular community engagements annually to allocate our time and monetary resources.

NORTH WEST COMMUNITY DEVELOPMENT COUNCIL DONATION

Through local assistance schemes, North West Community Development Council (or "North West CDC") aims to improve the lives and employability of residents. APAC Realty has routinely supported this CDC. In 2022, the Group raised a total of S$220,000. North West CDC will allocate the funds to conduct social activities besides green causes, such as activities related to mental wellness, as part of its healthy-living programmes.

BOOK DONATION DRIVE

In February 2022, we launched a book donation drive where agents and employees can donate their books to the green community library in North West CDC. The Group delivered more than 1,000 books on 5 May 2022.

DESKTOP COMPUTER DONATION

On 27 July 2022, as part of ERA's ESG by ERA initiative, the Group donated 57 desktops to North West CDC. These desktops will be refurbished before donating to needy adults, seniors and students.

FUNDRAISING ACTIVITY FOR HONG KAH NORTH COMMUNITY CLUB

We routinely support the Hong Kah North Community Club (or "HKNCC"). In 2022, the Group raised S$250,000 for the community club. This fund is allocated to support launching of the HKN-ERA-Eco Youth Grant and Community Garden Seed Fund. We presented the fund in November 2022 during the Eco Carnival of the community club. HKNCC aims to be a greener community.

APPENDICES

GRI STANDARD CONTENT INDEX AND UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Statement of Use	APAC Realty Limited has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021			
Disclosure 2-1	Organisational details	About APAC Realty	30
Disclosure 2-2	Entities included in the sustainability reporting	About the Report	31
Disclosure 2-3	Reporting period, frequency and contact point	About the Report	31
Disclosure 2-4	Restatements of information	About the Report	31
Disclosure 2-5	External Assurance	Board Statement	29
		About the Report	32
Disclosure 2-6	Activities, value chain and other business relationships	About APAC Realty	30
Disclosure 2-7	Employees	Human Capital	43
Disclosure 2-9	Governance structures and composition	About APAC Realty	30
		TCFD Report	35
Disclosure 2-10	Nomination of Selection of the Highest Governance Body	Annual Report Corporate Governance	58
Disclosure 2-11	Chair of the highest governance body	Annual Report-Corporate Governance	58
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report-Corporate Governance	58
		Board Statement	29
		TCFD Report	35
Disclosure 2-13	Delegation of responsibility for managing impacts	Annual Report-Corporate Governance	58
		TCFD Report	35
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Board Statement	29
Disclosure 2-15	Conflicts of interest	Annual Report-Corporate Governance	58
Disclosure 2-16	Communication of critical concerns	Annual Report-Corporate Governance	58
		Board Statement	29
		TCFD Report	35
Disclosure 2-17	Collective knowledge of the highest governance body	Board Statement	29
		TCFD Report	35
Disclosure 2-18	Evaluation of the performance of the highest governance body	Annual Report-Corporate Governance	58
Disclosure 2-22	Statement on sustainable development strategy	Sustainability Strategy and Pillars	34
		TCFD Report	35
Disclosure 2-25	Processes to remediate negative impacts	Board Statement	29
		TCFD Report	35
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	Board Statement	29
		Annual Report-Corporate Governance	58
		TCFD Report	35

APPENDICES

GRI STANDARD CONTENT INDEX AND UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

GRI STANDARD		DISCLOSURE	LOCATION
Disclosure 2-27	Compliance with Laws and Regulations	Board Statement	29
		About the Report	31
GRI 3: Material Topics 2021			
Disclosure 3-1	Process to determine material topics	Material Sustainability Factors	33
Disclosure 3-2	List of material topics	Material Sustainability Factors	33
Disclosure 3-3	Management of material topics	Material Sustainability Factors	33
		TCFD Report	35
GRI 302: Energy 2016			
Disclosure 302-1	Energy consumption within the organisation	Environment	41
Disclosure 302-3	Energy intensity	Environment	41
Disclosure 302-4	Reduction of energy consumption	TCFD Report	35
GRI 303: Water and Effluents 2018			
Disclosure 303-5	Water consumption	Environment	41
GRI 305: Emissions 2016			
Disclosure 305-2	Indirect (scope 2) GHG emissions	TCFD Report	38
Disclosure 305-3	Other indirect (scope 3) GHG emissions	TCFD Report	38
GRI 401: Employment 2016			
Disclosure 401-1	New employee hires and employee turnover	Human Capital	44
GRI 404: Training and Education 2016			
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital	47
GRI 406: Non-Discrimination 2016			
Disclosure 406-1	Incidents of discrimination and corrective actions taken	Human Capital	48
GRI 413: Local Communities 2016			
Disclosure 413-1	Operations with local community engagements, impact assessments, and development programmes	Community	51
GRI 418: Customer Privacy 2016			
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	TCFD Report	36

APPENDICES
SGX CORE ESG METRICS INDEX

TOPIC	METRIC	LOCATION	PAGE NUMBER
Greenhouse Gas Emissions ("GHG")	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	TCFD Report	38
	Emission intensities by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	TCFD Report	39
Energy Consumption	Total energy consumption	Environment	41
	Energy consumption intensity	Environment	41
Water Consumption	Total water consumption	Environment	41
	Water consumption intensity	Environment	41
Waste Generation	Total waste generated	Waste is managed by and sent to centralised disposal facilities.	n/a
Gender Diversity	Current employees by gender	Human Capital	46
	New hires and turnover by gender	Human Capital	44
Age-Based Diversity	Current employees by age groups	Human Capital	46
	New hires and turnover by age groups	Human Capital	44
Employment	Total turnover	Human Capital	44
	Total number of employees	Human Capital	47
Occupational Health & Safety	Fatalities	Low risk environment. Unlikely work-fatalities risk environment in our offices.	n/a
	High-consequence injuries	Low risk environment. There is no high-consequence injuries-related risk in our offices.	n/a
	Recordable injuries	There is no recordable injuries.	n/a
Board Composition	Board independence	Annual Report: Corporate governance	61
	Women on the board	Annual Report: Corporate governance	61
Management Diversity	Women in the management team	Human Capital	47
Ethical Behaviour	Anti-corruption disclosures	TCFD Report	36
	Anti-corruption training for employees	TCFD Report	36
Certifications	List of relevant certifications	• Environment • Human Capital	42 43
Alignment with Frameworks	Alignment with frameworks and disclosure practices	About the Report	31
Assurance	Assurance of sustainability report	• Board Statement • About the Report	29 32

APPENDICES

SGX-ST FIVE PRIMARY COMPONENTS INDEX

S/N	PRIMARY COMPONENTS	SECTION REFERENCE
1	Material ESG Factors	• Material Sustainability Factors
2	Policies, Practices and Performance	• CEO Statement • Board Statement • TCFD Report • Environment • Human Capital • Community
3	Board Statement	• Board Statement
4	Targets	• TCFD Report • Environment • Human Capital • Community
5	Sustainability Reporting Framework	• Reporting Principle and Statement of Use

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Ms. Ngiam May Ling, LLB (Hons)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

450 Lorong 6 Toa Payoh
ERA APAC Centre
Singapore 319394

COMPANY REGISTRATION NUMBER

201319080C

SHARE REGISTRAR

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

AUDITORS

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

BANKS

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

RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

INVESTOR RELATIONS

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

CORPORATE GOVERNANCE REPORT

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

This report describes the corporate governance framework and practices adopted by the Company for the financial year ended 31 December 2022 ("**FY2022**"), with reference to the principles and provisions in the Code of Corporate Governance 2018 (the "**Code**").

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

BOARD MATTERS

The Board's Conduct of Affairs

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

Principal Duties of the Board

The principal functions of the Board are to:

- Supervise the management of the business and affairs of the Group;
- Approve the Group's strategic plans, key operational initiatives, major investments, disposals and funding decisions;
- Identify the Group's business risks and ensure the implementation of appropriate systems to manage these risks;
- Monitor and review the Group's financial performance;
- Review Management's performance;
- Approve the nominations and re-election of Directors to the Board and the appointment of key management personnel ("**KMP**") as defined in the Code to mean the Chief Executive Officer ("**CEO**") and other persons having authority and responsibility for planning, directing and controlling the activities of the Company;
- Consider sustainability issues, including the integration of sustainability-related matters and the monitoring of sustainability related risks and opportunities as part of its long-term strategy formulation; and
- Assume responsibility for corporate governance.

Conflict of Interest

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

Board Approval

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

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

Directors' Orientation and Training

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

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

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

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

Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the Listing Manual) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors. In FY2022, the Directors attended the following training:

- training on sustainability matters which was mandated by the SGX-ST with effect from 1 January 2022; and
- sustainability e-training for directors by Institute of Singapore Chartered Accountants.

Board and Board Committees Meetings

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

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

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

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

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

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

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

The attendance of Directors at the annual general meeting ("**AGM**"), Board and Board Committees meetings held in FY2022 are as follows:

	Annual General Meeting	Board Meetings	ARC Meetings	NC Meetings	RC Meetings
No. of meetings held	**1**	**7**	**4**	**1**	**3**
Name of Directors	**No. of meetings attended in FY2021**				
Chua Khee Hak ("**Jack Chua**")	1	7	–	–	1
Andrew Scobie Hawkyard*	–	4	2	–	–
Tan Choon Hong**	1	2	1	1	1
Tan Bong Lin	1	7	4	1	3
Wong Hin Sun, Eugene	1	7	4	1	3
Tan Poh Hong	1	6	4	1	3

* Appointed to the Board and as a member of the ARC, NC and RC on 10 June 2022
** Resigned from the Board and as a member of the ARC, NC and RC on 10 June 2022

After review by the NC, the Board is satisfied that the Directors with multiple board representations and other principal commitments, have been able to devote sufficient time and attention to the affairs of the Group to discharge his or her duties as a director of the Company adequately and satisfactorily, notwithstanding their multiple appointments and commitments in FY2022.

Board Composition and Guidance

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

Board Independence

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

Memberships of the Board Committees are as follows:

Board Composition Table

Name	Date of Appointment	Board Membership	ARC	NC	RC
Jack Chua	4 September 2017	Executive Chairman	–	–	–
Andrew Scobie Hawkyard	10 June 2022	Non-Executive, Non-Independent	Member	Member	Member
Tan Bong Lin	4 September 2017	Non-Executive, Independent	Chairman	Member	Member
Wong Hin Sun, Eugene	15 July 2019	Non-Executive, Independent	Member	Chairman	Member
Tan Poh Hong	1 October 2020	Non-Executive, Independent	Member	Member	Chairman

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

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

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

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

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

Board Diversity and Composition

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

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

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy which endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that support the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board diversity policy provides for the NC to consider a combination of factors such as skills, knowledge, professional experience, educational background, gender, age, and length of service. The skills, knowledge and experience to be considered include real estate, finance, accounting, business acumen, management experience, exchange industry knowledge, technology expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls.

A skills matrix is used to help identify the gaps. The skills matrix classifies the skills, knowledge and professional experience of existing Directors into several broad categories such as industry knowledge; financial markets; regulation, compliance and/or government relations; leadership; cybersecurity and technology; environmental, social and governance (ESG), and also where such skills, knowledge and professional experience were acquired or utilised geographically.

Suitable candidates will then be identified, including through external search firms. External search firms that are engaged, are instructed that diversity is a key criterion in the search and in particular, gender diversity. Female candidates are therefore required to be included for consideration.

Following its assessment of the candidates, the NC will then interview the short-listed candidates. The NC will thereafter make its recommendations to the Board including appointments to the appropriate Board committee(s) after matching the candidates' skills-set to the needs of each Board committee. The Board, taking into account the views of the NC, will consider if its Directors meet the criteria under its Board diversity policy and possess the necessary competencies to govern the Company effectively.

Following the appointment of Ms Tan Poh Hong as an independent Director on 1 October 2020, the Board's target to have at least one female represented on the Board has been met. The Board has maintained this target for the financial year ended 31 December 2022.

In terms of gender representation, the current Board consists of four men and one woman, or is 80% male and 20% female, and, as among the independent Directors, the female gender representation is 33%.

The Board also recognises that gender diversity is only one aspect of Board diversity. In terms of qualifications and competencies, members of the Board include seasoned professionals in real estate, investment, financial, accounting and legal fields. The Board believes that its members' different backgrounds, experience, age, gender, tenure of service, and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The profiles of the Directors are on pages 16 to 17 of the Annual Report.

The Company remains committed to implementing its Board diversity policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

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

Chairman and Chief Executive Officer

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

The Company's CEO is Mr Chu Weng Kiong Marcus ("**Mr Marcus Chu**") and the Executive Chairman is Mr Jack Chua. The Executive Chairman and the CEO are separate persons which ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

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

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

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

Lead Independent Director

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

Board Membership

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

NC Composition and Role

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

Wong Hin Sun, Eugene (Chairman)
Tan Bong Lin
Andrew Scobie Hawkyard
Tan Poh Hong

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

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

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

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

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

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

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

- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the director's number of listed company board representations and other principal commitments.

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

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

Re-election of Directors

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

At the forthcoming AGM, Mr Tan Bong Lin will retire under Article 94 of the Company's Constitution and will not be seeking re-election. Co-terminus with his retirement, Mr Tan's appointments on all the Board Committees and as the Lead Independent Director shall also cease.

In addition, Ms Tan Poh Hong and Mr Andrew Scobie Hawkyard, will retire under Article 94 and 100 of the Company's Constitution respectively. They have signified their consents to continue in office and offered themselves for re-election.

Following Mr Tan Bong Lin's decision to retire, the NC and the Board have commenced the search for suitable candidates to fill the vacancy. If need be, the NC may also engage external search consultants to search for candidates at the Company's expense. The NC will, amongst others, review the candidate's credentials, and assess the candidate's competency, suitability and ability to devote sufficient time for the Company. The NC will thereafter provide its recommendations to the Board for approval. The Board will make appropriate announcements to update the shareholders in due course.

Upon assessing these Directors' performance and contributions to the Board, the NC recommended them for re-appointment to the Board for consideration and the Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM.

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

Directors' Commitments

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

None of the Directors has an alternate director. As a Director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

Key Information of Directors

The key information (includes the listed company directorships and principal commitments) of the Directors is as set out on pages 16 to 17 of this Annual Report.

Additional information on Ms Tan Poh Hong and Mr Andrew Scobie Hawkyard, 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 137 to 140 of this Annual Report.

Board Performance

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

Board Evaluation Process

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

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

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

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

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

The performance evaluation process is performed annually.

For FY2022, based on the completed assessment forms submitted by all Directors, the Board is of the view that the Board, Board Committees and individual Directors have fared well against the performance criteria and is satisfied with the performance of the Board, Board Committees and individual Directors and that each director is contributing to the overall effectiveness of the Board. No external facilitator was involved in the performance evaluation process in FY2022.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure of Remuneration

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

RC Composition and Role

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

Tan Poh Hong (Chairman)
Tan Bong Lin
Andrew Scobie Hawkyard
Wong Hin Sun, Eugene

The RC had convened three meetings during the financial year under review.

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

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

  (i) a general remuneration policy framework for the Board and KMP; and
  (ii) the specific remuneration packages for each of the Directors and KMP; and
  (iii) succession planning;

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

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

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

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

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

Remuneration Policy

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

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

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

The structure of the fees payable to the Non-Executive Directors for FY2022 is as follows:

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

Where necessary, the RC could seek external professional advice on remuneration matters of Directors, CEO and KMP. The RC did not engage any external remuneration consultant to assist in the review of compensation and remuneration for the FY2022.

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

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

Remuneration Disclosure

The breakdown of remuneration paid to or accrued to each Director and the CEO for FY2022 is as follows:

Directors and CEO	Salary# %	Fees %	Bonus %	Other Benefits %	Variable or Performance-related Income/Bonus %	Total %
Between S$2,750,000 to S$3,000,000						
Marcus Chu	26	–	–	1	73	100
Between S$250,000 to S$500,000						
Jack Chua	90	–	8	2	–	100

	Salary# S$	Fees S$	Bonus S$	Other Benefits S$	Variable or Performance-related Income/Bonus S$	Total S$
Director Fees						
Tan Bong Lin	–	69,000	–	–	–	69,000
Andrew Scobie Hawkyard	–	–	–	–	–	–
Wong Hin Sun, Eugene	–	63,000	–	–	–	63,000
Tan Poh Hong	–	63,000	–	–	–	63,000

Refers to the basic salary including CPF contribution by the employee

The aggregate remuneration received by the top five KMP (who are not Directors or the CEO) for FY2022 was S$1,431,000. The Company has not fully disclosed the remuneration of the Executive Director, CEO and KMP (who are not Directors or the CEO) as the Board is of the view that it is not in the best interests of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information as it may lead to the poaching of executives within a highly competitive industry. The various components of the remuneration of the KMP (who are not Directors or the CEO) in percentage terms are as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Other Benefits %	Total %
Between S$250,000 to S$500,000				
Thomas Tan Thiam Hee	70	29	1	100
Eugene Lim Tong Weng	73	6	21	100
Poh Chee Yong	75	24	1	100
Below S$250,000				
Joy Koh Li-Hsien^	91	8	1	100
Raymond Leong*	91	8	1	100

^ Joined on 25 April 2022
* Joined on 5 September 2022

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

Performance Share Plan

In addition to existing bonus and incentives schemes, the Directors acknowledge that it is important to recognise, reward and retain the personnel, whose contributions are essential to the well-being and prosperity of the Group and who have contributed to the growth of the Group.

On 16 January 2023, the Company announced its intention to implement a performance share plan ("**Plan**"), pursuant to which selected members of management, agency leaders such as Senior Director of Agency, Chief Agency Director, Emeritus Agency Group Division Director and Executive Director of Agency and executive directors of the Company and its subsidiaries will be eligible to be awarded shares in the capital of the Company, subject to certain terms and conditions set out in the Plan. Please refer to the circular dated 29 March 2023 for more details of the Plan.

The Company will be seeking shareholders' approval for the adoption of the Plan at the forthcoming AGM.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

Annual Assurance

The Board had received written assurance from the Executive Chairman, CEO and CFO at the Board meeting on 23 February 2023 that:

- the financial records had been properly maintained and the financial statements give a true and fair view of the Group's financial condition, results of operations, cash flows and finances for the period covered by the report;

- the Group had established and maintained an adequate and effective systems of internal controls and risk management for FY2022; and

- there was no other matter that the Executive Chairman, CEO and CFO were aware of which could lead them to believe that the financial statements for FY2022 are false or misleading or that the systems of internal controls and risk management are inadequate or ineffective.

Based on the internal control policies and procedures established and maintained by the Group, works performed by the external and internal auditors and reviews performed by Management as well as assurance from the Executive Chairman, CEO and CFO, the Board with the concurrence of the ARC, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2022 to address the financial, operational, information technology and compliance risk which the Group considers relevant and material to its operations. The Board and the ARC did not identify any material weaknesses in the internal controls and risk management systems of the Group.

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

Risk management system has become an essential part of the Group's business planning and monitoring process. On a bi-annual basis, Management submits to the Board the "Enterprise Risk Management Report" detailing the Group's risk profile, evaluating their potential impact and proposing countermeasures to mitigate or to transfer identified risks so as to bring them to an acceptable level. As part of the Group's continuous efforts to ensure that its risk management systems and internal controls are adequate and effective, the Management is not only working towards strengthening the existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new ones where necessary so as to meet challenges brought on by a changing business environment.

Audit and Risk Committee

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

ARC Composition and Role

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

Tan Bong Lin (Chairman)
Andrew Scobie Hawkyard
Wong Hin Sun, Eugene
Tan Poh Hong

The ARC had convened four meetings during FY2022.

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

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

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

- assisting the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;
- reviewing and recommending to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing the external auditor's audit plan and audit reports, and the external auditor's evaluation of the system of internal accounting controls, with the external auditor, as well as the assistance given by Management to the external auditor;
- reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and IT controls;
- monitoring and reviewing the implementation of the external auditor's recommendations for internal control weaknesses, if any;
- reviewing and approving all hedging policies and types of hedging instruments to be implemented by the Company, if any;

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

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

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

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

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

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

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

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

The ARC had met with the external and internal auditors, without the presence of Management once in FY2022.

External Audit

The ARC has undertaken a review of the independence and objectivity of EY, through discussions with EY as well as reviewing the non-audit services that are provided by EY and is satisfied that the provision of such services did not affect the independence of EY notwithstanding the non-audit fees for FY2022 exceeded 50% of the total audit fees for FY2022. The audit and non-audit fees charged to the Group by EY for FY2022 amounted to S$205,000 and S$117,000 respectively. The non-audit fees for FY2022 mainly consisted of the provision of tax compliance services and financial and tax due diligence work during the acquisition of ERA Vietnam by the Group.

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

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

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

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

Internal Audit

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

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

The ARC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the internal auditor are properly implemented, and (iii) the effectiveness and independence of the internal auditor. In doing so, the ARC takes into consideration the service level, attentiveness, professionalism and calibre of the assigned personnel who carried out the internal audit activities during the financial year. The ARC is satisfied that the internal audit function was independent, adequately resourced and effective in FY2022.

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

Key Audit Matters

In the review of the financial statements, the ARC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for FY2022 were reviewed and discussed by the ARC with Management and the external auditor:

- Impairment assessment of goodwill;
- Impairment assessment of trade receivables;
- Accounting for business combinations; and
- Revenue recognition.

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

Whistleblowing Policy

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

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

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

There was no whistleblowing report received in FY2022.

SHAREHOLDER RIGHTS AND RESPONSBILITIES

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Disclosure of information on timely basis

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

The Company does not 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 investor-related information of the Group such as analysts' reports, sign up for e-mail alerts to receive announcements and press releases released by the Company on SGXNET.

Conduct of General Meetings

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

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

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

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

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

In view of the COVID-19 situation, the AGM in respect of the financial year ended 31 December 2021 ("**AGM 2022**") was convened and held by electronic means on 21 April 2022 pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Alternative arrangements relating to attendance at the AGM 2022 via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM 2022, addressing of substantial and relevant questions at or prior to AGM 2022 and voting by appointing the Chairman of the AGM 2022 as proxy, were put in place for AGM 2022.

On 15 December 2022, the Ministry of Law announced that the COVID-19 Temporary Measures Order will cease with effect from 1 July 2023. As Singapore has progressively transitioned towards living with COVID-19 and meetings can take place physically, the forthcoming AGM will be held physically at ERA APAC Centre, located at 450 Lorong 6 Toa Payoh Singapore 319394, on 20 April 2023 ("**AGM 2023**") and there will be no option for shareholders to participate by electronic means. Arrangements relating to attendance at AGM 2023, submission of questions in advance of, or at, the AGM 2023, and the voting at the AGM 2023 by shareholders or their appointed proxy(ies), are set out in the Notice of the forthcoming AGM dated 29 March 2023. The forthcoming AGM will be held pursuant to the Order, to facilitate change of the AGM format if necessitated by regulatory authorities at the relevant time.

Investor Relations Practices

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

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

The Company had participated in the following investor relations activities:

No.	Activity	Date
1	DBS Vickers Pulse of Asia Conference 2022: The Digital Edition	12 January 2022
2	Second half and full year 2021 results briefing with analysts	23 February 2022
3	APAC Realty Limited's FY2021 annual general meeting	21 April 2022
4	CLSA Ltd- Singapore Mid-cap Access Day 2022	19 July 2022
5	First half 2022 results briefing with analysts	10 August 2022
6	Third quarter 2022 business update briefing with analysts	10 November 2022
7	Second half and full-year 2022 results briefing with analysts	23 February 2023

Dividend Policy

The Board adopted a dividend policy which provided that the distribution of dividend shall be at between 50% to 80% of the Group's net profit after tax. In fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt / equity position and the importance of balancing growth with prudent capital management.

The Company had declared and paid a first interim tax-exempt (one-tier) dividend of S$0.035 per ordinary share for the financial period ended 30 June 2022. Including the proposed final tax-exempt (one-tier) dividend of S$0.0275 per ordinary share (if approved at the forthcoming AGM), the total dividends of S$0.0625 would represent a dividend payout of 74.8%* based on the Company's FY2022 net profits.

* computed based on net profits before fair value loss on convertible loan of S$29.7 million.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

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

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

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

In FY2022, the Company and its Directors and Officers had complied with the guidance in respect of the dealing in the Company's securities as set out in the Best Practices Guide.

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S$100,000 or more in value were entered into in FY2022.

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 agreements between the Company and each of the Executive Director and the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which were still subsisting as at 31 December 2022.

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

Rule 1207(20) of the Listing Manual

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

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

Purpose	Allocation of Net Proceeds (as disclosed in the Prospectus) (S$'000)	Revised Allocation of Net Proceeds (S$'000)	Net Proceeds Utilised as at the date of this Annual Report (S$'000)	Balance of Net Proceeds as at the date of this Annual Report (S$'000)
Strengthening and expanding presence in Singapore	10,000	10,000	(10,000)	–
Expanding range of services and geographical presence in the Asia-Pacific region	10,000	10,000	(10,000)	–
Enhancing technological capabilities	5,000	5,750	(1,768)	3,982
Refurbishment of ERA APAC Centre	–	1,250	(1,250)	–
General corporate and working capital purposes	2,000	–	–	–
	27,000	27,000	(23,018)	3,982

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2022.

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 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Chua Khee Hak
Andrew Scobie Hawkyard (Appointed on 10 June 2022)
Tan Bong Lin
Wong Hin Sun, Eugene
Tan Poh Hong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in the shares of the Company and its ultimate holding company as stated below:

	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
Company				
Chua Khee Hak	80,000	29,960,509	–	–

There was no change to any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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 of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE

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

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

AUDITORS

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

On behalf of the board of directors,

Chua Khee Hak
Director

Andrew Scobie Hawkyard
Director

Singapore
29 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of APAC Realty Limited
For the financial year ended 31 December 2022

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 2022, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 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 2022, the carrying value of goodwill is $81 million, which represents 21% of the Group's total assets. The goodwill was allocated to the cash-generating units (CGUs) for impairment testing. The recoverable amounts of the CGUs were determined based on value-in-use calculations using the CGU's expected future cash flows. We considered the audit of these cash flow forecasts to be a key audit matter as the determination of the recoverable amounts involved significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.

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.

Key Audit Matters (cont'd)

Valuation of goodwill, intangible assets and tangible assets/liabilities through business combinations

During the year, the Group completed the acquisition of PT ERA Graharealty Tbk as disclosed in Note 7. The Group has determined the acquisition to be business combinations for which the purchase price is to be allocated between acquired assets and liabilities, identified intangible assets, and leading to the resultant recognition of goodwill at their respective fair values. Independent professional valuer was engaged by the Group to perform purchase price allocation exercise, fair valuation of acquired assets and liabilities and/or identification and valuation of intangible assets. The identification of such assets and liabilities, including contingent assets and liabilities and their measurement at fair value is inherently judgemental, thus we considered this area to be a key audit matter.

We have obtained the valuation prepared by the independent valuer engaged by the Group. We, together with our valuation specialists, assessed the competence and capabilities of the valuer and objectivity of the valuer, and assessed the reasonableness of the conclusion having regard to the key assumptions including forecast cash flows focusing on revenues and earnings before interest, tax, depreciation and amortisation ('EBITDA'), appropriateness of discount and growth rates and cross-checking valuation calculations against comparable companies, whilst considering the risk of management bias.

We have also assessed the Group's determination of the fair value of the remaining assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in the valuation, including the assessment on the reasonableness of the useful lives of the intangible and tangible assets and the consideration given. We also considered the adequacy of disclosures in relation to the acquisition in Note 7.

Impairment assessment of trade receivables

As at 31 December 2022, the gross balance of trade receivables amounted to $157 million, against which allowance for impairment amounted to $6 million. Trade receivable balances are significant to the Group as they represent 73% of the total current assets and 94% of net assets. Management assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery is doubtful. Management determined the expected credit losses of trade receivables by making debtor-specific assessment for long overdue debts and used a provision matrix that is based on the historical observed default rates, adjusted for current and forward-looking information. The assessment of the expected credit losses requires significant management estimates and judgement. There are also higher levels of judgement required due to the heightened level of estimation uncertainty associated with current market and economic conditions. As such, we considered this to be a key audit matter.

We assessed the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We performed audit procedures, amongst others, requesting for trade receivable confirmations for selected debtors and checked for evidence of receipts from debtors after year end. We had discussions with management on the recoverability of long outstanding debts. We assessed the reasonableness of the loss allowance by comparing the actual loss trends against loss rate applied to the different age band. We assessed the reasonableness of the adjustments made to loss rates applied, to incorporate current conditions of the debtors. In addition, we assessed the adequacy of the Group's disclosures on the trade receivables in Note 12 and the related risks such as credit risk in Note 31(c).

Revenue recognition

For the year ended 31 December 2022, the Group recognised revenue arising from brokerage fees from resale, rental and new home of $695 million. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on the legal completion of the home sales, where the sale & purchase agreement between the developers and the customers are executed. Judgement is required in determining the point of revenue recognition for brokerage fees arising from new home sales, which is based on management's estimates on the timing on when the sale transactions and the legal completion have taken place. These are significant estimates and hence we considered this to be a key audit matter.

We assessed the Group's accounting policy for revenue recognition and evaluated the reasonableness of key assumptions used, in particular the cancellation rate and expected legal completion date. We assessed the cancellation rate used by management by comparing to historical results. We assessed the reasonableness of the duration of the expected legal completion date based on industry trend as well as other publicly available information. We further assessed the adequacy of disclosures in Note 3.2 and Note 22.

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.

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

- 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 Lee Lai Hiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2023

BALANCE SHEETS
As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	73,858	72,848	–	–
Right-of-use assets	5	230	1,988	–	–
Intangible assets	6	104,008	96,890	1,629	1,866
Investment in subsidiaries	7	–	–	189,773	189,943
Investment in associates	8	2,175	2,360	2,693	2,950
Other investments	9	–	789	–	250
Deferred tax assets	19	85	–	–	–
Fixed deposits	10	400	400	400	400
		180,756	175,275	194,495	195,409
Current assets					
Convertible loan	11	–	3,587	–	–
Trade and other receivables	12	153,374	133,644	481	617
Unbilled receivables	12	2,093	17,993	–	–
Amounts due from subsidiaries	12	–	–	13,217	15,297
Tax recoverable		34	–	34	–
Prepaid operating expenses		2,869	1,686	13	14
Cash and bank balances	13	49,274	53,665	3,015	6,632
		207,644	210,575	16,760	22,560
Total assets		388,400	385,850	211,255	217,969
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals	14	155,944	147,717	297	449
Other payables	14	13,170	14,045	–	7
Amount due to a subsidiary	14	–	–	65,766	52,312
Deferred income	15	1,423	1,299	–	–
Lease liabilities	16	118	1,694	–	–
Loan and borrowing	17	45,917	2,900	–	–
Provision for taxation		6,753	7,481	–	15
		223,325	175,136	66,063	52,783
Net current (liabilities)/assets		(15,681)	35,439	(49,303)	(30,223)
Non-current liabilities					
Lease liabilities	16	19	44	–	–
Loan and borrowing	17	–	45,917	–	–
Employee benefits	18	343	–	–	–
Deferred tax liabilities	19	4,343	4,089	–	–
		4,705	50,050	–	–
Net assets		160,370	160,664	145,192	165,186
Equity attributable to owners of the Company					
Share capital	20	98,946	98,946	98,946	98,946
Fair value reserve		–	(16)	–	–
Foreign currency translation reserve		(316)	(21)	–	–
Accumulated profits		61,582	62,005	46,246	66,240
		160,212	160,914	145,192	165,186
Non-controlling interests	21	158	(250)	–	–
Total equity		160,370	160,664	145,192	165,186

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 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue			
Real estate brokerage fees and related services	22	700,363	735,369
Other revenue	23	4,642	4,381
Total revenue		705,005	739,750
Items of expense			
Cost of services		631,625	664,343
Personnel costs	24	18,030	15,072
Marketing and promotion expenses		4,275	3,692
Depreciation of property, plant and equipment	4	2,445	2,065
Depreciation of right-of-use assets	5	1,536	1,722
Amortisation of intangible assets	6	940	932
Impairment losses on financial assets:			
– Trade receivables	12	3,113	3,873
Other operating expenses	23	6,161	4,258
Fair value loss on convertible loan		3,135	–
Finance costs	25	982	774
		672,242	696,731
Operating profit		32,763	43,019
Share of results of associates		118	(400)
Profit before tax		32,881	42,619
Income tax expense	26	(6,447)	(7,325)
Profit for the year		26,434	35,294
Attributable to:			
Owners of the Company		26,556	35,389
Non-controlling interests		(122)	(95)
		26,434	35,294
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	27	7.48	9.96

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For financial year ended 31 December 2022

	Group	
	2022 $'000	2021 $'000
Profit for the year	26,434	35,294
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income ("FVOCI") – net change in fair value	–	(16)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(337)	110
Other comprehensive income for the year, net of tax	(337)	94
Total comprehensive income for the year	26,097	35,388
Total comprehensive income attributable to:		
Owners of the Company	26,261	35,466
Non-controlling interests	(164)	(78)
	26,097	35,388

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 2022

Group	Attributable to owners of the Company						Non-controlling interests $'000	Total equity $'000
	Share Capital (Note 20) $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000		
2022								
Opening balance at 1 January 2022	98,946	(16)	(21)	62,005	61,968	160,914	(250)	160,664
Profit/(loss) for the year	–	–	–	26,556	26,556	26,556	(122)	26,434
Other comprehensive income								
– Equity instruments at FVOCI – deemed disposal	–	16	–	(16)	–	–	–	–
– Foreign currency translation	–	–	(295)	–	(295)	(295)	(42)	(337)
Total comprehensive income for the year	–	16	(295)	26,540	26,261	26,261	(164)	26,097
Total contributions by and distributions to owners – Dividends on ordinary shares (Note 28)	–	–	–	(26,640)	(26,640)	(26,640)	–	(26,640)
Total changes in ownership interests in subsidiaries								
– Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	669	669
– Acquisition of additional interests in subsidiary with no change in control	–	–	–	(323)	(323)	(323)	(253)	(576)
– Subsidiary struck off with non-controlling interest	–	–	–	–	–	–	156	156
Closing balance at 31 December 2022	98,946	–	(316)	61,582	61,266	160,212	158	160,370

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

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

* Less than $1,000

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 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit before tax		32,881	42,619
Adjustments for:			
Depreciation of property, plant and equipment	4	2,445	2,065
Depreciation of right-of-use assets	5	1,536	1,722
Amortisation of intangible assets	6	940	932
Impairment losses on financial assets	12	3,113	3,873
Bad debts recovered	23	(157)	(161)
Loss on disposal of plant and equipment	23	9	88
Impairment loss on goodwill	23	–	128
Write off of other investments	23	250	745
Write off of loan to associate	23	289	–
Gain on disposal of associate	23	(591)	–
Loss on subsidiaries being struck off	23	164	–
Fair value loss on convertible loan		3,135	–
Share of results of associates		(118)	400
Interest expense	25	982	774
Interest income	23	(497)	(521)
Operating cash flows before working capital changes		44,381	52,664
Changes in working capital			
Increase in trade receivables, other receivables and unbilled receivables		(8,134)	(53,570)
Increase in trade and other payables		6,760	60,015
Cash flows from operations		43,007	59,109
Interest income received		497	521
Interest paid		(946)	(657)
Income taxes paid		(7,466)	(4,115)
Net cash flows generated from operating activities		35,092	54,858
Cash flows from investing activities			
Purchase of plant and equipment		(2,302)	(1,081)
Proceeds from disposal of plant and equipment		29	3
Acquisition of subsidiary, net of cash acquired	7	(6,476)	(206)
Proceeds from disposal of an associate		542	–
Investment in associates		–	(32)
Investment in other investment		–	(539)
Loan extended to an associate	8	–	(257)
Net cash used in investing activities		(8,207)	(2,112)
Cash flow from financing activities			
Repayment of lease liabilities	16	(1,736)	(1,996)
Repayment of loan and borrowing	17	(2,900)	(2,900)
Payment of dividends		(26,640)	(29,304)
Net cash flows used in financing activities		(31,276)	(34,200)
Net (decrease)/increase in cash and cash equivalents		(4,391)	18,546
Net cash and cash equivalents at beginning of year		53,665	35,119
Net cash and cash equivalents at end of year	13	49,274	53,665

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

1. CORPORATE INFORMATION

APAC Realty Limited (the "Company") is a 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 NHPEA Ace Realty Company Limited, an entity incorporated in Cayman Islands. The ultimate holding company of the Company is Morgan Stanley, an entity listed on the New York Stock Exchange.

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

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the "ERA Real Estate" brand for sale and licensing to sub-franchisees in the Asia Pacific region. The principal activities of the subsidiaries are stated in Note 7 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

2.2 *Going concern assumption*

As at 31 December 2022, the Group was in a net current liabilities position of $15,681,000. This was due to the classification of the Group's bank loan of $45,917,000 as current liabilities as the final maturity date of the bank loan is on 19 October 2023. In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank and the new bank loan will be a five-year loan that will start from 19 October 2023 (Note 17). As such, the consolidated financial statements of the Group have been prepared on a going concern basis. The Board of Directors and management of the Company have assessed that it is appropriate to do so as the Group has secured the refinancing of the bank loan and the classification of the bank loan as non-current liabilities will be made once the new bank loan is drawn on 19 October 2023.

2.3 *Changes in accounting policies and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any effect on the financial performance or position of the Group.

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

2.4 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2.5 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

(b) *Business combinations and goodwill* (cont'd)

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.

2.6 *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.

2.7 *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.

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

2.7 *Foreign currency* (cont'd)

(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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.8 *Current versus non-current classification*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.9 *Property, plant and equipment*

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

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

Land and building	–	8 to 47 years (remaining lease period)
Computers	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Electrical installation and fittings	–	5 years
Renovation	–	5 years
Motor vehicles	–	7 years

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

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

2.9 *Property, plant and equipment* (cont'd)

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

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

2.10 *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 recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets include the ERA Regional Master franchise right for certain countries in the Asia Pacific region, ERA Subfranchise right in Singapore and Coldwell Banker franchise right in Singapore arising from a business combination in 2013. The useful lives of these intangible assets are finite. They are stated at cost and amortised on a straight line method over their estimated useful lives of 15 to 37 years, 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.

2.11 *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.

2.12 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 *Associates*

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

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

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

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

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

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

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

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.

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

2.14 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

Subsequent measurement

Investments in debt instruments

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

Amortised cost

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

Fair value through profit or loss

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

Investments in equity instruments

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

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.

2.18 *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.

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

2.19 *Employee benefits* (cont'd)

(b) *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-employment plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in profit or loss. The Group recognises remeasurement gains or loss within the consolidated statement of comprehensive income in the period in which they occur. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(c) *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*

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

(a) *As lessee*

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

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in Note 2.11.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

2.20 *Leases* (cont'd)

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

Lease liabilities (cont'd)

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets

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

(b) ***As lessor***

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

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 investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

2.23 *Taxes* (cont'd)

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

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

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

(c) ***Sales tax***

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

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

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

2.24 *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 discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 6 to the financial statements.

The carrying amount of the goodwill as at 31 December 2022 is $81,386,000 (2021: $75,224,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 *Key sources of estimation uncertainty* (cont'd)

Accounting for business combination

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. Significant judgement is involved in the identification and measurement of the acquired assets and liabilities. Management used external valuation expert to perform the purchase price allocation. The details of the business combinations during the year are disclosed in Note 7 to the financial statements.

Allowance for expected credit losses of trade receivables

The Group uses an allowance matrix to calculate ECLs for trade receivables. The allowance rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The allowance matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 31(c).

The carrying amount of trade receivables as at 31 December 2022 is $151,008,000 (2021: $120,792,000) net of allowance for expected credit losses of $5,572,000 (2021: $5,439,000).

Revenue recognition

The Group is in the business of providing real estate brokerage and consultancy services. The Group recognises revenue from real estate brokerage fees when services have been rendered and it is probable that the Group will collect the amount to which the Group expects to be entitled. In particular, for brokerage fees arising from new home sales, the services are deemed rendered based on its legal completion of the home sales. Judgement is required in determining point of revenue recognition, which is based on management's estimates on the timing on when the sale transactions and the legal completion have taken place.

The Group assessed the expected legal completion date and cancellation rate based on industry trend as well as other publicly available information. Estimates of the expected legal completion date and cancellation rate are sensitive to changes in circumstances and the Group's past experience regarding the timing of legal completion of home sales may not be representative of the actual legal completion date in the future. For the year ended 31 December 2022, the Group recognised revenue from brokerage fees from resale, rental and new home of $695,224,000 (2021: $730,108,000).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Land and building $'000	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Electrical installation and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Cost:								
At 1 January 2021	72,800	167	1,885	368	572	187	35	76,014
Additions	–	125	563	53	336	8	–	1,085
Acquired through business combinations	–	–	–	5	–	–	–	5
Disposal/write-off	–	(133)	(454)	(124)	–	–	(35)	(746)
Translation difference	–	–	–	(2)	–	(8)	–	(10)
At 31 December 2021 and 1 January 2022	72,800	159	1,994	300	908	187	–	76,348
Additions	–	124	582	154	502	1,003	–	2,365
Acquired through business combinations	1,006	6	34	19	–	–	100	1,165
Disposal/write-off	–	(84)	(980)	(11)	(108)	–	–	(1,183)
Translation difference	(40)	(1)	(2)	(4)	–	(4)	(9)	(60)
At 31 December 2022	73,766	204	1,628	458	1,302	1,186	91	78,635
Accumulated depreciation:								
At 1 January 2021	125	68	1,416	176	209	70	32	2,096
Charge for the year	1,496	73	245	69	145	35	2	2,065
Disposal/write-off	–	(129)	(371)	(121)	–	–	(34)	(655)
Translation difference	–	–	–	(2)	–	(4)	–	(6)
At 31 December 2021 and 1 January 2022	1,621	12	1,290	122	354	101	–	3,500
Charge for the year	1,539	88	297	89	250	173	9	2,445
Disposal/write-off	–	(75)	(973)	(9)	(107)	–	–	(1,164)
Translation difference	(1)	–	–	(1)	–	(2)	–	(4)
At 31 December 2022	3,159	25	614	201	497	272	9	4,777
Net carrying amount:								
At 31 December 2021	71,179	147	704	178	554	86	–	72,848
At 31 December 2022	70,607	179	1,014	257	805	914	82	73,858

Security

As at 31 December 2022, the property of the Group with carrying amount of $69,684,000 (2021: $71,179,000) is mortgaged to secure a bank loan (Note 17).

5. RIGHT-OF-USE ASSETS

The Group has a lease contract for the use of office space, with a remaining lease term of 2 – 3 years (2021: 4 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group's leases also include restrictions on assigning and subleasing the leased assets.

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

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

Group	Office space $'000
Cost:	
At 1 January 2021, 31 December 2021 and 1 January 2022	7,028
Additions	99
Remeasurement	(321)
At 31 December 2022	6,806
Accumulated amortisation:	
At 1 January 2021	3,318
Charge for the year	1,722
At 31 December 2021 and 1 January 2022	5,040
Charge for the year	1,536
At 31 December 2022	6,576
Net carrying amount:	
At 31 December 2021	1,988
At 31 December 2022	230

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

	Group	
	2022 $'000	2021 $'000
Expense relating to leases of low-value assets and short term leases (included in other operating expenses)	139	91
Interest expense on lease liabilities (included in finance costs)	37	117
Depreciation expense of right-of-use assets	1,536	1,722
Total amount recognised in consolidated income statement	1,712	1,930

The Group had total cash outflows of leases of $1,736,000 in 2022 (2021: $1,996,000).

6. INTANGIBLE ASSETS

Group	Goodwill $'000	Franchise rights $'000	Total $'000
Cost:			
At 1 January 2021	75,703	29,473	105,176
Additions	231	–	231
At 31 December 2021 and 1 January 2022	75,934	29,473	105,407
Additions (Note 7)	6,162	1,896	8,058
Written off	(710)	–	(710)
At 31 December 2022	81,386	31,369	112,755
Accumulated amortisation and impairment:			
At 1 January 2021	582	6,875	7,457
Charge for the year	–	932	932
Impairment loss (Note 23)	128	–	128
At 31 December 2021 and 1 January 2022	710	7,807	8,517
Charge for the year	–	940	940
Written off	(710)	–	(710)
At 31 December 2022	–	8,747	8,747
Net carrying amount:			
At 31 December 2021	75,224	21,666	96,890
At 31 December 2022	81,386	22,622	104,008

Company	Franchise rights $'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	3,816
Accumulated amortisation:	
At 1 January 2021	1,714
Charge for the year	236
At 31 December 2021 and 1 January 2022	1,950
Charge for the year	237
At 31 December 2022	2,187
Net carrying amount:	
At 31 December 2021	1,866
At 31 December 2022	1,629

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 2022, the carrying amount of the ERA franchise right in Asia Pacific region is $1,629,000 (2021: $1,866,000) and has remaining amortisation period of 7 years (2021: 8 years).

6. INTANGIBLE ASSETS (cont'd)

Franchise rights (cont'd)

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2021. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 31 December 2022, the carrying amount of the ERA Singapore Subfranchise right is $19,104,000 (2021: $19,799,000) and has remaining amortisation period of 28 years (2021: 29 years).

The Group also owns a reacquired franchise right in Indonesia for an initial term of 25 years from 8 February 2019. It includes a renewal clause for an additional successive 30 years. As at 31 December 2022, the carrying amount of the reacquired franchise right is $1,889,000 and has remaining amortisation period of 22 years.

In addition, the Group has terminated the Coldwell Banker franchise right and the carrying amount of the Coldwell Banker Franchise right is Nil as at 31 December 2022 (31 December 2021: $1,000).

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

	Group	
	2022 $'000	2021 $'000
Real estate brokerage income (Singapore)	61,345	61,345
Real estate brokerage income (Thailand)	231	231
Real estate brokerage income and master franchisee of ERA Indonesia	6,162	–
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	–	582
Others	–	128
	81,386	75,934
Less: Impairment losses	–	(710)
	81,386	75,224

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

	2022	2021
Growth rate	1.2% – 1.7%	1.2% – 1.7%
Discount rate	10.9% – 14.4%	9% – 10%

Amortisation expenses

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

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to its cash-generating units ("CGU"), for impairment testing. During the full year ended 31 December 2022, the Group has fully written off goodwill relating to "Membership fee earned in relation to the "Coldwell Banker" franchise" and "Others" CGU, which amounted to $582,000 and $128,000 respectively.

During the full year ended 31 December 2021, the Group has assessed that the recoverable amount of goodwill relating to the "Others" CGU was lower than its carrying amount and has recognised impairment loss of $128,000. The carrying amount of this CGU is fully impaired.

6. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations

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

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

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

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

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the Group's 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	
	2022 $'000	2021 $'000
Unquoted shares, at cost	190,868	190,984
Less: Impairment losses	(1,095)	(1,041)
	189,773	189,943

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group

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

Name	Effective interest 2022 %	Effective interest 2021 %	Principal activities (Place of business)	Cost of investments carried by the Company 2022 $'000	Cost of investments carried by the Company 2021 $'000
Held by the Company					
ERA Realty Network Pte Ltd	100	100	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Singapore)	99,420	99,420
ERA Singapore Pte Ltd	100	100	Master franchisee of the "ERA Real Estate" franchise for the territory of Singapore to grant membership of the "ERA" franchise to housing agents. (Singapore)	13,317	13,317
Realty International Associates Pte Ltd	100	100	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals. (Singapore)	4,311	4,311
Electronic Realty Associates Pte Ltd	100	100	Real estate brokerage and related services. (Singapore)	136	136
Coldwell Banker Real Estate (S) Pte Ltd	100	100	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	800	800
[@] Coldwell Banker Commercial Real Estate (S) Pte Ltd	100	100	Dormant. (Singapore)	–[#]	–[#]
APAC Investment Pte Ltd	100	100	Rental of investment property. (Singapore)	72,800	72,800
APAC Investment 2 Pte Ltd	100	100	Investment holding. (Singapore)	–[#]	–[#]
Fang Pte Ltd	100	100	Advertising activities and those relating to research and experimental development on IT. (Singapore)	–	116

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name	Effective interest 2022 %	Effective interest 2021 %	Principal activities (Place of business)	Cost of investments carried by the Company 2022 $'000	Cost of investments carried by the Company 2021 $'000
Held by the Company					
ß Estatify Pte Ltd	–	51	Advertising activities and those relating to production of advertisements, corporate videos and event videos. (Singapore)	–	–#
æ APAC Holding (Thailand) Co. Limited(1)	49	49	Investment holding. (Thailand)	42	42
æ ERA Holding (Thailand) Co. Limited(1)	49	49	Investment holding. (Thailand)	42	42
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	–#	–#
Held by subsidiaries					
Ω PT ERA Graharealty Tbk	91	–	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. Master franchisee of ERA Indonesia. (Indonesia)	–^	–
@ PT Realty Jaya Abadi	99	–	Investment holding. (Indonesia)	–^	–
æ ERA Property Network Co., Ltd	49	49	Real estate brokerage and related services. (Thailand)	–µ	–µ
				190,868	190,984

\# Investment cost less than $1,000
^ Shares held by APAC Investment 2 Pte Ltd
µ Shares held by ERA Holding (Thailand) Co. Limited
* Audited by Shanghai Xinyun Certified Public Accountants
æ Audited by Winplus Audit and Associate Company Limited.
@ Not required to be audited
ß Struck off in November 2022
Ω Audited by Nexia KPS

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

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

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisitions in 2022

In August 2022, the Group has acquired 79.74% of the issued share capital of PT ERA Graharealty Tbk ("PT ERA"). In addition, in December 2022, the Group acquired 99.77% of PT Realty Jaya Abadi ("PT RJA") by converting its convertible loan with PT RJA. The Group acquired PT ERA and PT RJA because they are integral to the Group's overall growth plans to expand its presence in the Asia Pacific region. The Group has elected to measure NCI in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The fair value of the identifiable assets and liabilities of PT ERA and PT RJA as of the date of acquisition were:

	Fair value recognised on acquisitions $'000
Assets	
Plant and equipment	1,161
Intangible assets	1,896
Deferred tax assets	76
Trade and other receivables	39
Cash and cash equivalents	2,618
Total assets	5,790
Liabilities	
Deferred tax liabilities	(540)
Trade and other payables	(718)
Total liabilities	(1,258)
Total identifiable net assets at fair value	4,532
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(669)
Settlement of pre-existing balances	(968)
Investments previously held at FVOCI	(539)
Goodwill on acquisition (Note 6)	6,162
Purchase consideration transferred, settled in cash	8,518

The transaction costs of $144,000 incurred in connection with the acquisitions has been expensed off and included in "other operating expenses".

The goodwill of $6,162,000 comprises the value of the distribution network in Indonesia, which is not separately recognised. Goodwill is allocated entirely to the "Real estate brokerage income and master franchisee of ERA Indonesia" CGU. None of the goodwill recognised is expected to be deductible for tax purposes.

From the date of acquisition, PT ERA and PT RJA contributed $1,175,000 of revenue and $434,000 profit before tax of the Group. If the acquisitions had taken place at the beginning of the year, revenue and profit before tax of the Group would have been $706,220,000 and $32,968,000 respectively.

Analysis of cash flows on acquisitions:

	$'000
Transaction costs of the acquisitions (included in cash flows from operations)	(144)
Cash consideration for acquisition of PT ERA (included in cash flows from investing activities)	(8,518)
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	2,618
Cash consideration for acquisition of additional interest in PT ERA	(576)
Net cash flow on acquisitions	(6,620)

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Additional acquisition of ownership interest in PT ERA

On 30 November 2022, the Group acquired an additional 5.62% equity interest in PT ERA from its non-controlling interest for a cash consideration of $576,000. The transaction has been accounted for as an equity transaction with non-controlling interests.

Impairment testing of investment in subsidiaries

The movement in impairment losses is as follows:

	Company	
	2022 $'000	2021 $'000
At beginning of year	1,041	899
Impairment losses recognised	54	142
At end of year	1,095	1,041

During the current financial year, management performed an impairment test for the investment Coldwell Banker Real Estate (S) Pte Ltd as the subsidiary has been persistently making losses. An additional impairment loss of $54,000 was recognised to impair the investment in Coldwell Banker Real Estate (S) Pte Ltd for the year ended 31 December 2022 to its recoverable amount. The recoverable amount of this investment has been determined based on fair value less costs to sell.

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

8. INVESTMENT IN ASSOCIATES

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
ERA Vietnam*	2,175	2,103	2,500	2,500
Other associate	–	257	193	450
	2,175	2,360	2,693	2,950

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

Included in the investment in associate ERA Vietnam is a loan of $1,000,000 (2021: $1,000,000) denominated in Singapore Dollar. The loan is unsecured, bears interest at 1.5% per annum and is to be settled in cash.

In 2021, included in other associate is a loan of $257,000 denominated in Malaysian Ringgit. The loan is unsecured, non-interest bearing and is to be settled in cash. The loan was fully written off as at 31 December 2022.

8. INVESTMENT IN ASSOCIATES (cont'd)

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

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2022 %	2021 %
ERA Vietnam[1]	Strategic partner for real estate brokerage & consultancy services in Vietnam	Vietnam	38	38

[1] Audited by member firms of Ernst & Young

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

	Group	
	2022 $'000	2021 $'000
Loss after tax, representing total comprehensive income	–	(276)

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

Summarised balance sheet	2022 $'000	2021 $'000
Current assets	722	3,902
Non-current assets	4,278	745
Total assets	5,000	4,647
Current liabilities	(3,228)	(3,126)
Non-current liabilities	–	–
Total liabilities	(3,228)	(3,126)
Net assets	1,772	1,521
Proportion of the Group's ownership	38%	38%
Group's share of net assets	668	596
Goodwill	507	507
Loan	1,000	1,000
Carrying amount of the investment	2,175	2,103

Summarised statement of comprehensive income		
Profit/(Loss) after tax, representing total comprehensive income	309	(697)

9. OTHER INVESTMENTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Equity securities at fair value through profit or loss:				
– Equity shares (unquoted)				
Turning-Point Pte Ltd	–	250	–	250
Equity securities at fair value through other comprehensive income:				
– Equity shares (quoted)				
PT ERA	–	539	–	–
	–	789	–	250

Equity securities at fair value through profit or loss

The fair value of these equity shares is determined by reference to its fair value less costs to sell. The investment in equity shares was fully written off during the year (Note 23).

Equity securities at fair value through other comprehensive income

This relates to investment in PT ERA whose shares are listed on the Indonesian Stock Exchange and the fair value of these equity securities are determined by reference to published price quotations in an active market. In 2021, the Group holds non-controlling interest of 5.24% in PT ERA. The investment is irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature. In 2022, PT ERA became a subsidiary of the Group after the acquisition of 79.74% of the issued share capital of PT ERA (Note 7).

10. FIXED DEPOSITS

Fixed deposits in 2022 and 2021 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and earned interest rate of 0.5% (2021: 0.5%) per annum.

11. CONVERTIBLE LOAN

In November 2018, the Group entered into a convertible loan agreement PT RJA. In 2021, the convertible loan with a fair value of $3,587,000, bore interest rate of 4.5% per annum and was secured against shares pledged by the borrowers. During the year, the Group recognised a fair value loss of $3,135,000 prior to converting the loan into shares of PT RJA in December 2022 (Note 7).

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables	151,008	120,792	51	63
Other receivables				
Deposits	548	1,646	305	532
Advances in relation to a proposed acquisition	–	10,359	–	–
Other advances	1,260	390	–	–
Sundry receivables	558	457	125	22
	2,366	12,852	430	554
Trade and other receivables	153,374	133,644	481	617
Unbilled receivables	2,093	17,993	–	–
Add:				
Amounts due from subsidiaries	–	–	13,217	15,297
Total trade and other receivables	155,467	151,637	13,698	15,914
Less:				
Advances	(1,260)	(10,749)	–	–
Unbilled receivables	(2,093)	(17,993)	–	–
Add:				
Fixed deposits (Note 10)	400	400	400	400
Cash and bank balances (Note 13)	49,274	53,665	3,015	6,632
Total financial assets carried at amortised cost	201,788	176,960	17,113	22,946

Trade receivables

Trade receivables are non-interest bearing and are generally settled on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

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

	Group	
	2022 $'000	2021 $'000
Movement in allowance accounts:		
At beginning of year	5,439	3,752
Charge for the year	3,113	3,873
Written off	(2,980)	(2,186)
At end of year	5,572	5,439

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES (cont'd)

Other receivables

Other receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables that are impaired

Other receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment in other receivables are as follows:

	Group	
	2022 $'000	2021 $'000
Other receivables – nominal amount	12	12
Less: Allowance for impairment	(12)	(12)
	–	–
Movement in allowance accounts:		
At beginning and end of year	12	12

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

Deposits

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

Amounts due from subsidiaries

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

13. 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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at banks and on hand	49,274	53,665	3,015	6,632

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2022 for the Group and the Company were 0.01% to 0.80% (2021: 0.01% to 0.80%) per annum.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables and accruals	155,944	147,717	297	449
Other payables				
Deposits	215	273	–	–
GST payable	11,775	12,228	–	7
Sundry payables	1,180	1,544	–	–
	13,170	14,045	–	7
Amount due to a subsidiary	–	–	65,766	52,312
Total trade and other payables	169,114	161,762	66,063	52,768
Less: GST payable	(11,775)	(12,228)	–	(7)
Add: Lease liabilities (Note 16)	137	1,738	–	–
Add: Loan and borrowing (Note 17)	45,917	48,817	–	–
Total financial liabilities carried at amortised cost	203,393	200,089	66,063	52,761

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.

15. 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).

16. LEASE LIABILITIES

	Group	
	2022 $'000	2021 $'000
As at 1 January	1,738	3,617
Accretion of interest	37	117
Additions	98	–
Payments	(1,736)	(1,996)
As at 31 December	137	1,738
Representing:		
Current	118	1,694
Non-current	19	44

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

17. LOAN AND BORROWING

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

SGD bank loan at Compounded SORA + 1.15% per annum

The loan bears interest at the prevailing 3-month Compounded SORA plus 1.15% per annum for the first 3 years and 3-month Compounded SORA plus 4.00% per annum thereafter effective from 19 October 2020. The loan is repayable over 59 equal monthly instalments of $241,667 per month with a final bullet principal payment of $43,741,647 on the final maturity date, 19 October 2023. The loan was classified accordingly as current as at 31 December 2022 due to the final maturity date.

In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank and the following are the main terms:

- interest rate of 3-month Compounded SORA plus 0.80% per annum for the first two years and 3-month Compounded SORA plus 3.00% per annum thereafter;
- 59 equal monthly instalments of $257,778 per month with a final bullet principal payment of all outstanding amounts; and
- the loan will start in October 2023.

The loan is secured by way of a first legal mortgage over the Group's leasehold property at 450 Lorong 6 Toa Payoh, Singapore 319394 (Note 4) and a corporate guarantee from the Company.

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

	1.1.2022 $'000	Cash flows $'000	Non-cash flows Reclassification $'000	Others $'000	31.12.2022 $'000
Interest bearing loan and borrowing					
– Current	2,900	(2,900)	45,917	–	45,917
– Non-current	45,917	–	(45,917)	–	–
Lease liabilities					
– Current	1,694	(1,736)	25	135	118
– Non-current	44	–	(25)	–	19
Total	50,555	(4,636)	–	135	46,054

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

18. EMPLOYEE BENEFITS

The Group makes contributions to a pension scheme for its Indonesia employees. The contributions required are determined by an external qualified actuary using the projected credit method. The most recent valuation was carried out on 31 December 2022. The assumptions which have the most significant effect on the results of the valuations are those relating to discount rate and the rate of increase in salaries.

Actuarial Assumptions

Discount rate	7.1%
Salary increment age	10.0%
Normal pension age	56 years old
Mortality table	TMI IV*
Disability rate	10% of TMI IV
Number of entitled employees	26

* Indonesian Mortality Table IV published in 2019.

Net movement in defined benefit liability

	Group 2022 $'000
As at acquisition date	333
Provision during the period	41
Translation differences on consolidation	(31)
Liabilities recognised in the balance sheet as at 31 December 2022	343

Change in present value of the defined benefit obligations

	Group 2022 $'000
As at acquisition date	333
Current service costs	34
Interest costs	16
Actuarial gain on other long-term benefits	(4)
Actuarial (gain)/loss from:	
Changes in financial assumptions	(12)
Experience adjustments	7
Translation differences on consolidation	(31)
Balance at the end of the reporting period	343

The expenses are included in "Personnel Cost".

19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 $'000	2021 $'000
The deferred tax assets arise as a result of:		
Employee benefits	85	–
The deferred tax liabilities arise as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	(269)	(217)
Fair value adjustment on acquisition of franchise	(4,074)	(3,686)
Others	–	(186)
	(4,343)	(4,089)

20. SHARE CAPITAL

	Group and Company			
	2022		2021	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	355,198	98,946	355,198	98,946

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

21. NON-CONTROLLING INTERESTS

	Group	
	2022 $'000	2021 $'000
Accumulated balances of non-controlling interests		
Singapore subsidiary[(1)]	–	(58)
PT ERA[(2)]	425	–
Other foreign subsidiaries[(3)]	(267)	(192)
	158	(250)

(1) 49% shareholding not held by the Group.
(2) 9.40% shareholding not held by the Group
(3) Non-controlling interests relates to the 51% shareholding in foreign subsidiaries not held by the Group but which the Group has control based on the voting rights allocated under the Cooperation Agreement signed by all the shareholders of the foreign subsidiary.

The non-controlling interests as at 31 December 2022 and 2021 are not material to the Group.

22. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Major product or service lines						
Brokerage fees from resale, rental and new home transactions	695,224	730,108	–	–	695,224	730,108
Others	–	–	5,139	5,261	5,139	5,261
	695,224	730,108	5,139	5,261	700,363	735,369
Timing of transfer of goods or services						
At a point in time	695,224	730,108	3,961	4,018	699,185	734,126
Over time	–	–	1,178	1,243	1,178	1,243
	695,224	730,108	5,139	5,261	700,363	735,369

23. OTHER REVENUE AND OTHER OPERATING EXPENSES

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

	Group	
	2022 $'000	2021 $'000
Other revenue		
Rental of properties, workstations, lockers and furniture	1,396	1,239
Professional indemnity insurance fees	384	948
Incentives, referral and administrative fees	737	1,054
Government grants	169	275
Interest income from cash at bank and fixed deposits	497	521
Bad debts recovered	157	161
Gain on disposal of associate	591	–
Sundry income	711	183
	4,642	4,381

	Group	
	2022 $'000	2021 $'000
Other operating expenses		
Audit fees:		
– Auditors of the Company	205	194
– Other auditors	3	4
Non audit services:		
– Auditors of the Company	117	21
– Others	6	6
Expense relating to leases of low-value assets and short term leases	139	91
Electricity and water	212	191
Entertainment and F&B expenses	296	103
Legal and professional fees	838	330
Photocopy charges	94	88
Property tax	159	267
Printing and stationery	86	71
Secretarial services	86	78
Telephone charges	79	124
Travel and transport expenses	119	107
Upkeep of computers and office equipment	550	722
Upkeep of office space	116	116
Loss on disposal of plant and equipment	9	88
Impairment loss on goodwill	–	128
Write off of other investments	250	745
Write off of loan to associate	289	–
Loss on subsidiaries being struck off	164	–
Donations	67	17
Repair and maintenance	266	308
External events	520	5
IT support	195	–
Merchant charges	71	71
Subscriptions	67	47
Insurance	41	36
Bank charges	29	22
Foreign exchange losses/(gain)	261	(192)
Other administrative expenses	827	470
	6,161	4,258

24. PERSONNEL COSTS

	Group 2022 $'000	Group 2021 $'000
Directors:		
– Directors of the Company		
Directors' fees	195	196
– Directors of subsidiaries		
Salary, bonus and incentive	1,711	2,483
Central Provident Fund	40	40
	1,946	2,719
Staff:		
Salary and bonus	14,247	10,900
Central Provident Fund	1,574	1,321
Provision for leave entitlement	(8)	56
Grant income from Special Employment Credit	(4)	(8)
	15,809	12,269
Other related expenses	275	84
	18,030	15,072

25. FINANCE COSTS

	Group 2022 $'000	Group 2021 $'000
Interest expense on loan and borrowing	945	657
Interest on lease liabilities	37	117
	982	774

26. INCOME TAX EXPENSE

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

	Group 2022 $'000	Group 2021 $'000
Tax expense recognised in respect of profit for the year		
Current tax	6,669	7,532
Under/(Over) provision in respect of previous years	69	(96)
	6,738	7,436
Deferred tax provided		
Origination and reversal of temporary differences	(291)	(111)
Income tax expense	6,447	7,325

26. INCOME TAX EXPENSE (cont'd)

A reconciliation of the statutory tax rate of the Group's effective tax rates applicable to profit before taxation for the year ended 31 December are as follows:

	Group 2022 $'000	Group 2021 $'000
Profit before tax	32,881	42,619
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	5,600	7,239
Adjustments:		
Non-deductible expenses	1,127	486
Effect of partial tax exemption and tax relief	(349)	(304)
Under/(Over) provision in respect of previous years	69	(96)
Income tax expense	6,447	7,325

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

The tax rates applicable to entities in Singapore, Indonesia, China and Thailand are 17%, 22%, 25% and 20% respectively.

27. EARNINGS PER SHARE

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

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

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

	2022 $'000	2021 $'000
Profit for the year attributable to owners of the Company	26,556	35,389

	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

28. DIVIDENDS PAID

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2021: 4.0 cents per share (2020: 1.75 cents)	14,208	6,216
– Interim exempt (one-tier) dividend for 2022: 3.5 cents per share (2021: 3.5 cents)	12,432	12,432
– Special exempt (one-tier) dividend for 2021: 3.0 cents per share	–	10,656
	26,640	29,304
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2022: 2.75 cents per share (2021: 4.0 cents)	9,768	14,208
	9,768	14,208

29. RELATED PARTY TRANSACTIONS

Significant transactions, in addition to those disclosed elsewhere in the financial statements, entered with intercompanies, related parties and interested parties and the effect of these transactions on the basis determined between the parties at arm's length are as follows:

(a) *Revenue and expenses*

	Company	
	2022	**2021**
	$'000	**$'000**
Subsidiaries		
Dividend income	9,500	35,700
Membership fees received	748	747

	Group	
	2022	**2021**
	$'000	**$'000**
Fellow subsidiaries		
Training fees	723	369

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

	Group	
	2022	**2021**
	$'000	**$'000**
Real estate brokerage fees	17	4

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.

29. RELATED PARTY TRANSACTIONS (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2022 $'000	2021 $'000
Remuneration (including commission and incentives) of the 5 key management personnel	1,431	1,076

30. COMMITMENTS

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

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

Total rental received from the non-cancellable leases recognised as income in the consolidated income statement for the financial year ended 31 December 2022 amounted to $87,000 (2021: $343,000).

	Group	
	2022 $'000	2021 $'000
Within one year	28	86
Later than one year but not later than five years	–	28
	28	114

(b) *Other commitments*

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

	Group	
	2022 $'000	2021 $'000
Later than one year but not later than five years	871	936
More than five years	1,191	258
	2,062	1,194

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) *Interest rate risk*

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

Surplus funds are placed with reputable banks.

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 25 (2021: 25) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $115,000 (2021: $122,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loan.

(b) *Liquidity risk*

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

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

At the end of the reporting period approximately 100% (31 December 2021: 5.9%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

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

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

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

Group	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2022				
Financial assets				
Fixed deposits	400	–	–	400
Trade and other receivables (Note 12)	152,114	–	–	152,114
Cash and bank balances (Note 13)	49,274	–	–	49,274
Total undiscounted financial assets	201,788	–	–	201,788
Financial liabilities				
Trade and other payables (Note 14)	157,339	–	–	157,339
Lease liabilities	127	20	–	147
Loan and borrowing (Note 17)	49,903	–	–	49,903
Total undiscounted financial liabilities	207,369	20	–	207,389
Total net undiscounted financial liabilities	(5,581)	(20)	–	(5,601)
2021				
Financial assets				
Fixed deposits	–	402	–	402
Convertible loan (Note 11)	3,587	–	–	3,587
Trade and other receivables (Note 12)	122,895	–	–	122,895
Cash and bank balances (Note 13)	53,665	–	–	53,665
Total undiscounted financial assets	180,147	402	–	180,549
Financial liabilities				
Trade and other payables (Note 14)	149,534	–	–	149,534
Lease liabilities	1,730	44	–	1,774
Loan and borrowing (Note 17)	3,519	46,384	–	49,903
Total undiscounted financial liabilities	154,783	46,428	–	201,211
Total net undiscounted financial assets/(liabilities)	25,364	(46,026)	–	(20,662)

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

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

Company	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2022				
Financial assets				
Fixed deposits	400	–	–	400
Trade and other receivables (Note 12)	13,698	–	–	13,698
Cash and bank balances (Note 13)	3,015	–	–	3,015
Total undiscounted financial assets	17,113	–	–	17,113
Financial liabilities				
Trade and other payables (Note 14)	66,063	–	–	66,063
Total undiscounted financial liabilities	66,063	–	–	66,063
Total net undiscounted financial liabilities	(48,950)	–	–	(48,950)
2021				
Financial assets				
Fixed deposits	–	402	–	402
Trade and other receivables (Note 12)	15,914	–	–	15,914
Cash and bank balances (Note 13)	6,632	–	–	6,632
Total undiscounted financial assets	22,546	402	–	22,948
Financial liabilities				
Trade and other payables (Note 14)	52,761	–	–	52,761
Total undiscounted financial liabilities	52,761	–	–	52,761
Total net undiscounted financial (liabilities)/assets	(30,215)	402	–	(29,813)

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

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables, loan due from associates and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

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

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

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

(i) Financial assets at amortised cost

There are no significant changes to estimation techniques or assumptions made during the reporting period.

	Financial assets at amortised cost	
Group	**2022 $'000**	**2021 $'000**
As at 1 January	5,451	3,764
Loss allowance measured at:		
Lifetime ECL		
– Trade amounts (Simplified approach)	133	1,687
As at 31 December	5,584	5,451

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

Group		**2022 $'000**	**2021 $'000**
12-month ECL	Financial assets at amortised cost	12	12
Lifetime ECL	Financial assets at amortised cost	157,686	128,334
	Total	157,698	128,346

The gross carrying amount of trade and other receivables of the Group are disclosed in Note 12.

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

(c) *Credit risk* (cont'd)

(ii) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern. The loss allowance provision as at 31 December 2022 and 2021 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

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

	31 December 2022					
	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Brokerage income from real estate services:						
Gross carrying amount	105,400	7,168	10,674	3,125	29,950	156,317
Loss allowance provision	(99)	(84)	(74)	(42)	(5,252)	(5,551)
Rental income:						
Gross carrying amount	1	–	–	–	–	1
Loss allowance provision	–	–	–	–	–	–
Others:						
Gross carrying amount	241	–	–	10	11	262
Loss allowance provision	–	–	–	(10)	(11)	(21)

	31 December 2021					
	Current $'000	91 – 120 days $'000	121 – 180 days $'000	181 – 365 days $'000	> 365 days $'000	Total $'000
Brokerage income from real estate services:						
Gross carrying amount	99,428	6,383	8,268	8,899	2,928	125,906
Loss allowance provision	(110)	(102)	(104)	(2,155)	(2,915)	(5,386)
Rental income:						
Gross carrying amount	2	–	–	–	20	22
Loss allowance provision	–	–	–	–	(20)	(20)
Others:						
Gross carrying amount	260	1	9	33	–	303
Loss allowance provision	–	–	–	(33)	–	(33)

Information regarding loss allowance movement of trade receivables are disclosed in Note 12.

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

(c) *Credit risk* (cont'd)

Credit risk concentration profile

At the end of the reporting period, almost all the Group's financial assets were due from customers located in Singapore.

The Group has no significant concentration of credit risk with any single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit rating and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12.

32. FAIR VALUES OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

32. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

(b) *Assets and liabilities measured at fair value*

As at 31 December 2022, the Group and the Company has no 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 2021:

		Group 2021 Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Equity securities at FVOCI					
– Equity shares (quoted)	9	539	–	–	539
Equity securities at fair value through profit or loss					
– Equity shares (unquoted)	9	–	–	250	250
Financial assets as at 31 December 2021		539	–	250	789

		Company 2021 Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Equity securities at fair value through profit or loss					
– Equity shares (unquoted)	9	–	–	250	250
Financial assets as at 31 December 2021		–	–	250	250

32. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

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

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

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

There are no Level 3 assets and liabilities measured at fair value in 2022. There is no movement in Level 3 assets and liabilities measured at fair value in 2021.

(iii) *Valuation policies and procedures*

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

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

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

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

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and amounts due from/to subsidiaries/associates based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

Loan and borrowing carries interest which approximates market interest rate. Accordingly, their notional amounts approximate their fair value.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The fixed deposits classified within non-current assets are pledged to secure bankers' guarantee and thus have no terms of maturity. Accordingly, management is of the view that the fair values of these deposits cannot be determined reliably as the timing of the future cash flows arising from the deposits cannot be estimated reliably.

33. SEGMENT INFORMATION

Analyses by segment

Management has identified the Group's operating segments as follows:

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

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

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

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

Allocation basis and transfer pricing

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

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

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

33. SEGMENT INFORMATION (cont'd)

	Real estate brokerage income $'000	Rental income $'000	Others $'000	Eliminations $'000	Total $'000
2022					
Revenue:					
Real estate brokerage fees and related services	695,224	2,184	5,052	(2,097)	700,363
Other revenue	237	1	4,404	–	4,642
Total revenue	695,461	2,185	9,456	(2,097)	705,005
Segment results	36,571	(135)	(3,188)	–	33,248
Share of results of associates					118
Interest income					497
Finance costs					(982)
Profit before tax					32,881
Income tax expense					(6,447)
Profit for the year					26,434
Others:					
Bad debts recovered	157	–	–	–	157
Impairment losses on financial assets					
– trade	(3,137)	19	5	–	(3,113)
Depreciation and amortisation	(3,806)	(241)	(874)	–	(4,921)
2021					
Revenue:					
Real estate brokerage fees and related services	730,108	1,872	4,919	(1,530)	735,369
Other revenue	192	1	4,188	–	4,381
Total revenue	730,300	1,873	9,107	(1,530)	739,750
Segment results	41,499	349	1,424	–	43,272
Share of results of associates					(400)
Interest income					521
Finance costs					(774)
Profit before tax					42,619
Income tax expense					(7,325)
Profit for the year					35,294
Others:					
Bad debts recovered	161	–	–	–	161
Impairment losses on financial assets					
– trade	(3,896)	31	(8)	–	(3,873)
Depreciation and amortisation	(3,858)	(25)	(836)	–	(4,719)

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.

34. CAPITAL MANAGEMENT

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loan and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company. The gearing ratio has slightly increased from 49.4% in 2021 to 50.9% in 2022 as a result of higher trade and other payables as at 31 December 2022 and the management will continue to review and monitor the gearing ratio to be in line with the Group's policy.

No changes were made to the objectives, policies or processes during the years ended 31 December 2022 and 2021.

	2022 $'000	2021 $'000
Loan and borrowing (Note 17)	45,917	48,817
Trade and other payables (Note 14)	169,114	161,762
	215,031	210,579
Less: Cash and bank balances (Note 13)	(49,274)	(53,665)
	165,757	156,914
Equity attributable to the owners of the Company	160,212	160,914
Capital and net debt	325,969	317,828
Gearing ratio	50.9%	49.4%

35. SUBSEQUENT EVENTS

In January 2023, the Group has acquired additional 22% interest in ERA Vietnam Real Estate Joint Stock Company ("ERA VN") and Eurocapital Joint Stock Company ("Eurocapital") for a purchase consideration of $4.9 million and additional earn-out payments that are subject to certain earn-out conditions. Following the acquisition, the Group has 60% equity interest in both ERA VN and Eurocapital and will consolidate both companies in its financial statements.

There are no other known subsequent events which led to adjustments to this set of financial statements.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 29 March 2023.

STATISTICS OF SHAREHOLDINGS

As at 10 March 2023

SHARE CAPITAL

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2	0.09	50	0.00
100 – 1,000	187	8.39	141,847	0.04
1,001 – 10,000	1,207	54.18	6,640,200	1.87
10,001 – 1,000,000	819	36.76	50,608,409	14.25
1,000,001 and above	13	0.58	297,807,194	83.84
Total	**2,228**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	KGI Securities (Singapore) Pte. Ltd	230,375,162	64.86
2	HSBC (Singapore) Nominees Pte Ltd	31,033,233	8.74
3	DBS Nominees (Private) Limited	11,540,700	3.25
4	Phillip Securities Pte Ltd	5,908,765	1.66
5	Tiger Brokers (Singapore) Pte. Ltd.	4,604,100	1.30
6	Raffles Nominees (Pte.) Limited	3,748,100	1.06
7	Citibank Nominees Singapore Pte Ltd	2,215,506	0.62
8	iFAST Financial Pte. Ltd.	2,093,200	0.59
9	OCBC Securities Private Limited	1,778,300	0.50
10	OCBC Nominees Singapore Private Limited	1,242,200	0.35
11	ABN AMRO Clearing Bank N.V.	1,132,300	0.32
12	Lim Tong Weng	1,080,628	0.30
13	Liew Yeow Weng	1,055,000	0.30
14	Lee Yuen Shih	1,000,000	0.28
15	Ong Sioe Hong	1,000,000	0.28
16	Penelope Ann Binns	1,000,000	0.28
17	Seah Siow Chong Frederick	1,000,000	0.28
18	Teo Soo Beng	893,400	0.25
19	Ho Chi Chew Paul	871,502	0.25
20	Ong Boo Choon	871,502	0.25
	Total	**304,443,598**	**85.72**

STATISTICS OF SHAREHOLDINGS
As at 10 March 2023

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Names of substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
NHPEA Ace Realty Company Limited	–	–	230,263,662[1]	64.83
NHPEA Asia Realty Holding (HK) Limited	–	–	230,263,662[2]	64.83
Morgan Stanley Private Equity Asia V GP ONT, L.P.	–	–	230,263,662[3]	64.83
Morgan Stanley	–	–	230,263,662[4]	64.83
Mitsubishi UFJ Financial Group, Inc.	–	–	230,263,662[5]	64.83

1 All these Shares are held by NHPEA Ace Realty Company Limited through its nominee account maintained with KGI Securities (Singapore) Pte. Ltd.

2 NHPEA Asia Realty Holding (HK) Limited is deemed interested in all the Shares held by NHPEA Ace Realty Company Limited as it holds 100% of the Class A voting shares in NHPEA Ace Realty Company Limited.

3 Morgan Stanley Private Equity Asia V GP ONT, L.P. is deemed interested in all the Shares held by NHPEA Asia Realty Holding (HK) Limited because it is the general partner of North Haven Private Equity Asia V, L.P. and North Haven Private Equity Asia V Offshore, L.P. North Haven Private Equity Asia V, L.P. together with North Haven Private Equity Asia V Offshore, L.P. own 100% of the shares in North Haven Private Equity Asia V Holding ONT, L.P., which in turn holds 83.8% of the shares in NHPEA Asia Realty Holding (HK) Limited through a wholly-owned subsidiary, NHPEA V Holding (HK) Limited.

4 Morgan Stanley is deemed interested in all the Shares held by Morgan Stanley Private Equity Asia V GP ONT, L.P. as it owns 100% of the shares in MS Holdings Incorporated, which in turn holds 100% of the shares in Morgan Stanley Private Equity Asia V, Inc. Morgan Stanley Private Equity Asia V, Inc. is the general partner of Morgan Stanley Private Equity Asia V GP ONT, L.P.

5 Mitsubishi UFJ Financial Group, Inc. ("MUFG") holds more than 20% interest in the shares of Morgan Stanley. Accordingly, MUFG is deemed interested in the shareholding interests of Morgan Stanley in APAC Realty Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 25.98% of the issued share capital of the Company was held by the public as at 10 March 2023. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Tan Poh Hong and Mr Andrew Scobie Hawkyard are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 20 April 2023 ("**AGM**") (collectively, the "**Retiring Directors**").

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

	Tan Poh Hong	Andrew Scobie Hawkyard
Date of appointment	1 October 2020	10 June 2022
Date of last re-appointment	20 April 2021	Not applicable
Age	64	49
Country of principal residence	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Tan Poh Hong ("**Ms Tan**") as Non-Executive and Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Ms Tan's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Andrew Scobie Hawkyard ("**Mr Hawkyard**") as Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Hawkyard'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	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Independent Non-Executive Director • Chairman of Remuneration Committee • Member of Audit and Risk and Nominating Committees	• Non-Executive Non-Independent Director • Member of Audit and Risk, Nominating and Remuneration Committees
Professional qualifications	• Bachelor of Science (Honours) in Estate Management, National University of Singapore • Master of Business Administration (with Distinction), New York University	• B.A. with First Class Honors in applied mathematics, Victoria University • B.C.A. in finance, Victoria University
Working experience and occupation(s) during the past 10 years	2018 – Present: Retired 2009 – 2017: Chief Executive Officer, Agri-Food & Veterinary Authority of Singapore	Mr Hawkyard is the Chief Investment Officer of Morgan Stanley Equity Asia ("**MSPEA**") and a Managing Director of Morgan Stanley. Mr Hawkyard joined Morgan Stanley in 1999 and has been investing in Asia private equity for over 25 years. Mr Hawkyard currently leads the group's private equity activities in Taiwan, Hong Kong and Southeast Asia. Mr Hawkyard also led the establishment of MSPEA' South Korea and Thailand private equity businesses and is the Chairman of MSPEA's Thai Fund Investment Committee. Prior to joining Morgan Stanley, Mr Hawkyard worked in the Merchant Banking and Investment Banking divisions Donaldson, Lufkin and Jenrette in Hong Kong and New York. Mr Hawkyard has held numerous directorships on MSPEA portfolio company boards.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Poh Hong	**Andrew Scobie Hawkyard**
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 77 to 78 of this Annual Report	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	Mr Hawkyard is currently employed by Morgan Stanley as Managing Director, which is a substantial shareholder of the Company.
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
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 Listing Rule 704(9)*	**Past (for the last 5 years)** Directorships: • Barramundi Asia Pte. Ltd. Other Principal Commitments: • Chief Executive Officer of Agri-Food & Veterinary Authority of Singapore **Present** Directorships: • AnnAik Limited • Vicom Ltd • Centurion Corporation Limited • Jilin Food Zone Pte Ltd • Sheng Siong Group Ltd • Vanguard Healthcare Pte Ltd • OTS Holdings Limited Other Principal Commitments: Nil	**Past (for the last 5 years)** Directorships: • Concord Insurance Company Ltd • ACR Capital Holdings Pte Ltd Other Principal Commitments: Nil **Present** Directorships: • Microlife Corporation • Wholecare Biomedical Corporation • Microlife European Holding AG • Microlife AG • Microlife Health Solutions Inc. • Microlife USA, Inc. • Cathy Holding Corporation • Microlife American Trading Co. • Procare Investment Pte. Ltd. • Microlife Manufacturing Holding Pte Ltd • Malacca International Corporation Other Principal Commitments: • Managing Director of Morgan Stanley and Chief Investment Officer of MSPEA

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Poh Hong	Andrew Scobie Hawkyard
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied 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
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Poh Hong	Andrew Scobie Hawkyard
(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

www.apacrealty.com.sg
fb.com/APACRealty
450 Lorong 6 Toa Payoh, ERA APAC Centre Singapore 319394
6226 2000