APAC REALTY

2023
Annual Report

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 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.

Our Philosophy

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

Result-oriented

Focus on goals and growth; expect higher per capita productivity.

Recruit the Best

Focus on attracting the best talents.

Harness the power of Tech Tools

Grow our businesses with technology; redefine our competitiveness and relevance to the real estate world.

We Rise by Raising Others

Provide an environment where everyone is given the equal opportunity to grow and be recognised.

Values Creation

Instill in every teammate the mindset of "what can I do to make a difference?"

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 Anywhere Real Estate Inc. Through its ERA franchisee network, the Group has one of the largest brand footprints in Asia with more than 23,400 salespersons across 646 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 9,099 agents registered as at 29 February 2024. 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 42 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:

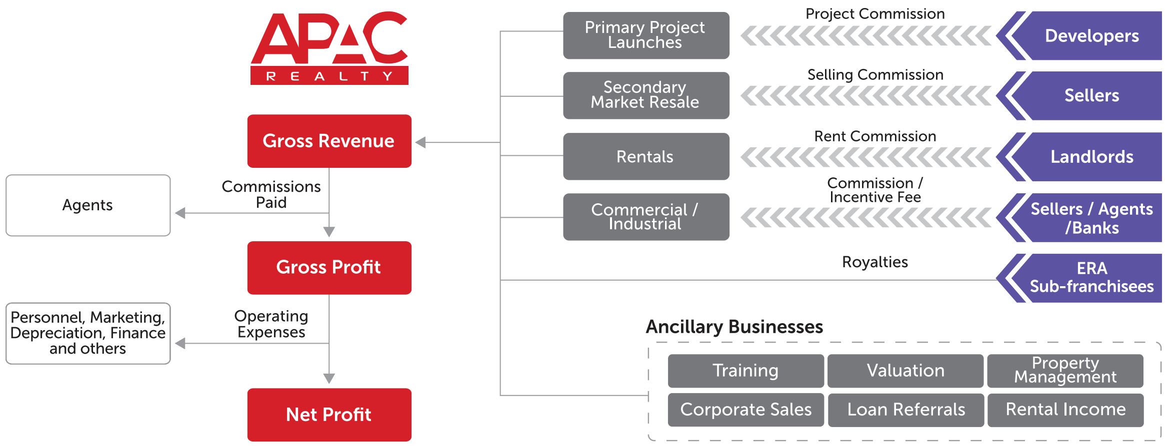
- Singapore
- Indonesia
- Japan
- Thailand
- Taiwan
- Malaysia
- Korea
- Vietnam
- Cambodia
- China
- Laos
- Australia

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



Leadership and Innovation in PropTech

At APAC Realty, we empower our salespeople with cutting-edge technologies and innovative applications, equipping them to effectively serve an ever-evolving and sophisticated client base.

By adopting the latest advancements in proptech and cultivating our unique innovations, we are spearheading a revolution in the real estate sector, elevating benchmarks for service quality and client satisfaction.

Our Competitive Advantage

As an innovative organisation, we recognize that technology plays a crucial role in attracting new talent and retaining salespersons in the real estate industry.

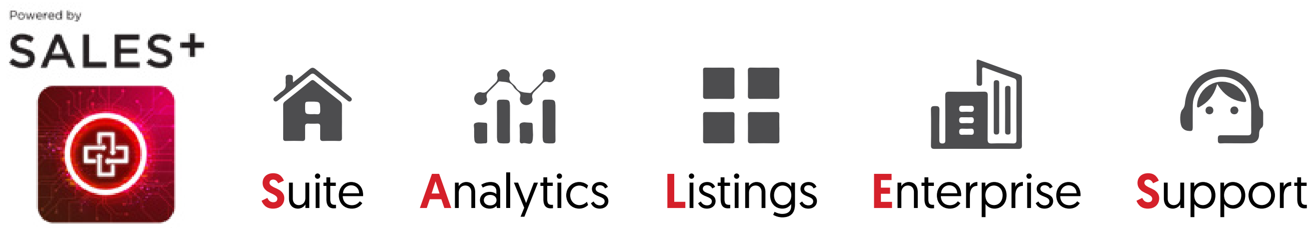
Our in-house development team consists of seasoned IT professionals adept in the latest technology and agile methodology. This approach enables us to rapidly adapt our proptech solutions to comply with regulatory changes, ensuring smooth alignment with evolving requirements in a cost-effective manner. Moreover, our tech team has played a pivotal role in integrating third-party software solutions into our proprietary apps and platforms, thereby improving our operational efficiencies and scalability.

SALES+

Our proprietary cutting-edge SALES+ app is an invaluable tool which allows our salespersons to stay ahead of the competition. A comprehensive app, SALES+ supports our salespersons with a range of invaluable services from lead generation, presentation, marketing, conversion, closing, business management, administration and support.

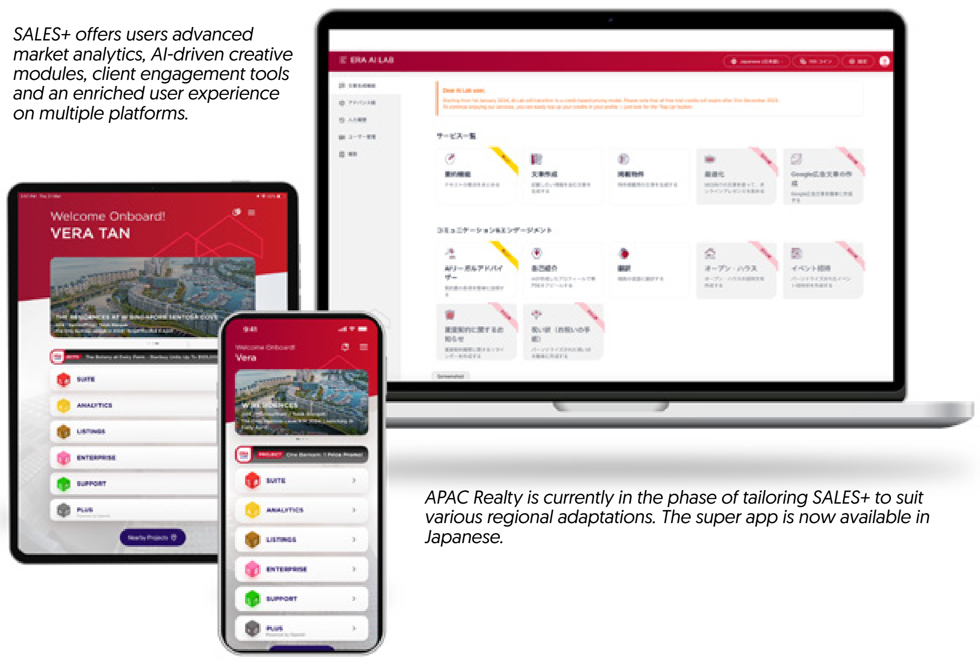
We launched SALES+, our super app, in Aug 2022. Over the next one year, we enhanced SALES+ with more than 20 new innovative functionalities, designed to drive salesperson productivity through advanced market analytics, AI-driven creative modules, client engagement tools, and an overall enriched user experience.

As part of these improvements, we integrated OpenAI Generative Pre-Trained Transformer ("ChatGPT") 3.5 into SALES+. This integration has revolutionized how agents manage their daily work, providing them with automated features that streamline mundane administrative tasks such as copywriting, content generation, and translations. This integration enables agents to focus on more challenging aspects of their job. Additionally, to empower our salespersons across 12 countries in the Asia-Pacific (APAC) region, we developed AI Lab, which is also integrated with OpenAI ChatGPT to revolutionize their work.

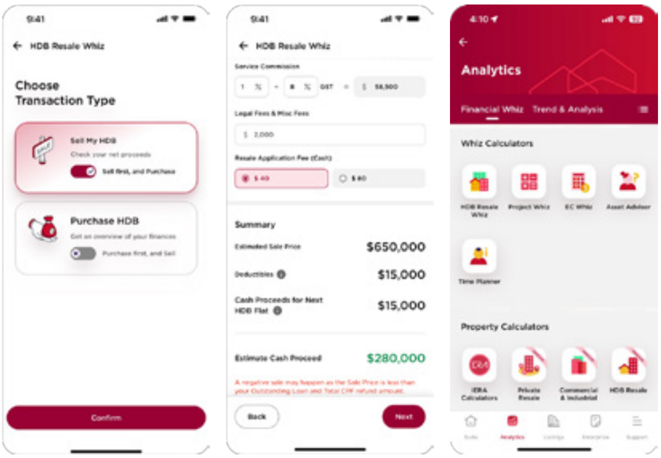


SALES+ enables ERA salespersons to outsell, outplay and outshine the competition.

SALES+ offers users advanced market analytics, AI-driven creative modules, client engagement tools and an enriched user experience on multiple platforms.



APAC Realty is currently in the phase of tailoring SALES+ to suit various regional adaptations. The super app is now available in Japanese.



With recently added features such as HDB Resale, Project, and Executive Condominium Whiz, SALES+ has simplified the buying and selling journey.

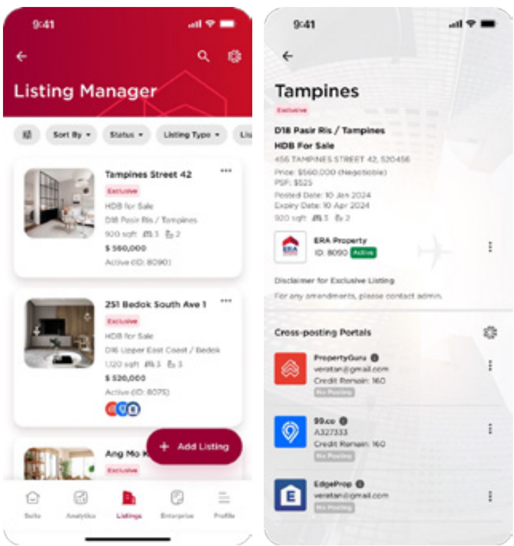
To streamline the client home-selling and buying journey, HDB Resale, Project, and Executive Condominium Whiz was incorporated into SALES+, offering functions such as a summary of financial property calculations and an overview of the process timeline. This feature enables our salespersons to provide efficient, on-the-go service to their clients, and enhances the overall client engagement experience.

We also introduced an in-app asset advisor to further enhance our salespersons' ability to support asset planning. This module analyses user profiles and property information, and provides recommendations for new launches and resale listings based on unique client financial profiles. To bolster the SALES+, we also introduced a new tool that generates an estimated valuation of a property based on current market prices, empowering salespersons and clients with valuable insights into property values.

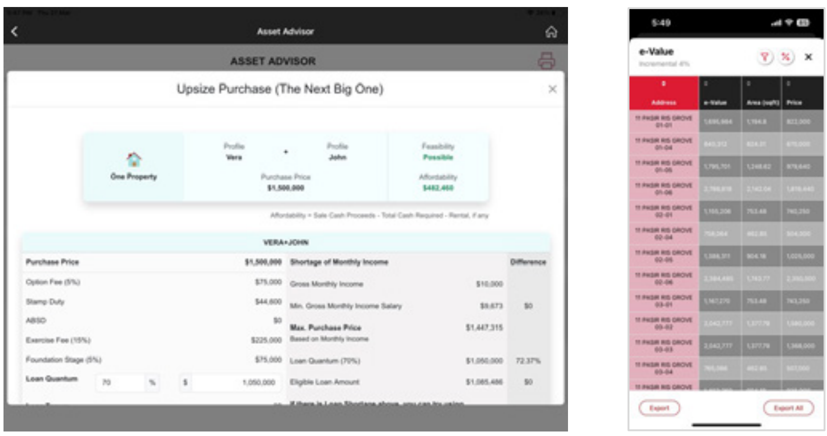
A centralised property listing manager was also integrated within SALES+ to streamline the process of posting property listings to external third-party portals. This new feature allows salespersons to manage and track their listings across various platforms from a single easy-to-use interface, allowing for an efficient management of property portfolios.

In today's business landscape, cybersecurity stands as paramount. To strengthen the security measures of SALES+, we introduced SingPass login authentication, guaranteeing that user accounts benefit from a sturdy and reliable authentication system.

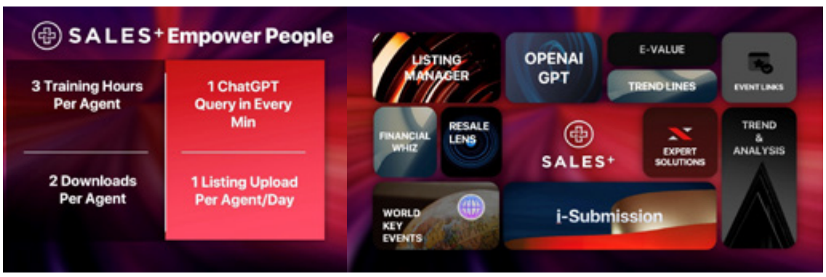
As of 31 December 2023, SALES+ has secured more than 19,000 downloads, its SALES+ ChatGPT and AI Lab ChatGPT features have been accessed more than 229,000 times and made available to over 23,000 unique salespersons.



SALES+ centralised property listing manager streamlines the process of posting property listings to external third-party portals.

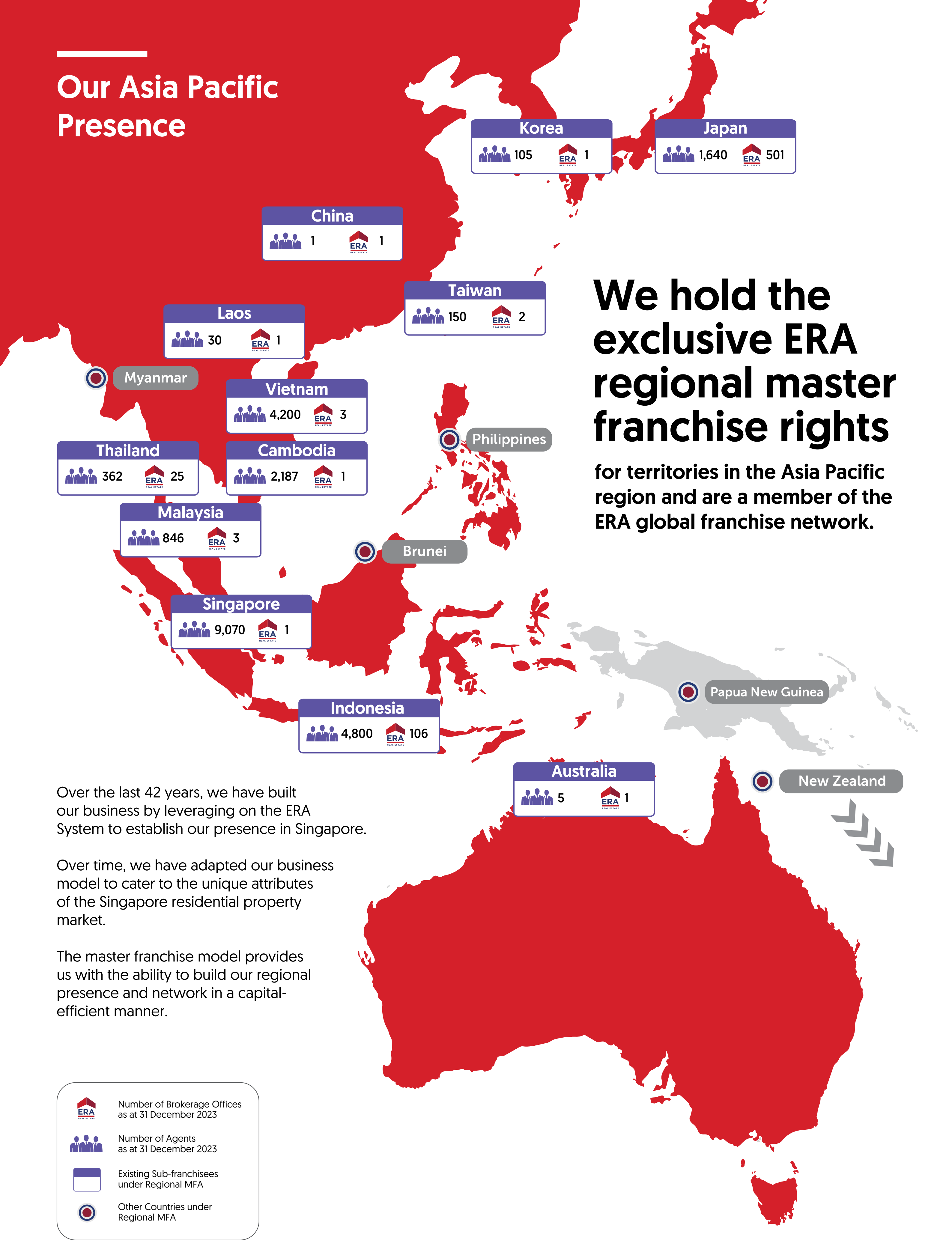


SALES+ in-app asset advisor enhances ERA salespersons' ability to support asset planning.



SALES+: Our numbers reflect the demand and success of our super app.

Our Asia Pacific Presence



We hold the exclusive ERA regional master franchise rights

for territories in the Asia Pacific region and are a member of the ERA global franchise network.

Over the last 42 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 Business

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

Our commitment to technological advancement drives our efforts to create a seamless and efficient experience for our customers and salespersons. We continuously explore new tools and technologies to enhance our business operations and deliver superior services. This includes strategic investments and partnerships with third-party providers to expand our capabilities.

Proprietary Applications and Tools
ERA has developed innovative proprietary apps and online tools to empower our salespersons and improve their productivity. These include:

- Mobile Applications: i-ERA and ERApro are mobile applications that enable our salespersons to access essential tools and information on the go.

- SALES+: Our latest mobile application, SALES+, is a comprehensive proptech app designed specifically for ERA salespersons.

- New Website: We are in the process of revamping our website (era.com.sg) to consolidate all ERA websites (tech.era.com.sg, properties.era.com.sg, findpropertyagent.sg, uat.com.sg). The new website will provide a unified platform for our customers and salespersons to access information and services seamlessly.

- Customer Relationship Management System: Our salespersons benefit from RealtyWatch and Salesforce, which are used to manage leads, salespersons, and campaigns effectively.

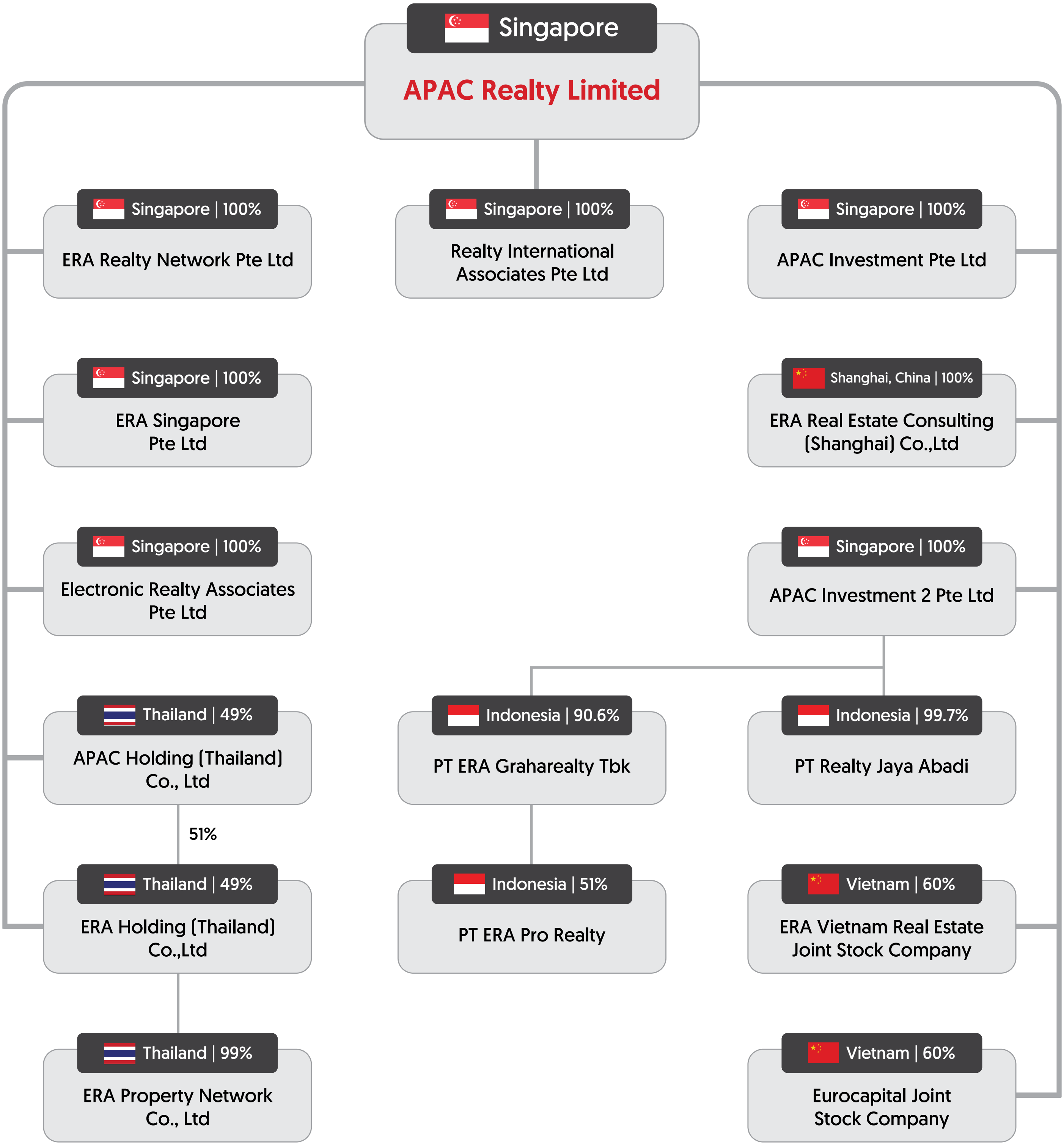
- Internal Portal (myERA): This portal enables our salespersons to execute real estate transactions efficiently, measure their performance, and track milestones.

- Customer Engagement Platforms: ReviewPropertyAgent.sg allows customers to submit reviews and ratings, while FindPropertyAgent.sg helps them find salespersons relevant to their property requirements.

- iSubmission: ERA salespersons can submit their transaction forms electronically through iSubmission, streamlining the process and improving efficiency.

We are committed to leveraging technology to drive innovation and deliver exceptional value to our customers and agents. By continuously enhancing our technological capabilities, we are well-positioned to adapt to the evolving real estate landscape and achieve sustainable growth.

Corporate Structure[1]



[1] As at 31 December 2023

Developments During the Year in Review

January 2023

The Group acquired additional 22% of the share capital of ERA Vietnam Real Estate Joint Stock Company ("ERA Vietnam") and Eurocapital Joint Stock Company ("Eurocapital"). Following the acquisition, the Group has 60% equity interest in both ERA Vietnam and Eurocapital.

April 2023

Retirement of Mr Tan Bong Lin as Non-executive independent Director.

May 2023

Appointment of Mr Siew Peng Yim as Non-executive independent Director.

August 2023

The Group acquired 51% of PT ERA Pro Realty ("PT EPR"), an Indonesian member broker company, through its subsidiary PT ERA Graharealty Tbk ("PT ERA").

Financial Highlights

Key Highlights

42
Years of solid track record in Singapore

>23,400
Agents in 646 offices across 12 countries[1]

9,070
Agents in Singapore[1]

40.7%
Market share by transaction volume in FY2023[2]

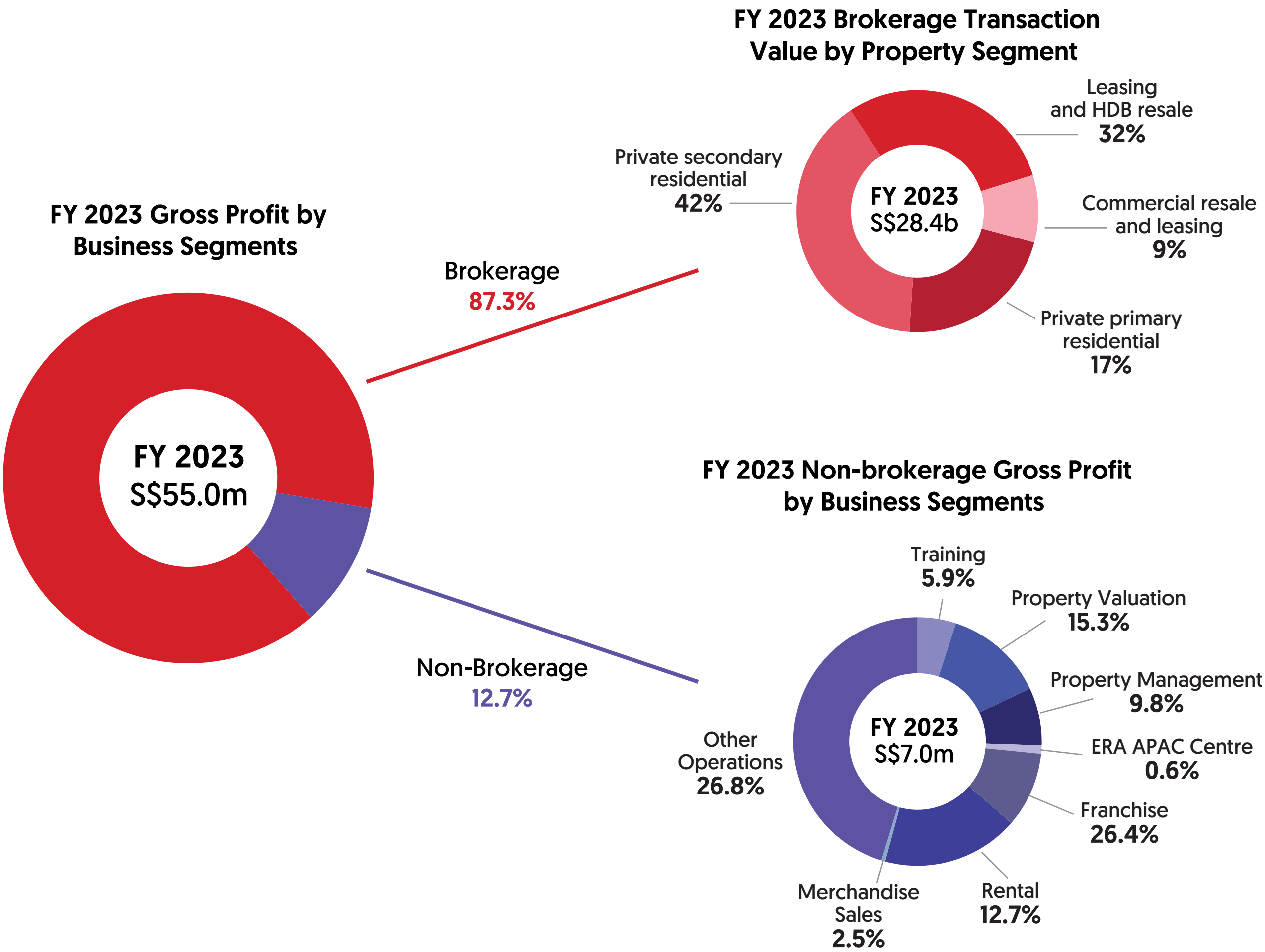
S$557.3m
Revenue generated in FY2023

75.4%
Dividend payout for FY2023

5.4%
Dividend yield[3] for FY2023

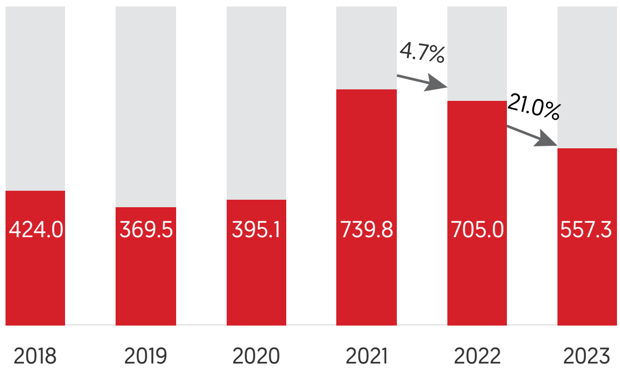
Notes:
[1] As at 31 December 2023
[2] Based on URA and HDB market data released on 26 January 2024
[3] Based on closing price of S$0.46 per share at 22 February 2024

Contribution by Our Business Segments

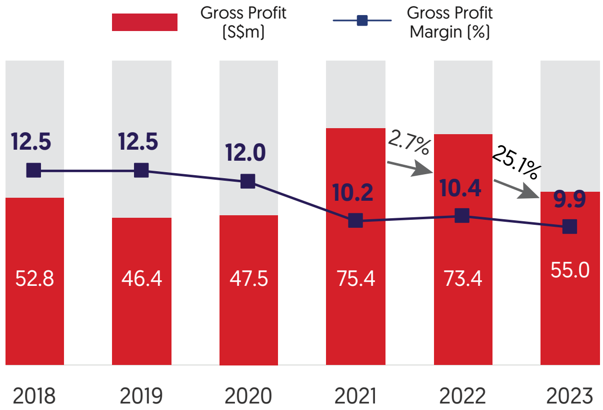


~42% of our non-brokerage gross profit consists of services offered to agents

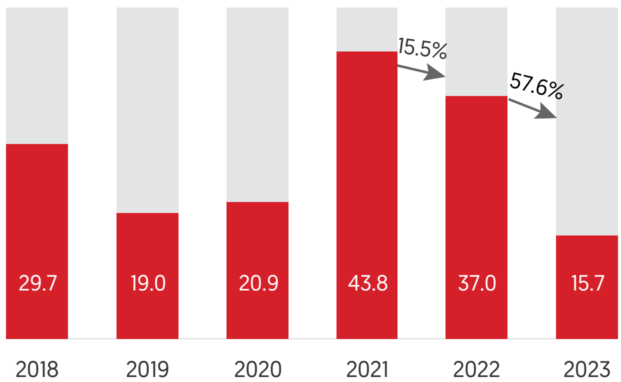
Revenue (S$m)



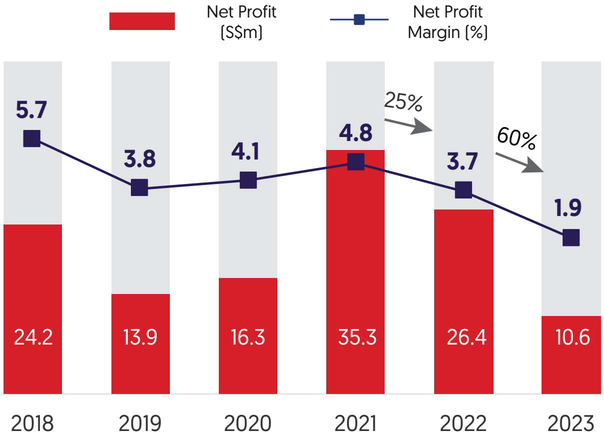
Gross Profit (S$m) and GP Margin (%)



EBIT (S$m)



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



Group Simplified Financial Position

	FY2019 S$'000	FY2020 S$'000	FY2021 S$'000	FY2022 S$'000	FY2023 S$'000
Assets					
Investment property	72,800	-	-	-	**-**
Plant and equipment	1,677	73,918	72,848	73,858	**72,472**
Intangible assets	98,523	97,719	96,890	104,008	**111,189**
Right-of-use assets	5,053	3,710	1,988	230	**1,054**
Trade and other receivables including recoverables	81,826	106,991	156,910	158,370	**113,667**
Cash and cash equivalents including fixed deposits	32,424	35,519	54,065	49,674	**44,052**
Other assets	2,838	3,427	3,149	2,260	**236**
Total	295,141	321,284	385,850	388,400	**342,670**
Total Equity					
Capital and reserves	145,530	154,752	160,914	160,212	**158,385**
Non-controlling interests	(70)	(164)	(250)	158	**396**
Liabilities					
Borrowings					
Non-current	51,717	48,817	45,917	-	**40,133**
Current	2,900	2,900	2,900	45,917	**3,093**
Trade and other payables	81,211	101,789	161,762	169,114	**129,646**
Lease liabilities					
Non-current	3,359	1,738	44	19	**420**
Current	1,680	1,879	1,694	118	**628**
Taxation					
Deferred	4,190	4,200	4,089	4,343	**4,493**
Current	3,336	4,159	7,481	6,753	**3,389**
Other liabilities	1,288	1,214	1,299	1,766	**2,087**
Total	295,141	321,284	385,850	388,400	**342,670**

Letter From The Executive Chairman

Dear 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 2023 ("FY2023").

Regional real estate sectors experienced significant turbulence throughout FY2023, influenced by a combination of geopolitical and geoeconomic factors that affected consumption, investment, and overall growth. Central banks globally upheld elevated interest rates to address prolonged high inflation, constraining the purchasing ability of potential home buyers.

To moderate demand and ensure that properties remain affordable to home buyers, the Singapore Government introduced two new cooling measures in September 2022 and April 2023 aimed at promoting a sustainable property market and prudent borrowing in the face of rising interest rate. Additionally, in February 2023, the Government raised the Buyer's Stamp Duty by 1% and further augmented the Additional Buyer's Stamp Duty, especially focusing on foreign buyers, with a doubling to 60% in April 2023.

With these measures firmly in place, the total number of cooling measures implemented since 2010 reached 12. As a result, transaction volumes experienced a decline throughout FY2023. However, property prices remained strong, buoyed by local home buyer demand, driving Singapore's property price index to reach its highest point since FY2017.

Resilient Business Model Delivers High Payouts

We closed the year with revenue of S$557.3 million, compared to S$705.0 million for the year-ago period ("FY2022"), primarily due to a lower number of transactions recorded in FY2023. Revenue from new home sales declined 47.8% or S$133.0 million from S$278.2 million in FY2022 to S$145.2 million in FY2023. Revenue from resale and rental of properties declined 3.3% or S$13.6 million from S$417.0 million in FY2022 to S$403.4 million in FY2023.

Demonstrating the robustness of our business model, APAC Realty continues to sustain profitability throughout various economic downturns and property market fluctuations, including the current period. In FY2023, we achieved a net profit of S$10.6 million, 59.9% or S$15.8 million lower compared to S$26.4 million in FY2022.

The Board is pleased to declare a final dividend of 1.4 Singapore cent per share for 2H2023. Together with the interim dividend of 1.1 Singapore cent per share paid out on 8 September 2023, the total dividend in FY2023 represents a dividend payout ratio of 75.4%. This is in line with our dividend policy of distributing between 50% and 80% of profits as dividends on a semi-annual basis.

The average annual dividend payout ratio for the period from our IPO to 31 December 2023 is 78.8%[1]. Our ability to provide shareholders with consistently high payout ratios is underpinned by a robust balance sheet and strong cash flows.

Based on APAC Realty's closing share price of S$0.46 on 22 February 2024, the total dividend of 2.5 Singapore cent per share for FY2023 represents a dividend yield of 5.4%.

ERA Singapore: Sustaining Our Market Leadership

During the year, we continued to strengthen our market presence and position ourselves to reap the upside when our markets normalise. According to data released by the Council of Estate Agencies[2], ERA Singapore recorded the largest salespersons increase for the period from 1 January 2023 to 1 January 2024, bringing our salespersons count to 8,891[3]. This gives us a 25.2% share of the Singapore salesperson community and keeps us on track to achieve our target of 10,000 salespersons by end-2024.

According to the Urban Redevelopment Authority[4], Singapore developers sold 7,158 new homes (including ECs) in FY2023, a decline of 16.6% from 8,578 new homes in the previous year. The 16.6% decline in volume was mainly attributed to a series of property cooling measures enforced by the government in early FY2023. Nevertheless, buoyed by strong demand from local buyers, prices of private residential properties saw a 6.8% increase in FY2023, marking a moderation from the 8.6% pace observed in the preceding year. In FY2023, ERA Singapore was appointed marketing agency for 21 new home projects with a total of 8,158 units, providing the Group with an estimated 30% share of the new homes segment.

Private residential resale transactions in Singapore in FY2023 was 12,623 units, down 14.7% from 14,791 units in FY2022. The market recorded 26,735 HDB resale transactions in FY2023, down 4.2% from 27,896 transactions in FY2022.

Overall, ERA Singapore recorded 18,911 property sales transactions in FY2023, compared to 20,832 in the previous year. Based on publicly available market data, ERA Singapore closed the year with a 40.7% share of residential property market, at a similar level to the 40.6% share achieved in FY2022.

As a preferred marketing agency for new homes launches, ERA Singapore has secured a strong pipeline of quality new home projects for ERA salespersons to take to the market in FY2024. This pipeline presently stands at 34 residential projects, located across Singapore's Core Central Region, Rest of Central Region and Outside Central Region, with an aggregate 11,800 new home units launched and to be launched in FY2024[5].

Our Capital Markets & Investment Sales ("CMIS") team continued to make inroads in the Singapore market, played a key role in closing several significant transactions, such as the S$115 million freehold light industrial buildings HB Centre 1 and 2. In FY2024, CMIS team has secured marketing agency appointments for 6 properties, including a retail podium near Bendemeer MRT Station, a portfolio of conserved shophouses in Penang, the collective sale of Tan Tong Meng Tower, an industrial property at Loyang Way, strata industrial units in MacPherson, and strata retail units near Jalan Besar MRT Station.

These mandates have an estimated transaction value of approximately S$250 million.

According to the Ministry of Trade and Industry, Singapore's economy is expected to expand by 1% to 3% in FY2024[6], up from a 1.1% growth recorded in FY2023. The real estate sector had expanded marginally by 0.1% year-on-year in 4QFY2023, slowing from the 3.6% growth in 3QFY2023.

The industry expects the US Federal Reserve to cut interest rates in the second half of FY2024[7], with "projections implying three interest-rate cuts in 2024 – or some 75 basis points of cuts". Should this be realised, we expect Singapore's property market to stage a gradual recovery with a higher number of transactions in FY2024.

Regional Portfolio: Built For A Recovery

We remain committed to our regional growth strategy as it is designed to deliver quality returns for APAC Realty over the long-term. Our robust portfolio covers five of the six largest economies in Southeast Asia: Indonesia, Thailand, Singapore, Vietnam and Malaysia[8]. These five markets grant us access to nearly 500 million[9] individuals, constituting approximately 72% of the total population in Southeast Asia. Our near-term regional expansion strategy is focused on two core markets: Indonesia and Vietnam.

On 26 January 2024, our Indonesian subsidiary, PT ERA Graharealty Tbk or ERA Indonesia, entered into a sales and purchase agreement to acquire 51% stake in ERA Fiesta, one of the largest franchised member brokers in Indonesia, at a purchase consideration of IDR11.2 billion (approximately S$1.0 million). This transaction will strengthen ERA Indonesia's network and better position the Group for the next market upcycle.

Indonesia's central bank reported that the Indonesia economy experienced robust 5.05% growth in FY2023[10]. Bank Indonesia projects strong economic growth to continue in FY2024, in the range of 4.7% to 5.5%, bolstered by domestic demand, particularly consumption ahead of the upcoming general election. This will be aided by an expected increase in investment, specifically related to ongoing national strategic projects and the new capital city development.

ERA Vietnam experienced a challenging year in FY2023 due to the economic slowdown in the country and the impact of weak global demand. In the light of this, developers delayed project launches resulting in dearth of new home supply and low absorption rates. The Vietnamese government has set a target for 6% to 6.5% economic growth target for FY2024[11] on the back of increased public spending, including on transport and other infrastructure, aided by a recovery in global trade. We have increased our salesforce by 400 to 4,200 salespersons as at 31 December 2023 and expect the Vietnam property market to recover as more projects are expected to be launched in FY2024.

A Word of Appreciation

On 20 April 2023, Mr Tan Bong Lin retired as Lead Independent Director. On behalf of the Board, I would like to express our sincere appreciation to Mr Tan for his invaluable contributions over the years, and in his capacity as Chairman of the Audit and Risk Committee, and as Member of the Nominating Committee and Remuneration Committee. We wish Mr Tan well in his future endeavours.

We welcomed Mr Siew Peng Yim as Independent and Non-Executive Director, Chairman of the Audit and Risk Committee, and Member of the Nominating Committee and Remuneration Committee on 12 May 2023. Since his appointment to the Board, Mr Siew has played a crucial role, offering strategic counsel and leadership to the management team in steering the Group forward.

I would like to express the sincere gratitude of the Board to our employees for their unwavering loyalty, dedication, and invaluable contributions throughout FY2023. I would also like to thank our shareholders, clients and business partners, for their continued trust and support.

As we move forward, I am confident that by harnessing our collective strengths and embracing new opportunities in our regional markets, we will continue to drive growth and create long-term value for our stakeholders.

Chua Khee Hak
Executive Chairman

[1] Based on PATMI
[2] https://www.cea.gov.sg/
[3] As at 1 January 2024
[4] https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr24-03
[5] As at 22 February 2024
[6] "MTI Maintains 2024 GDP Growth Forecast at 1.0 to 3.0 Per Cent", Ministry of Trade and Industry, 15 February 2024
[7] "US Fed sees rates staying high for some time with cuts eyed in 2024", Bloomberg, 4 January 2024
[8] https://en.wikipedia.org/wiki/List_of_Southeast_Asian_countries_by_GDP (2022 Latest)
[9] United Nations 2022 (Latest); Vietnam General Statistics Office 2023; BPS Statistics Indonesia (Gov) 2023; Department of Statistics Malaysia, 4Q2022; Department of Statistics Singapore, 2023
[10] https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_262324.aspx
[11] https://asia.nikkei.com/Economy/Vietnam-targets-6-to-6.5-GDP-growth-in-2024

In Conversation with the CEO

Mr Marcus Chu, Chief Executive Officer

Could you provide an update on your three-year roadmap?

I am pleased to update that despite the challenging operating environment, we made good traction with our three-year roadmap, bolstering our resilience and sharpening our competitiveness in the industry in FY2023. ERA is the first in the industry to establish Asia Pacific Regional Footprint since 1999. Since then, we have grown from strength to strength.

Vision 2024

Our vision extends beyond simply growing our headcount. We are committed to building a high-performing sales engine that fuels our expansion across Asia Pacific.

In FY2023, we achieved a record-breaking net increase of 547 salespeople, solidifying our position as the fastest-growing agency in Singapore.

This brings our total salesforce to 8,891 individuals, representing a significant 25.2% market share of Singapore's real estate professionals. As we strive to reach 10,000 salespersons by the end of FY2024 and 25,000 across Asia Pacific, we are strategically investing in attracting and retaining top talent. This allows us to:

- **Deliver exceptional client service:** A larger, well-trained salesforce ensures personalised attention and expertise for every client.
- **Drive market leadership:** Our growing salesforce positions us to capitalise on new opportunities and solidify our position as a regional leader.
- **Expand our market reach:** A geographically diverse sales team allows us to cater to a wider range of clients across Asia Pacific.
- **Close cross-border deals:** Our extensive Asia Pacific network empowers our agents to seamlessly facilitate overseas property purchases for clients. Our clients do not have to look for different agencies in various countries. Through our robust referral and co-broke structure, ERA agents from different countries can close profitable cross-border deals, providing a seamless service across borders.

The ERA community in Asia Pacific is a united force that empowers salespersons from different countries, different groups, different divisions to learn together, work together and achieve a common goal together.

As ERA strives to become the leading real estate agency in Asia Pacific, staying attuned to the evolving landscape is paramount. We actively engage with the Singapore government's real estate Industry Transformation Map (ITM). The ITM, encompassing 23 key industries, outlines a strategic roadmap for growth and innovation. By closely aligning with these transformations, we ensure our business remains future-proofed and well-positioned for continued success.

Our three key focuses in 2024 are: Agents. Projects. Platforms.

Agents

Our salespersons can look forward to more agent-focused initiatives in 2024 such as ERA on the Move, a campaign to enhance the brand exposure of our salespersons; agent-focused training classes in 2024 such as ERA landed expert, private resale expert and HDB expert training series.

To equip our salesforce with the knowledge, skills, and experiences necessary to deliver exceptional client service, we've implemented a comprehensive suite of training and development programs. This strategic investment includes:

- **Ultimate Agent Training:** ERA Academy and RIA School of Real Estate provide CPD courses enhance the capabilities of our sales teams, to help them develop the skillset and mindset needed to be successful.
- **Consumer Engagement Activities:**
  - **Property Megashows:** These events provide a platform to showcase a diverse range of new launch properties, directly connecting our salespeople with potential buyers.
  - **New Launch Project Showcases:** These focused events ensure our team is thoroughly informed about new offerings, allowing them to effectively represent them to clients.
  - **Ultimate Consumer Seminars:** In-depth seminars offer valuable market and product insights on new launches to potential buyers to help consumers make informed decisions.
  - **Realty Talk:** Ongoing talkshow featuring our C-suites to keep our sales team and consumers up-to-date on market dynamics. Data releases from authorities such as HDB or URA, or even announcements on cooling measures and market changes, are condensed into content for Realty Talk which is later sent out as press or media releases.
  - **Millionaire Investor Masterclass:** Led by our C-suites, these masterclasses engage consumers to help them kickstart their real estate investment journeys.
  - **Property Project Tours:** First-hand experiences with properties allow our salespeople to provide accurate and insightful information to consumers during our Property Project Tours held both locally and overseas.

Projects – A Strategic Project Pipeline for 2024
ERA has been the preferred marketing agency for all major real estate developers' new launches since 1997. In 2024, we have secured a strategic pipeline of 34 high-quality residential projects across Singapore's key regions: Core Central Region, Rest of Central Region, and Outside Central Region. This diverse portfolio encompasses a total of 11,800 new home units, empowering our salesforce to cater to a wide range of client needs and market segments.

Platforms – Empowering Our Sales Force Through Technology Leadership
In today's competitive landscape, a robust tech advantage is crucial for attracting and retaining top talent. We remain at the forefront of proptech innovation with our award-winning SALES+ super-app.

SALES+ - A Strategic Investment in Our People:
Developed by our in-house team, SALES+ is the most comprehensive and advanced proptech application on the market to date. This year, we integrated over 20 ground-breaking features, including cutting-edge AI-powered tools like ChatGPT, advanced data analytics, and real-time financial and property reports. These enhancements empower our sales force with:

- **Unmatched Client Insights:** Data analytics unlock deeper client understanding, enabling personalized service and stronger client relationships.
- **Streamlined Workflows:** AI-powered tools and automation free up valuable time for our salespeople, allowing them to focus on client needs and strategic selling.
- **Competitive Advantage:** SALES+ equips our team with the latest proptech tools, positioning them as industry leaders.
- **Building a Future-Proof Sales Force:** Our dedication to digitalisation ensures a future-proofed sales force. By continuously innovating and investing in SALES+, we guarantee our salespeople remain at the forefront of the industry, delivering exceptional value to our clients.

For a deeper dive into our proptech leadership, please visit pages 4 to 5.

What were some of the highlights in 2023?

In today's dynamic real estate landscape, exceptional service is not a luxury, it is a strategic imperative. At ERA, we prioritise service excellence and bespoke advice, fostering long-term client relationships that drive our success. This has helped us dominate the market with the following milestones clocked in 2023:

Building a Client-Centric Powerhouse in Asia Pacific

Award-Winning Client Service: Recognised by The Straits Times and Statista for "Singapore's Best Customer Service 2023/24" (Real Estate Agencies), the award was based on several criteria: likelihood of recommendation, quality of communication, professional competence, range of services, customer focus and accessibility.

Employer of Choice: Ranked among "250 Singapore's Best Employers in 2023" (The Straits Times and Statista), we attract and retain top talent through a focus on culture, benefits, and career growth. Judging criteria covered image, trust, gender equality, corporate social responsibility, culture and benefits. The award reflects the attractiveness of ERA Singapore and our reputation as an agency of choice.

Expanding Our Reach and Influence: Through strategic Master Franchise Agreements in Laos in March 2023 and Queensland (Australia) in September 2023, we solidified our reputational leadership in Asia Pacific with a network spanning 12 countries. This development underscores our dedication to expanding our Asia Pacific network and advancing the Group's regional growth objectives.

Empowering Agency Leaders: APAC Realty is the only listed real estate agency that grants performance shares to non-employees. Our innovative performance share plan incentivises Agency Leaders, directly aligning their success with the Group's prosperity. In August 2023, the inaugural allocation of shares under the Performance Share Plan was granted to eligible participants.

Elevating Brand Awareness: In July 2023, we unveiled a partnership with Mediacorp for the production of a television drama titled 'My One and Only,' spotlighting Singapore's real estate sector. Our sponsorship of the 130-episode series, which concluded in January 2024, delivered substantial benefits to ERA Singapore and its salespersons. Through this collaboration, the show effectively expanded the ERA brand and forged connections with fresh audiences.

As we look to the future, we're powered by the momentum of our accomplishments. Our focus is on harnessing our award-winning service, top-tier talent, and strategic growth to navigate the ever-evolving real estate terrain. Through continuous innovation and a relentless pursuit of excellence, we remain confident in delivering enduring success for our clients, partners, and shareholders.

Why did the Group (through ERA Indonesia) acquire a majority stake in ERA Pontianak in October 2023 and ERA Fiesta in January 2024? What is the strategy behind these acquisitions?

With a population of more than 275.5 million[1], Indonesia is the world's fourth most populous nation and the most populous country in Southeast Asia. Based on the state of global economy and domestic economic potential, Indonesia's economy is estimated to grow 5.2% in FY2024[2] following 5.05% growth in FY2023.

We believe that Indonesia holds significant potential and our immediate priority is to fortify ERA Indonesia's network, preparing it for the upcoming real estate upturn. To realise this, we have moved away from a strategy of franchising and are focused on owned-agency operations.

The Group acquired a 51% stake in ERA Fiesta, one of the largest franchised member brokers in Indonesia with 424 agents across 9 offices in West Jakarta, for IDR 11.2 billion (approximately S$1.0 million) in January 2024. The acquisition will enable us to expedite our operations in the region, and we plan to expand by opening additional offices in FY2024.

ERA Indonesia also acquired ERA Xpro which comprised 1 office and 72 agents in Pontianak, Indonesia. This acquisition offers us the opportunity to establish a strong presence in Pontianak gradually, positioning ourselves to become a leading player in the local market. With a sizable office and attractive commission structures in place, we are well-equipped to attract and recruit additional agents to further bolster our operations in Pontianak.

Marcus Chu
Chief Executive Officer

[1] https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ID
[2] "Indonesia projects 5.2 percent economic growth in 2024", Antara Indonesia News Agency, 7 February 2024

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 and was re-elected on 20 April 2023. 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. Wong Hin Sun, Eugene
Lead 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 the Non-executive Chairman of Tangram Asia Capital LLP, the corporate venture firm of NTUC Enterprise. He is currently Deputy 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 Deputy Non-executive Chairman 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 and was re-elected on 20 April 2023. 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.

Mr. Siew Peng Yim
Non-Executive Independent Director

Mr. Siew was appointed to the Board on 12 May 2023. He currently serves as Chief Executive Officer of Ice Cream Division, Fraser & Neave Limited, and Chief Executive Officer of Times Publishing Limited. From 2012 to 2014, Mr. Siew was Chief Operating Officer and Chief Financial Officer of Times Publishing Limited. Over the years, Mr. Siew through his Chief Financial Officer role has gained extensive experience in auditing, financial management, corporate finance (IPO and M&A related activities) and corporate tax restructuring. In addition, as his transition to the CEO role, he has been involved in managing diverse businesses from different industries with a strong focus on strategic review of business expansion and transformation within Asia region. He has held numerous directorships, including SGX-ST listed HTL International Holdings Limited, and Fung Choi Media Group Limited (delisted from the SGX-ST in 2017). Mr Siew graduated with a Bachelor of Accountancy from National University of Singapore, and is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants. In May 2007, he was awarded the CFO of the Year Award for companies with less than S$500 million market capitalisation under the Singapore Corporate Awards.

Management Team

Mr. Marcus Chu
Chief Executive Officer

In 1996, Marcus Chu found himself captivated by the success story of ERA's then-top salesperson. It was a tale that spoke of potential and of the transformative power within ERA. Inspired by this narrative, Marcus realized ERA possessed the formula to unearth greatness in individuals, regardless of their industry background. He viewed ERA not simply as a real estate company but as a platform for personal and professional advancement. Marcus would later go on to replicate this success himself, eventually becoming CEO of ERA Singapore, ERA Asia Pacific, and APAC Realty.

Over the past 28 years, Marcus witnessed the evolution of the real estate industry first hand. From the introduction of mobile technology to the proliferation of digital transactions, he has observed the landscape undergo significant shifts. Looking ahead, Marcus understands that change is the only constant. As technology continues to revolutionise the way we conduct transactions, he anticipates a digital future where tech-savvy agents thrive in an increasingly digital market.

Upon taking up the mantle of CEO, Marcus set forth a clear vision: to steer ERA towards a new era defined by innovation and transformation. Recognising technology's pivotal role in shaping real estate's future, Marcus boldly invested in establishing an in-house tech team. Rejecting the notion of outsourcing, he endeavoured to create proprietary platforms that would set ERA apart within the industry. The integration of ChatGPT within SALES+ was just the beginning; Marcus envisions a future where AI transcends "Artificial Intelligence" to become "Assistive Intelligence" that enhances human capabilities and revolutionizes the real estate experience. ERA saw the highest net increase of agents among all real estate agencies in 2023; Marcus faces a new but positive challenge – to nurture new blood into well-oiled selling machines. He acknowledges the attractiveness of the industry's rewards, yet he recognises the significance of grit and hard work for new agents to go the distance. He enlisted agency leaders to provide guidance and mentorship to newly joined individuals, with the goal of refining their raw potential into polished professionalism.

Marcus also embraces Corporate Social Responsibility (CSR) through the ERA Givers' Movement, where community benefit transcends corporate profit. His commitment to an abundance mindset solidifies his belief in the transformative power of generosity. In 2021, ERA became the first real estate agency in Singapore to adopt Environmental, Social, and Governance (ESG) practices. Since then, as One ERA, we have raised $1 million to support various initiatives. One of these initiatives includes supporting ComLink @ Jurong West's Gift-A-Family program, which helps fulfill the wishes of vulnerable families and enables them to acquire new skills.

In the business world, the prevailing attitude revolves around "What's in it for me?" However, in the broader context, the focus shifts to "What can I do for you?" This is the difference between scarcity and abundance mindsets. While the scarcity mindset is abundant in business, the abundance mindset is scarce.

As the world grappled with unprecedented challenges amidst the COVID-19 pandemic, Marcus stood resolute in his belief that adversity breeds innovation. Witnessing the accelerated pace of digital transformation, he recognized that necessity was indeed the mother of invention.

Marcus is a visionary leader whose journey embodies the spirit of transformation, innovation, and compassion. His dedication to excellence serves as an inspiration for ERA and the real estate industry at large, propelling them towards a future defined by limitless possibilities.

Ms. Doris Ong
Deputy Chief Executive Officer

Doris joined the Group in 1991 and led ERA's foray into project marketing. Today, she heads the project marketing team and is responsible for forging strategic partnerships and creating strong relationships with property developers, whilst spearheading new business opportunities to expand the company's business in Singapore and abroad.

Doris' experience covers all market segments, from ultra-luxury private homes to suburban Executive Condominiums. Under her strong leadership, ERA has emerged as one of Singapore's leading project marketing real estate agencies. Since its inception, the team has sold more than 60,000 new homes, with more than 450 projects launched. Today, the project marketing team oversees a multi-billion dollar portfolio.

Doris has been leading ERA Singapore's ESG efforts since 2021. She was appointed the chairperson of the company's Management Sustainability Committee in February 2023. Almost $1 million has been raised to benefit various causes. The ESG commitee has also collaborated with various organisations to create more awareness to go green, inspire sustainable practices, and to encourage people to give back to the community.

Doris graduated with a Bachelor Degree of Science (Honours) in Estate Management from the National University of Singapore. She is a Licensed Appraiser registered with the Inland Revenue Authority of Singapore and a Member of the Singapore Institute of Surveyors and Valuers.

Mr. 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 33 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.

Mr. 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 almost 4,000 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.

Management Team

Mr. 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 the 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.

Mr. Raymond Leong
Chief Technology Officer

Raymond joined the Group in 2022 and serves as the Chief Technology Officer (CTO). He plays a pivotal role in driving the Group's technology strategies and is instrumental in building and enhancing its infrastructure to accelerate digital transformation and drive innovation. Raymond oversees Tech Innovation, Enterprise Tech, Infrastructure Operations, and Information Security, ensuring the Group remains at the forefront of technological advancements.

With over 20 years of IT project delivery and consulting experience, including 12 years in regional tech leadership roles, Raymond brings a wealth of expertise to the Group. His industry experience spans across e-Commerce, Retail, Shipping, Manufacturing, Agriculture, and Fast-Moving Consumer Goods (FMCG). Raymond has led numerous successful Enterprise Resource Planning (ERP) implementations, systems design and developments, demonstrating his strong track record in delivering impactful tech solutions.

Before joining the Group, Raymond held the position of Director of Enterprise Tech at ZALORA, where he led a regional team of 40 tech employees across Southeast Asia. During his eight-year tenure, he supported over 2,200 employees in 10 markets, implementing various tech developments such as ERP, Infrastructure Operations, Information Security, IT Audit and Controls, Data Governance, and Tech Budget Planning. Prior to ZALORA, Raymond held key IT positions at Golden Agri-Resource (Project Manager), HG Metal Manufacturing (Head of IT & ERP), and Ship Centric APAC (Head of IT Service Delivery).

Raymond holds a Bachelor of Computing from the National University of Singapore and is recognized for his excellent financial and accounting knowledge, which complements his technical expertise.

Operating and Financial Review

Operating Review

For the year 2023, there was a decrease in the transaction volume in the private new and resale residential markets, as well as the HDB resale market as compared to year 2022. This is due to the cooling measures rolled out by the authorities in September 2022 and April 2023 amidst a high interest rate environment. The recent Urban Redevelopment Authority (URA) data showed that prices of private residential property increased at a slower pace of 6.8% for 2023 as a whole, as compared to 8.6% and 10.6% in 2022 and 2021 respectively. Data from HDB indicated that resale prices for HDB has risen by 4.9% in 2023, less than half of the 10.4% increase in 2022.

In 2023, developers sold 7,158 private residential units (including ECs), a decrease of 16.6% from 8,578 units sold in 2022. The private residential resale market recorded sales of 12,623 units, a decrease of 14.7% from 14,791 units sold in 2022. The HDB resale market reported a decline of 4.2% to 26,735 units in 2023 from 27,896 units in 2022.

The vacancy rate of completed private residential units has increased from 5.5% as at 31 December 2022 to 8.1% as at 31 December 2023. Apart from the 17,729 unsold units (including ECs) with planning approval as at 31 December 2023, there is a potential supply of 16,651 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

With this backdrop, the Group will continue to focus on improving the efficiencies of its Singapore operations, reducing overheads, and leveraging its investments in technology for ERA salespersons. Despite the uncertain operating environment, the Group is cautiously optimistic about the outlook for 2024.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its subsidiaries in Indonesia and Vietnam.

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 2023 $'000	FY 2022 $'000	Change (%)
Total revenue	557,252	705,005	(21.0)
Cost of services	(502,231)	(631,625)	(20.5)
Gross Profit	55,021	73,380	(25.0)
Gross Profit Margin	9.9%	10.4%	

Revenue

Revenue from real estate brokerage fees and related services decreased by approximately $145.9 million or 20.8%, from $700.4 million in FY2022 to $554.5 million in FY2023 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 $13.6 million or 3.3%, from $417.0 million in FY2022 to $403.4 million in FY2023; and
b) decrease in new home sales of $133.0 million or 47.8%, from $278.2 million in FY2022 to $145.2 million in FY2023.

Other revenue decreased by approximately $1.8 million or 40.5%, from $4.6 million in FY2022 to $2.8 million in FY2023 mainly due to:

- the absence of gain on disposal of associate of $0.6 million recognised in FY2022;
- lower room income by $0.5 million after the return of the office area at Mountbatten Square to the landlord in 1H2023; and
- the decrease in professional indemnity income of $0.4 million as insurance premiums increased substantially in 2023.

Operating and Financial Review

Costs of Services
Cost of services decreased by approximately $129.4 million or 20.5%, from $631.6 million in FY2022 to $502.2 million in FY2023, in line with the decrease in revenue from real estate brokerage fees and related services.

Gross profit
Gross profit decreased by approximately $18.4 million or 25.0%, from $73.4 million in FY2022 to $55.0 million in FY2023 following the decrease in revenue during the year.

Operating expenses
Depreciation of property, plant and equipment increased by $0.3 million, from $2.4 million in FY2022 to $2.7 million in FY2023 due to internal refurbishment costs incurred for ERA APAC Centre during the year (upgrading of escalators and auditorium).

Depreciation of right-of-use assets decreased by $0.7 million in FY2023 due to the return of office area at Mountbatten Square to the landlord in 1H2023.

Amortisation of intangible assets increased by $0.2 million or $14.8% due to the higher intangible assets following the acquisitions in Indonesia and Vietnam.

Allowance for doubtful debts (trade) decreased by approximately $0.9 million or 29.0%, from $3.1 million in FY2022 to $2.2 million in FY2023 mainly due to lower general provision made on expected credit loss as a result of lower revenue for the year, and reversal of provisions due to recovery of some impaired trade receivables in 2H2023.

Finance costs of approximately $2.1 million in FY2023 (FY2022: $1.0 million) comprised mainly interest expense from bank borrowings. The increase is due to higher bank interest rates during the year, ranging from 3.44% to 4.85% p.a. in FY2023 (FY2022: 1.28% to 3.44% pa).

Other operating expenses increased by approximately $0.8 million or 13.7%, from $6.2 million in FY2022 to $7.0 million in FY2023 mainly due to:
- increase in costs incurred for physical events held by the Group; and
- inclusion of expenses from the consolidation of ERA Vietnam and Eurocapital, the Group's subsidiaries in Vietnam; offset by
- decrease in legal and professional fees.

Overall, total operating expenses increased by approximately $4.0 million or 10.8%, from $37.5 million in FY2022 to $41.5 million in FY2023.

Non-operating income/(expenses)
In FY2023, the Group did not incur any fair value loss on convertible loan as the convertible loan was fully converted in FY2022.

Share of results of associates
The share of results in associates was absent in FY2023 following the Group's acquisition of ERA Vietnam and Eurocapital in January 2023 (became subsidiaries of the Group).

Profit before tax
As a result of the foregoing, profit before tax decreased by approximately $19.3 million, from $32.9 million in FY2022 to $13.6 million in FY2023.

Tax expense
Tax expense decreased by approximately $3.4 million, from $6.4 million in FY2022 to $3.0 million in FY2023. The decrease was due to the lower taxable income in FY2023.

Profit for the year
As a result of the foregoing, profit for the year decreased by approximately $15.8 million or 59.9%, from $26.4 million in FY2022 to $10.6 million in FY2023.

Financial Position Review

Non-current assets

The Group's total non-current assets amounted to approximately $184.7 million and $180.8 million as at 31 December 2023 and 31 December 2022 respectively. The increase of approximately $3.9 million or 2.2% was mainly due to purchase of plant and equipment of $1.4 million, increase in intangible assets and right-of-use assets arising from the acquisition of subsidiaries in Vietnam which amounted to $13.2 million and $1.3 million respectively, partially offset by:

- the deemed disposal of the Group's investment in associates as a result of the acquisition of subsidiaries in Vietnam. This resulted in a decrease of $2.2 million as compared to FY2022;
- impairment of goodwill of $5.2 million; and
- depreciation of property, plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of $4.6 million.

Current assets

Trade receivables amounted to approximately $99.5 million and $151.0 million as at 31 December 2023 and 31 December 2022 respectively. The decrease of approximately $51.5 million or 34.1% was due to the decrease in revenue in 2H2023.

Other receivables amounted to approximately $2.6 million and $2.4 million as at 31 December 2023 and 31 December 2022 respectively. The increase was due to the inclusion of the Group's subsidiaries in Vietnam.

Unbilled receivables amounted to approximately $8.4 million and $2.1 million as at 31 December 2023 and 31 December 2022 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 $3.2 million and $2.9 million as at 31 December 2023 and 31 December 2022 respectively. The increase of $0.3 million was due to the inclusion of the Group's subsidiaries in Vietnam.

Cash and bank balances decreased by approximately $5.2 million or 10.5%, from $49.3 million as at 31 December 2022 to $44.1 million as at 31 December 2023.

As a result of the foregoing, total current assets decreased by approximately $49.9 million or 24.0%, from $207.6 million as at 31 December 2022 to $157.7 million as at 31 December 2023.

Non-current liabilities

The Group's total non-current liabilities increased from $4.7 million as at 31 December 2022 to $45.4 million as at 31 December 2023. The increase of $40.7 million was mainly due to the reclassifcation of the Group's loan to non-current following the refinancing of bank loan in October 2023.

Current liabilities

Trade payables and accruals amounted to approximately $116.4 million and $155.9 million as at 31 December 2023 and 31 December 2022 respectively. The decrease of approximately $39.5 million or 25.3% was in line with the decrease in trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately $13.2 million for both 31 December 2023 and 31 December 2022 respectively.

Deferred income amounted to approximately $1.6 million and $1.4 million as at 31 December 2023 and 31 December 2022 respectively. The increase of approximately $0.2 million or 14.3% was mainly due to the inclusion of the Group's subsidiaries in Vietnam.

Lease liabilities represent the current portion of the lease obligations and was approximately $0.6 million and $0.1 million as at 31 December 2023 and 31 December 2022 respectively. The increase was mainly due to the inclusion of the Group's subsidiaries in Vietnam.

Provision for taxation amounted to approximately $3.4 million and $6.8 million as at 31 December 2023 and 31 December 2022 respectively. The decrease of approximately $3.4 million or 50.0% was mainly due to lower income tax provided for FY2023 as a result of lower taxable income.

Loan and borrowing decreased by $42.8 million following the refinancing of the Group's loan in October 2023, as discussed above.

As a result of the foregoing, total current liabilities decreased by approximately $84.9 million or 38.0%, from $223.3 million as at 31 December 2022 to $138.4 million as at 31 December 2023.

Operating and Financial Review

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company decreased by approximately $1.8 million or 1.1%, from $160.2 million as at 31 December 2022 to $158.4 million as at 31 December 2023. The decrease was mainly due dividend payments of $13.7 million during the year, offset by net profit of $11.8 million for FY2023.

Cash Flow Review

Net cash generated from operating activities was approximately $17.3 million in FY2023 as compared to approximately $35.1 million in FY2022. The decrease of $17.8 million was mainly due to the lower cash flows from operations of $17.2 million.

Net cash used in investing activities was approximately $5.5 million and $8.2 million in FY2023 and FY2022 respectively. The decrease of $2.7 million was mainly due to lower purchases of plant and equipment and acquisition of subsidiaries of $1.0 million and $2.3 million respectively.

Net cash used in financing activities was approximately $17.0 million and $31.3 million in FY2023 and FY2022 respectively. The decrease of $14.3 million was mainly due to lower dividend payments of $13.7 million in FY2023 (FY2022: $26.6 million).

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately $5.2 million for FY2023. Cash and cash equivalents stood at $44.1 million as at 31 December 2023.

APAC REALTY

FY2023 Sustainability Report

About APAC Realty

APAC Realty Limited ("APAC Realty" or "the Group") is Asia's leading real estate provider, supported by more than 23,400 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 8 for detailed information on our subsidiaries and shareholdings.

About This Report

APAC Realty is pleased to present our seventh sustainability report ("this report"), which reinforces our commitment and approach to integrating sustainability into our business strategy, policies, and operations.

Reporting Scope and Period

This report covers our sustainability performance pertaining to Environment, Social and Governance ("ESG") for the financial year 1 January 2023 to 31 December 2023 ("FY2023").

The scope of this report mirrors our Annual Report and covers operations which we have operational control of across Singapore, Thailand, Vietnam, and Indonesia.

Reporting Framework and Standards

This Report has been prepared with reference to the GRI Universal Standards 2021, and in accordance with Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B. The GRI Standard was chosen as it the most widely used framework for sustainability reporting and provides a holistic view of our impact on society and the environment through its comprehensive set of guidelines which covers various ESG topics. Please refer to pages 45 to 48 of this Report for the GRI Content Index which details the GRI Standards disclosures referenced.

APAC Realty continues to report our climate-related disclosures, taking guidance from the International Sustainability Standards Board ("ISSB") S2 Climate-related Disclosures.

To contribute towards the advancement of sustainable development, we also align our sustainability efforts with the United Nations' Sustainable Development Goals ("UN SDGs") which are most material to our business operations.

Assurance

APAC Realty's sustainability reporting process and all information disclosed in this report has undergone internal control and verification mechanism. The internal review scope adheres to SGX-ST listing rules and the practice note, including SGX's recommended Core ESG Metrics.

The Board has determined that the internal review cycle for our sustainability report will align with our internal audit cycle, and they consistently evaluate the process, and assess the outcome of our sustainability report's internal review.

Our FY2023 sustainability report has not verified by a third party, but we seek to do so in the near future based on stakeholder needs, and as our sustainability reporting matures.

Feedback

APAC Realty is commitment to enhancing both our sustainability performance and reporting, and welcomes feedback from all stakeholders. Please send all feedback and comments to ir@apacrealty.com.sg.

Board Statement

This year, climate change remains a defining crisis of our time, marked by the world witnessing more intense and frequent weather events. Singapore, too, felt the impact as it recorded its highest temperature in 2023. Additionally, the nation experienced a rise in the occurrence of extreme rainfall, prolonged dry spells, and stronger winds, reflecting the tangible consequences of climate change. Against this backdrop, we are reminded of the importance of placing sustainability at the core of our strategy and building climate resilience.

The Board of Directors ("the Board") is pleased to present APAC Realty's sustainability report for the financial year ended 31 December 2023, which communicates our unwavering commitment towards sustainability as well as value created for our stakeholders this year. This report has been reviewed and approved by the Board. Additionally, all sustainability disclosures presented has been reviewed as part of the internal audit cycle.

The Board, together with the Management, is collectively responsible for the long-term success of APAC Realty and ensures the integration of sustainability considerations into our business and strategy. The Board also oversees the management of sustainability issues material to our business, including their targets and performance.

In the advancement of our sustainability journey, we will continue to work closely with the Management team and all stakeholders to achieve sustainable growth and development.

CEO Statement

According to the World Economic Forum Global Risk Report, the top ranked risks in 2023 were the failure to mitigate and adapt to climate risks. In the face of additional challenges, such as global geopolitical events and health issues, APAC Realty recognises that this is the decade to take decisive action and ensure sustainability remained integral to our purpose and value.

Sustainability is a critical aspect to the growth of our business as we strive to enhance business resilience and seek new opportunities. We remain guided by our sustainability strategy, focusing on environmental, social, and governance topics that are material to APAC Realty.

This year, to build climate resilience and be better equipped to address climate-related risks as well as capitalise on the opportunities, APAC Realty further progressed in aligning our climate disclosures with the ISSB S2 Climate-Disclosures. We conducted our first climate risk assessment to identify climate-related risks and opportunities material to our business as well as a qualitative scenario analysis to understand the impact of these risks.

In heeding the call for urgent climate action, APAC Realty seeks to align with the objectives of the Singapore Green Plan 2030 and goals of the Paris Agreement. To reduce our reliance on electricity from the grid and our overall emissions, we continue to invest in solar panels to harness solar power. We will continuously review new environmental initiatives and remain proactive in our efforts to tackle climate change.

People are our greatest assets and APAC Realty invests in the development of our employees to improve their well-being. We continue to focus on cultivating a work environment that is inclusive and diverse, as it plays a pivotal role in generating innovative ideas and propelling the business to greater success. In FY2023, we organised retreats and employee engagement events throughout the year as well as reviewed our employees' health benefits. As a testament to APAC Realty's unwavering commitment in putting our employees first, we were recognised as one of Singapore's Best Employers 2023, ranking among the top 250 companies in the country.

APAC Realty remains steadfast in our commitment to building a more sustainable business and is grateful for the continued support of our stakeholders.

FY2023 Sustainability Highlights

Environment	Social	Governance
35.3% increase in amount of solar power harvested	Recognised as one of Singapore's Best Employers 2023[1]	**Zero (0)** cases of corruption
38.8% decrease in emission intensity (for operations in Singapore and Thailand)	**7.9%** increase in donations and Corporate Social Responsibility expenditure for charities and community partners	**Zero (0)** incidents of non-compliance with rules or regulations
Conducted a climate assessment to identify material climate-related risks and opportunities	Females make up **56.9%** of our workforce	No data breach or fine from Personal Data Protection Commission ("PDPC") Singapore

[1] Based on a study conducted by The Straits Times and global research firm Satista.

Our Sustainability Approach

Sustainability Framework

We place sustainability at the core of our business strategy and strive to be responsible stewards of the environment and in communities which we operate in.

Our sustainability framework articulates our approach to sustainability and is built upon three overarching pillars. Each pillar and material topics are also mapped to the UN SDGs to show our commitment in contributing towards tackling the world's most pressing sustainable development challenges.

PILLARS	Environment	Social	Governance
	We endeavour to invest in innovative solutions in clean energy and operations.	We continue to develop our people and communities for mutual betterment through our innovative culture.	We implement and leverage on our robust risk culture and governance to reliably deliver our accountability to stakeholders.
Material Topics	• Greenhouse Gas Emission • Energy Conservation • Water Consumption	• Employment • Training and Development • Community Engagement • Diversity and Inclusion • Health and Safety	• Customer Privacy • Risk Management • Business Ethics
Alignment with UN SDGS	12 Responsible Consumption and Production; 13 Climate Action	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality	16 Peace, Justice and Strong Institutions

Sustainability Governance Structure

APAC Realty has a formalised sustainability governance structure to ensure sustainability-related matters are governed across various level of the Group.

The Board is responsible for setting the overall direction and overseeing all sustainability-related matters, including climate change and its reporting. The Board reviews sustainability-related matters as part of the Group's strategic formulation, determines material sustainability factors, and ensures proper mitigation actions are in place to address sustainability risks. To that end, the Board sets the Group's sustainability risk appetite and defines the permissible thresholds for material sustainability risks. This strategic approach delineates the boundaries within which the Group is prepared to navigate to uphold responsible business practices and maintain environmentally sound operations.

The Board has established a Management Sustainability Committee (the "Committee") to assist the Board in the oversight of corporate responsibility, sustainability and reputation matters taking into account APAC Realty's purpose, strategy and culture. The Committee is led by the Deputy CEO and advised by the CEO, and consists of the head of department from different departments in APAC Realty. The Deputy CEO is responsible for leading assessments on overall sustainability targets and updating the Board as needed. The Committee meets quarterly, and its duties include overseeing the implementation of APAC Realty's climate change and other sustainability-related initiatives, as well as monitoring and reporting of sustainability-related matters at the operational level. The roles and responsibilities of the Committee is documented in APAC Realty's "Management Sustainability Committee Terms of Reference", which is reviewed and approved by the Board annually.

Stakeholder Engagement

APAC Realty recognises that stakeholders are important in helping us achieve our sustainability and business goals. To that end, we engage with our stakeholders throughout the year to understand their need and build trust among them.

Stakeholder	Mode of Engagement	Key Area of Interest / Concerns
Salespersons and Employees	• myERA – portal for salepersons and staff • Regular dialogue sessions with senior management • Chill down sessions – company- wide get together with senior management • Quarterly conferences • Social media platforms • Regular training	• Career development and training opportunities • Corporate direction and growth plans • Remuneration and benefits • Workplace environment and conditions • Diversity, equity and inclusion

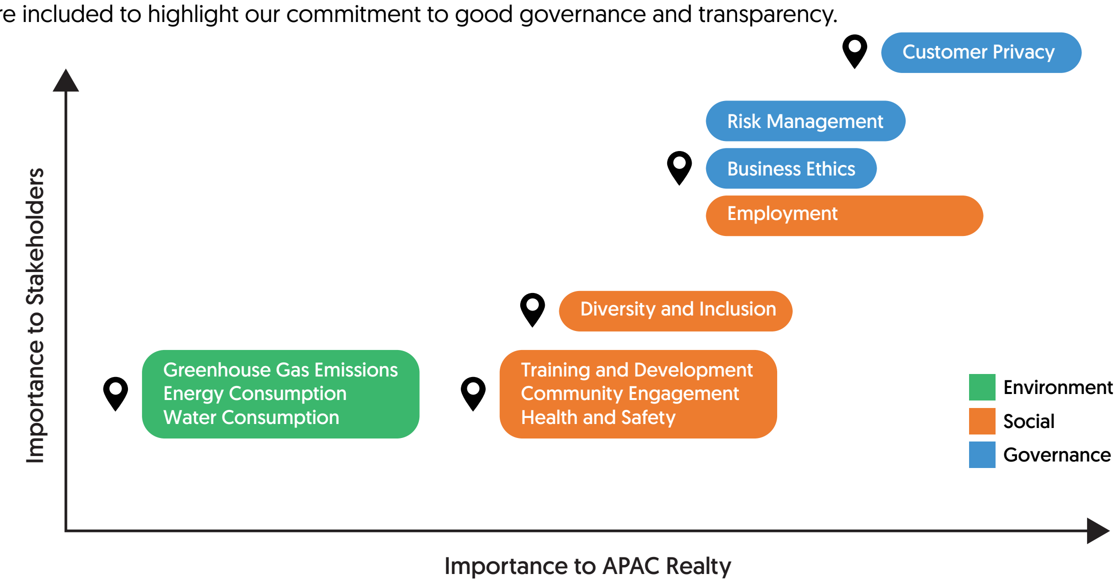
Stakeholder Engagement
(continuation)

Stakeholder	Mode of Engagement	Key Area of Interest / Concerns
Customers	• Regular research reports • Consumer seminars • Annual property shows • Customer feedback channels • Social media platforms	• Customer experience • Customer data privacy • Ethical marketing practices
Investors and Analysts **Lender** **Media**	• Annual general meetings • Finance results announcements (half-year and full-year) • Regular analyst and investor meetings • Annual reports and sustainability reports • Corporate website and social media platforms	• Corporate governance • Financial reporting standards • ESG disclosures and sustainability performance and tracking
Government and regulators	• Email correspondences • Official circulations • Dialogue and feedback sessions • Seminars and conferences	• Compliance with laws and regulations • Ethical practices
Community	• Collaborations with charities for community development • ESG by ERA programmes • Community engagements	• Good corporate citizenship • Caring for the less fortunate • Social inclusion

Materiality Assessment

In FY2023, APAC Realty performed a materiality assessment to review and refresh ESG topics material to our business and stakeholders. This assessment involved a survey of our internal stakeholders to gather their feedback and inputs, a comprehensive study of global and local sustainability trends, as well as understanding industry best practices. The final set of ESG topics were approved and validated by the Board of Directors.

This year, we reprioritised, broadened and included new material topics to reflect our latest sustainability approach and focus areas. For example, the material topic "Agent Retention" was broadened to encompass "Employment" and "Diversity & Inclusion" to better reflect our focus on building an agile and inclusive workforce. Additionally, material topics such as "Risk Management" and "Business Ethics" were included to highlight our commitment to good governance and transparency.



Building Climate Resilience

During the year, climate impacts continue to exacerbate and as the effects of climate change intensify, communities worldwide are experiencing more frequent and severe weather events. APAC Realty is cognisant of the urgent need to build climate resilience and capture new opportunities as we shift towards a low-carbon economy. To that end, we aligned with the ISSB S2 Climate-related Disclosed and reported our climate disclosures in the four key areas of Governance, Strategy, Risk Management, and Metrics and Targets. This is also in line with the Singapore Stock Exchange's listing rules which calls for mandatory climate reporting.

In FY2023, we matured further in our climate reporting by engaging an external consultant, BDO Consultants, to identify climate-related risks and opportunities material to our business. We also conducted a qualitative scenario analysis to understand the impact of identified climate-related risks and opportunities across different time horizons and climate scenario pathways.

The TCFD report below maps our climate disclosures to the four pillars of the TCFD framework.

Governance

APAC Realty's governance around climate-related risks and opportunities

APAC Realty has a robust sustainability governance structure to ensure climate-related risks and opportunities are integrated and addressed at the strategic and operational level.

The Board has the ultimate responsibility and sets the sustainability risk appetite of the Group, which includes climate risk and reporting. The Board oversees all climate-related risk management, strategy, setting of targets related to climate-related risks and opportunities, and monitoring of progress towards those targets. To ensure the Board is kept abreast of climate-related issues as well as the Group's performance, they are updated annually by the Deputy Chief Executive Officer ("CEO").

We have a Management Sustainability Committee which leads and monitors the implementation of climate change and other sustainability-related initiatives. The Management Sustainability Committee is chaired by the Deputy CEO and comprises of representatives from different departments of the Group. The taskforce reconvenes every three (3) months to discuss about climate-related issues.

Moving forward, we will continue to build a strong foundation against climate change by ensuring the Board's and Sustainability Taskforce's continual oversight and involvement in climate-related issues. We also seek to assess and ensure appropriate skills and competencies are available within APAC Realty to respond to climate-related risks and opportunities.

Please refer to page 29 of this report for further details on our Sustainability Governance structure.

Strategy

The actual and potential impacts of climate-related risks and opportunities on APAC Realty's businesses, strategy, and financial planning

In FY2023, we conducted our first climate risk assessment to evaluate and identify climate-related risks and opportunities affecting our business for countries which the Group has operations in – Singapore ("SG"), Indonesia ("ID"), Thailand ("TH") and Vietnam ("VN"). Our climate risk assessment comprises of the following four-stages, and the results will enable us to make better-informed decisions and prioritise mitigation actions:

- Analysis of market trends and risks which may impact the real estate market, with a focus on real estate management
- Review of mandates or regulatory requirements relating to climate risk management for countries which the Group has operations in
- Assessing the impact of climate-related risks identified across time horizons and climate scenario pathways for countries which the Group has operations in
- Evaluation of measures to mitigate against the identified climate-related risks

Our chosen time horizons and climate scenario pathways references the Sixth Assessment Report by the Intergovernmental Panel on Climate Change ("IPCC"). We define our time horizons as near-term (2021-2040), mid-term (2041-2060) and long-term (Up to 2100), and modelled the impact of each climate-related risk against two climate scenarios (RCP 2.6[2] and RCP 2.8[3]).
A detailed description of APAC Realty's climate-related risks can be found in the following table.

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[2] Representative Concentration Pathways ("RCP") 2.6 is the lowest-emissions RCP, and it assumes that greenhouse gas emissions peak around 2020 before declining to reach a global warming average of below 2°C by 2100.

[3] RCP 8.5 RCP 8.5 is the highest-emissions RCP, and it assumes that greenhouse gas emissions will continue to rise throughout the 21st century, resulting in a global warming average of more than 4°C by 2100.

Strategy
(continuation)

Legend: Low Risk | Medium Risk | High Risk | Extreme Risk | Not Applicable

	Climate-related Risk Type	Time Horizon	SG RCP 2.6	SG RCP 8.5	ID RCP 2.6	ID RCP 8.5	TH RCP 2.6	TH RCP 8.5	VN RCP 2.6	VN RCP 8.5
Actual Physical Risk	Floods	Near-term	Low Risk	Low Risk	High Risk	High Risk	Not Applicable	High Risk	High Risk	High Risk
		Mid-term	Low Risk	High Risk	Medium Risk	Extreme Risk	Low Risk	Extreme Risk	Medium Risk	Extreme Risk
		Long-term	Not Applicable	Extreme Risk	Low Risk	Extreme Risk	Low Risk	Extreme Risk	Low Risk	Extreme Risk
	Cyclones	Near-term	Not Applicable	Not Applicable	Medium Risk	Medium Risk	Not Applicable	Medium Risk	High Risk	High Risk
		Mid-term	Not Applicable	Not Applicable	Low Risk	High Risk	Low Risk	High Risk	Low Risk	Extreme Risk
		Long-term	Not Applicable	Not Applicable	Not Applicable	Extreme Risk	Low Risk	Extreme Risk	Low Risk	Extreme Risk
	Droughts	Near-term	Not Applicable	Low Risk	Not Applicable	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk
		Mid-term	Not Applicable	Medium Risk	Not Applicable	Medium Risk	Low Risk	High Risk	Not Applicable	Medium Risk
		Long-term	Not Applicable	High Risk	Low Risk	High Risk	Low Risk	Extreme Risk	Not Applicable	High Risk
	Heat waves	Near-term	High Risk	High Risk	Not Applicable	Low Risk	Low Risk	Low Risk	High Risk	High Risk
		Mid-term	Low Risk	Extreme Risk	Not Applicable	Medium Risk	Low Risk	Medium Risk	Medium Risk	High Risk
		Long-term	Not Applicable	Extreme Risk	Low Risk	Medium Risk	Low Risk	High Risk	Low Risk	Extreme Risk
Chronic Physical Risk	Monsoon winds	Near-term	Low Risk	Not Applicable	Low Risk	Medium Risk	Low Risk	High Risk	Low Risk	Low Risk
		Mid-term	Not Applicable	Not Applicable	Not Applicable	High Risk	Not Applicable	High Risk	Not Applicable	Medium Risk
		Long-term	Not Applicable	Low Risk	Not Applicable	High Risk	Not Applicable	Extreme Risk	Not Applicable	High Risk
	Changes in precipitation and extreme weather	Near-term	High Risk	Not Applicable	Low Risk	Medium Risk	Low Risk	Medium Risk	Low Risk	Low Risk
		Mid-term	Low Risk	Medium Risk	Not Applicable	High Risk	Low Risk	High Risk	Not Applicable	Medium Risk
		Long-term	Not Applicable	High Risk	Not Applicable	Extreme Risk	Not Applicable	Extreme Risk	Not Applicable	High Risk
	Prolonged rainy season	Near-term	Medium Risk	Not Applicable	Low Risk	Low Risk	Low Risk	Not Applicable	Not Applicable	Low Risk
		Mid-term	Low Risk	Medium Risk	Not Applicable	Medium Risk	Not Applicable	Low Risk	Not Applicable	Medium Risk
		Long-term	Not Applicable	High Risk	Not Applicable	High Risk	Not Applicable	Medium Risk	Not Applicable	High Risk
	Rise in mean temperature	Near-term	High Risk	Medium Risk	Medium Risk	High Risk	Medium Risk	Medium Risk	High Risk	High Risk
		Mid-term	Medium Risk	High Risk	Low Risk	High Risk	Low Risk	High Risk	Low Risk	Extreme Risk
		Long-term	Low Risk	Extreme Risk	Not Applicable	Extreme Risk	Low Risk	Extreme Risk	Not Applicable	Extreme Risk
	Rise in sea levels	Near-term	Medium Risk	High Risk	Extreme Risk	High Risk	Medium Risk	Medium Risk	High Risk	Medium Risk
		Mid-term	Low Risk	Extreme Risk	Medium Risk	Extreme Risk	Low Risk	High Risk	Medium Risk	Extreme Risk
		Long-term	Not Applicable	Extreme Risk	Low Risk	Extreme Risk	Not Applicable	Extreme Risk	Not Applicable	Extreme Risk
Transition Risk	Carbon pricing	Near-term	High Risk	High Risk	Medium Risk	Low Risk	Medium Risk	Medium Risk	Low Risk	Medium Risk
		Mid-term	Medium Risk	Extreme Risk	Low Risk	High Risk	Low Risk	High Risk	Not Applicable	High Risk
		Long-term	Medium Risk	Extreme Risk	Not Applicable	Extreme Risk	Not Applicable	Extreme Risk	Not Applicable	Extreme Risk
	Enhancing emissions reporting obligations	Near-term	Extreme Risk	Extreme Risk	Medium Risk	Medium Risk	Low Risk	High Risk	Low Risk	Low Risk
		Mid-term	High Risk	Extreme Risk	Low Risk	High Risk	Low Risk	High Risk	Not Applicable	High Risk
		Long-term	Medium Risk	Extreme Risk	Not Applicable	Extreme Risk	Low Risk	Extreme Risk	Not Applicable	Extreme Risk
	Shift in consumer preferences towards more sustainable products	Near-term	Medium Risk	High Risk	Low Risk	Low Risk	Medium Risk	Medium Risk	Low Risk	Medium Risk
		Mid-term	Medium Risk	Extreme Risk	Not Applicable	Medium Risk	Low Risk	High Risk	Not Applicable	Medium Risk
		Long-term	Low Risk	Extreme Risk	Not Applicable	Medium Risk	Not Applicable	Extreme Risk	Not Applicable	High Risk
	Increased stakeholder concern	Near-term	Low Risk	Medium Risk	Medium Risk	Not Applicable	Medium Risk	Not Applicable	Low Risk	Low Risk
		Mid-term	Low Risk	High Risk	Low Risk	Medium Risk	Low Risk	Medium Risk	Not Applicable	Medium Risk
		Long-term	Low Risk	Extreme Risk	Low Risk	Medium Risk	Low Risk	Medium Risk	Not Applicable	High Risk

The financial implications of climate-related risks on our business encompass increased costs in cooling, heating and maintenance attributed to unpredictable weather fluctuations. Additional expenditures may arise from carbon-related legislation in different countries, whether through taxes or more frequent equipment replacement. We may also face higher costs due to the negative impact of climate change on our employees if they are affected by heatwaves or rise in temperatures.

Although climate change presents a risk to our business, we also recognise the unique opportunities we can tap upon as we shift towards a low-carbon economy. This includes assessing and implementing (where feasible) new energy-efficient buildings and adopting green technology such as renewables at our operations.

Risk Management

APAC Realty's approach to identifying, assessing and managing climate-related risks

Risk management is an essential part of APAC Realty's business planning and monitoring process. The Group adopts ISO 31000 Enterprise Risk Management Framework, and on a bi-annual basis, Management will submit an "Enterprise Risk Management Report" to the Board, which details APAC Realty's risk profile and respective mitigation action plan. Please refer to pages 61 to 62 of this report for further details on our approach to risk management.

In addition to our risk management process, we have also developed a sustainability strategy which steers our initiatives in mitigating climate change. This includes:

- Investing in solar panels and energy-saving technologies
- Encouraging agents to go paperless (where possible)
- Reduce paper usage by tapping upon digital platforms such as the cloud for all finance-related documents and payment vouchers

To enhance our climate-related risk management approach, APAC Realty plans to progressively phase in climate-related risks and opportunities into our Enterprise Risk Management Framework.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

APAC Realty discloses our sustainability performance in our annual sustainability report, and currently report on the following metrics relating to greenhouse gas emissions, energy and water to manage our climate-related risks:

- Scope 1, 2 and 3 emissions
- Electricity consumption
- Water consumption

We have also set an annual target to reduce electricity emission by 1.2% as compared to the previous year.

Please refer to pages 33 to 36 of this report for further details on our performance and approach to managing greenhouse gas emissions, energy, and water.

Next Steps

Building climate resilience is an ongoing journey and going forward, we will remain committed to enhancing our climate disclosures and risk management practices, while continuing to integrate climate opportunities into our business strategy and effectively managing associated risks.

Environment

APAC Realty recognises that the creation of a sustainable future starts with the fundamental of our business – ensuring that sustainability is embedded in our operations, services provided and supply chain. Being a leading real estate services provider with one of the largest brand footprints in Asia, we have the responsibility to minimise our environmental impact by reducing our greenhouse gas emissions, energy consumption and water consumption.

APAC Realty is proud to lead by example in our ESG pursuits and have attained the BCA Green Mark certification 'entry level' for ERA APAC Centre in Singapore. This certification is a testament to our commitment towards improving our environmental performance and incorporating sustainable practices in our operations.

Environment
(continuation)


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

Greenhouse Gas Emissions

Through our business activities, greenhouse gas emissions ("GHG") are released into the atmosphere. APAC Realty takes a holistic approach to carbon management and manage our GHG impacts by tracking our Scope 1, 2 and 3 emissions annually.

To accurately calculate our Scope 1, 2 and 3 emissions, APAC Realty adopts the operational control approach in accordance with the Greenhouse Gas Protocol. We take guidance from The Greenhouse Gas Protocol, which is an internationally regonised tool for companies to measure their emissions. Additionally, the operational control approach was selected to ensure transparency and reporting of emissions from all operations which we own, regardless of their geographical location.

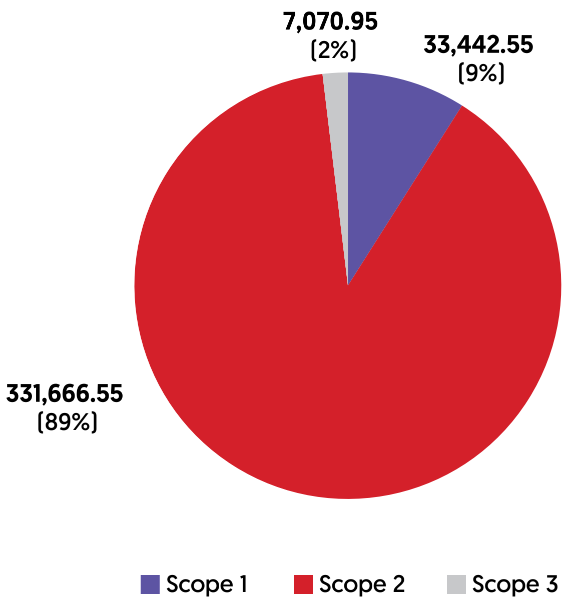
The table below summarises the sources of our emissions as well as the source of respective emission factors referenced.

Type of Emission	Emission Sources	Source of Emission Factor Referenced
Scope 1	• Combustion of fuel from owned vehicles • Combustion of on-site backup generators • Refrigerant top-ups	• United Kingdom's Department for Environment Food and Rural Affairs
Scope 2[4]	• Electricity	• Singapore's Energy Market Authority • Thailand's Energy Policy and Planning Office • Institute for Global Environmental Strategies (IGES)
Scope 3	• Business travel	• United Kingdom's Department for Environment Food and Rural Affairs

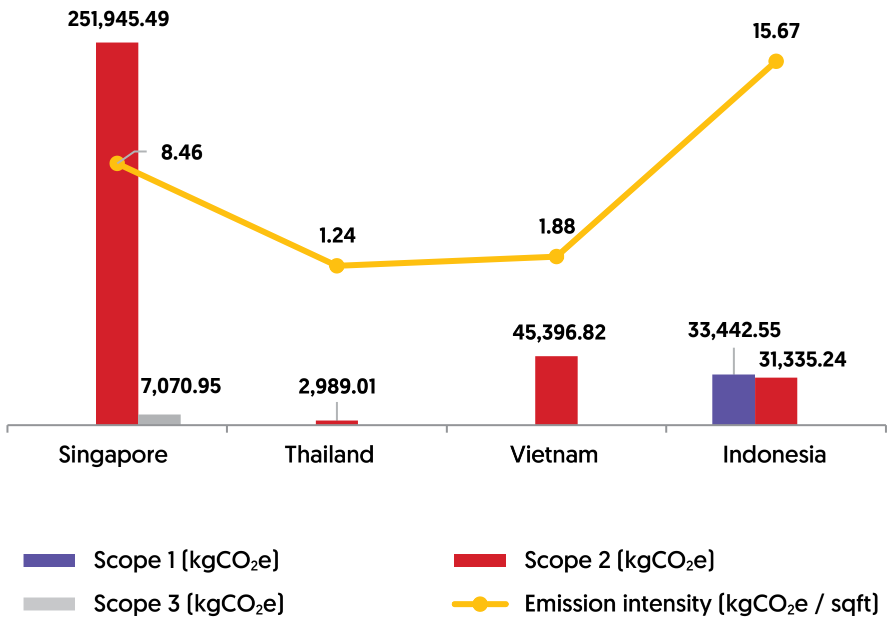
This year, we produced 372,180.05 kgCO_2e of emissions across Scope 1, 2 and 3 and our emission intensity is 6.08 kgCO_2e/sqft.

[4] APAC Realty uses both the location-based and market-based approach when computing Scope 2 emissions. The latter accounts for the use of solar energy. For FY2023, total calculated Scope 2 emissions was 331,666.55 kgCO_2e and 276,995.65 kgCO_2e when using the location-based and market-based approach respectively. Unless otherwise stated, all Scope 2 emissions in this section refers to calculations using the location-based approach.

Total emissions (kgCO_2e)



Total Emissions And Emission Intensity By Region



APAC Realty's Scope 1 emission sources include the combustion of fuel from owned vehicles, combustion of on-site backup generators and refrigerant top-ups. Similar to FY2022, our Scope 1 emissions from the combustion of on-site backup generators and refrigerant top-ups recorded remained at zero (0) kgCO_2e. However, with APAC Realty expanding our scope to include Vietnam and Indonesia for FY2023 reporting, a total of 35,824.70 kgCO_2e of Scope 1 emissions were recorded. This was primarily due to the combustion of petrol in owned vehicles used by employees traveling from the office to various member brokers in Jakarta city.

Scope 2 emissions arising from APAC Realty's electricity consumption represents around 88% of total emissions as a large amount of electricity is required to run essential building features such as lightning equipment.

This year, we recorded 331,666.55 kgCO_2e of Scope 2 emissions. Due to the inclusion of Vietnam and Indonesia's operations in FY2023 reporting, we conducted a like-for-like comparison to compare FY2023 and FY2022 emissions. In FY2023, the total Scope 2 emissions arising from Singapore and Thailand was 254,934.50 kgCO_2e, a 38.8% decrease as compared to FY2022 (416,682.44 kgCO_2e). The significant reduction in Scope 2 emissions can be primarily attributed to the decrease in rented office spaces in Singapore as we seek to optimise operational efficiency and embrace remote work. As a result, we met our annual target of reducing Scope 2 emissions by 1.2%.

To reduce our Scope 2 emissions and contribute to Singapore's commitment to transitioning to green energy, we invested in solar panels installed on the roofs of our Singapore offices. This year, we harvested a total of 133,561.00 kWh of solar power, of which 131,105.29 kWh was utilised at our Singapore operations, with the remaining amount sold back to Singapore's national grid. The adoption of solar power enabled APAC Realty to save 54,670.91 $kgCO_2e$ in Scope 2 emissions. Compared to FY2022, APAC Realty increased its solar power harvest by 35.3%, resulting in a 38.0% increase in Scope 2 emissions saved.

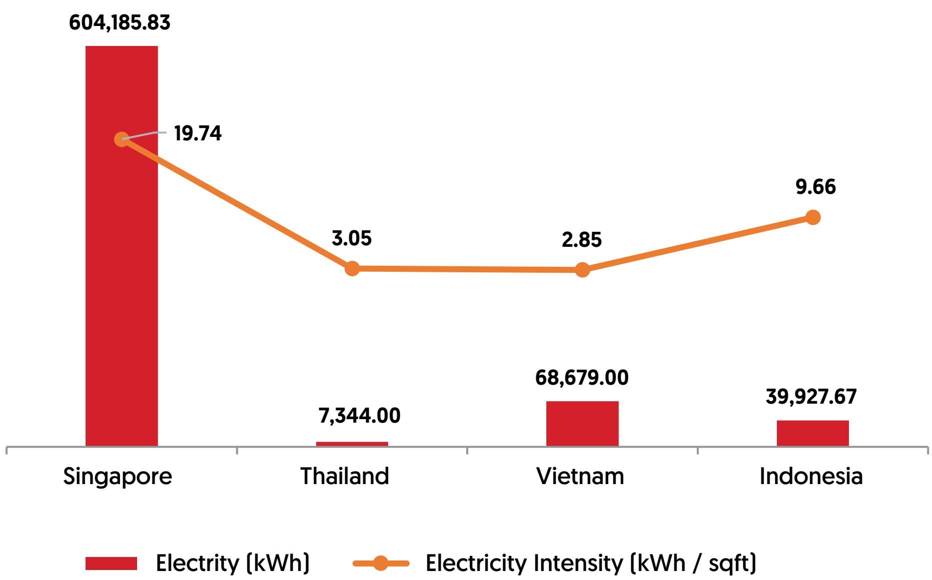
APAC Realty continued reporting on Scope 3 emissions, encompassing emissions from business travel. In FY2023, our total Scope 3 emissions amounted to 7,070.95 $kgCO_2e$. Demonstrating our commitment to sustainability, APAC Realty strives for ongoing improvement in our emission reporting practices and aims to broaden the scope of Scope 3 emissions to include additional material categories in the near future.

To reduce our emissions, APAC Realty is committed to conserving energy by using energy-saving fittings in the Group's buildings. In 2023, the Group replaced our previous escalators with energy-efficient model escalators which are designed to optimize energy consumption by operating at reduced speeds during periods of low passenger activity.

Energy Consumption

APAC Realty strives to improve the energy efficiency of operations as it a crucial business necessity and enables us to achieve energy savings, thus ultimately reducing operating costs. Energy consumption refers to the total amount of electricity consumed by APAC Realty.

Total Electricity And Electricity Intensity By Region



In FY2023, APAC Realty consumed 720,136.50 kWh of electricity. Based on a like-for-like comparison between FY2022 and FY2023, there was a 40% decrease in total absolute electricity this year. This decline, similar to the reduction in total emissions, was primarily attributed to the strategic decision to vacate office spaces in Singapore, aimed at improving operational efficiency. APAC Realty will continue to harness solar power to reduce our energy consumption as well as adopt energy-saving initiatives (where feasible) within our building.

Water Consumption

APAC Realty recognises the vital role that water stewardship plays in protecting the health and well-being of all stakeholders within our ecosystem. To that end, we track our water consumption[5] and seek ways to conserve water despite the indirect nature of water impact on our operations.

Our main source of water is purchased water from municipal sources, which are supplied by the national water providers in each country of operation. In FY2023, APAC Realty consumed 3,315.43 m^3 of water at our Singapore operation, a 23.5% increase as compared to the prior year due to an increase in the number of training and events hosted within our Singapore office space. To optimise and improve the efficiency of water usage, self-closing water-saving taps are installed at all our buildings and we take a proactive approach to ensure the closure of all water taps at the end of the working day.

[5] Comprehensive water consumption data is unavailable for Indonesia, Vietnam and Thailand as these entities operate as tenants within larger office buildings. Consequently, their water usage is not individually invoiced; instead, a service charge is levied to cover overall operational amenities.

Social

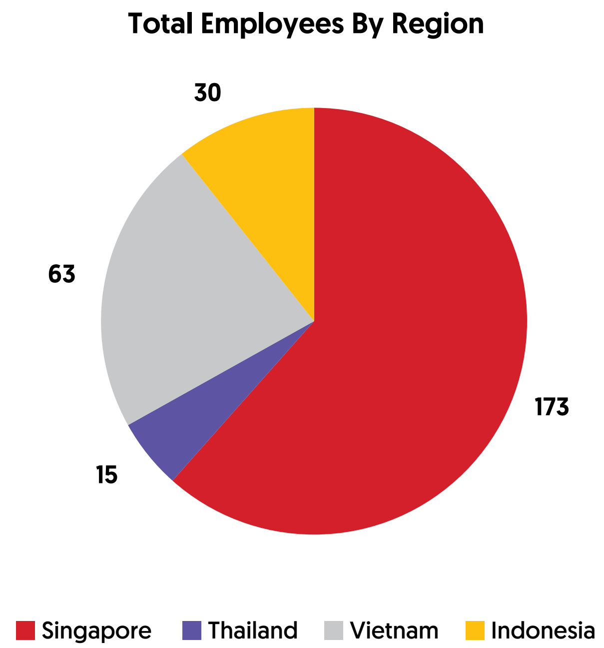
People are our greatest asset - our agents serve as the forefront of our regional operations and it is essential to provide robust support to enable them to deliver tailored solutions to our clients. We place great emphasis on being a workplace of choice for our employees and fostering a safe and inclusive environment where employees from diverse backgrounds not only thrive but, also feel valued.

Employment

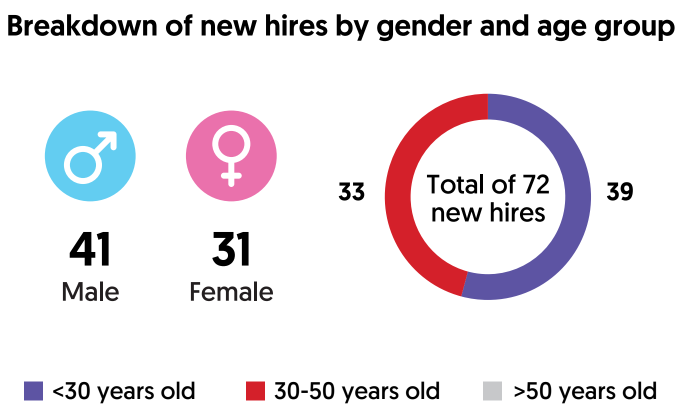
APAC Realty strives to implement fair employment practices, aiming to attract the most talented individuals in the market to contribute support our business growth.

Our Employees

As of 31 December 2023, we have a total of 281 full-time employees. Majority of our employees are based in Singapore.

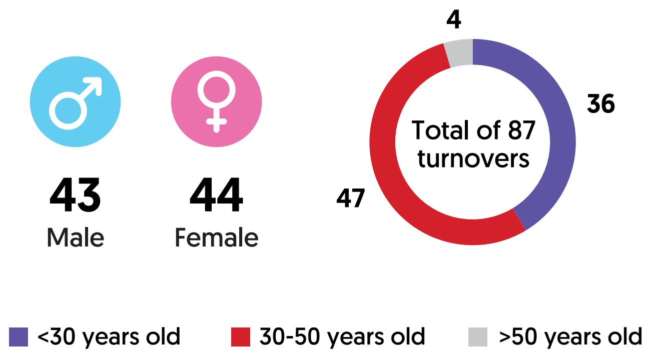


During the year, we hired 72 new employees and saw a turnover of 87 employees, translating to a new hire rate and turnover rate of 25.6% and 31.0% respectively.



The bulk of the new hires are from our Thailand and Vietnam operations. In Thailand, our current hiring primarily addresses staff replacements due to resignations, reflecting the presence of enticing job opportunities in the labor market and highlighting challenges in Thailand's employment market. Conversely, in Vietnam, our hiring approach is more diverse. About half of the new hires support expansion plans, showcasing confidence in the real estate sector's recovery expected in the second half of FY2024.

Breakdown of turnovers by gender and age group



Our turnover rate rose from 16.8% in FY2022 to 31.0% in FY2023, driven by increased resignations within our Vietnam operations. This is largely due to fierce competition for skilled talent and heightened salary competitiveness in the job market, leading to frequent employee transitions between companies.

Welfare and Benefits

We are a firm believer that fostering a positive and nurturing work environment is crucial for attracting, motivating, and retaining talent. To support our belief, we provide all employees with welfare and benefits. Our Human Resources team continuously seek to introduce new initiatives to enhance the well-being of our employees. For example, carrying forward of annual leave was a new benefit introduced in FY2023.

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

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

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)

Compensation/Benefits
Competitive salary through yearly pay review;
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

APAC Realty provides all employees with childcare, maternity and paternity leave. For childcare leave, it ranges from basic and enhanced childcare leave to extended childcare leave. All employees returned to work after taking their respective leaves.

	Number of employees that took leave
Childcare leave	34
Maternity leave	1
Paternal leave	Zero (0). No employees took paternal leave in FY2023

Employee Engagement

Aside from the provision of welfare and benefits to all employees, APAC Realty also organises retreats and employee engagement events throughout the year.

Staff Retreat

ERA organised a staff retreat in Malaysia in February 2023, offering employees a unique opportunity to nurture team unity through a series of engaging team-building activities. The retreat provided a platform for employees to strengthen interpersonal relationships, enhance communication, and foster a more cohesive and collaborative work environment.

Staff Chill Down

On June 21, 2023, ERA organised a 'Staff Chill Down" event, providing employees with an opportunity to celebrate and unwind. The occasion not only marked the unveiling of ERA's enhanced group medical and dental plan but also served as a platform to recognise and honour colleagues for their outstanding achievements and contributions to the organisation. This event fostered a positive and appreciative atmosphere, reinforcing the sense of camaraderie and mutual support among employees.

Mid-Autumn Festival

In celebration of the mid-autumn festival, which is held annually in September, ERA organised a special event for all employees and their family members. The festivity included a variety of engaging activities such as balloon sculpting, carnival games, sand painting, and an opportunity for everyone to savour traditional mooncakes. This initiative aimed to bring the ERA community together, fostering a sense of unity and joy during the mid-autumn festivities. The diverse range of activities provided a platform for employees and their families to share memorable moments, reinforcing the sense of camaraderie within the ERA family.

Staff Innovation Forum

To foster collaboration, ignite creativity, and empower employees to voice their ideas, ERA introduced the 'Monthly Staff Innovation Forum.' This platform offers employees the chance to contribute innovative ideas and collectively work towards creating a more enriched workplace. The initiative is designed to cultivate a sense of belonging among employees, allowing them to be pioneers and change-makers in shaping the future of ERA. It provides a space for individuals to actively engage, fostering a collaborative environment where their contributions can make a meaningful impact on the long-term sustainability and growth of the organisation.

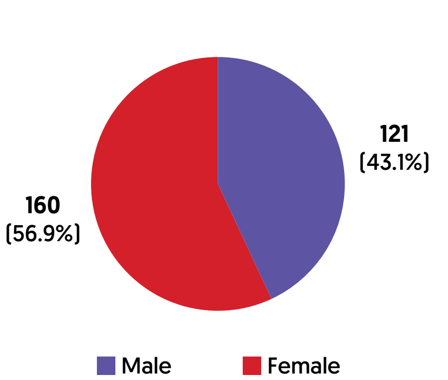
Diversity and Inclusion

As a multinational company with operations in different parts of the world, APAC Realty leverages on the advantages of diversity by bringing together a workforce with strong local experiences and network. APAC Realty promotes fair hiring practices and is guided by non-discriminatory practices to cultivate a fair and inclusive workplace.

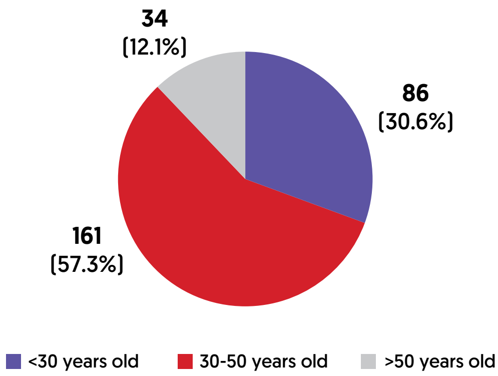
Employee Diversity

In FY2023, workforce continues to be gender-balanced, with female employees making up 56.9% of our workforce. In addition to gender diversity, APAC Realty also value age diversity within our organisation. Over 42% of our workforce comprises employees outside the age range of 30 to 50 years old. The following tables and graphs show the breakdown of employees by gender and age group based on employee categories.

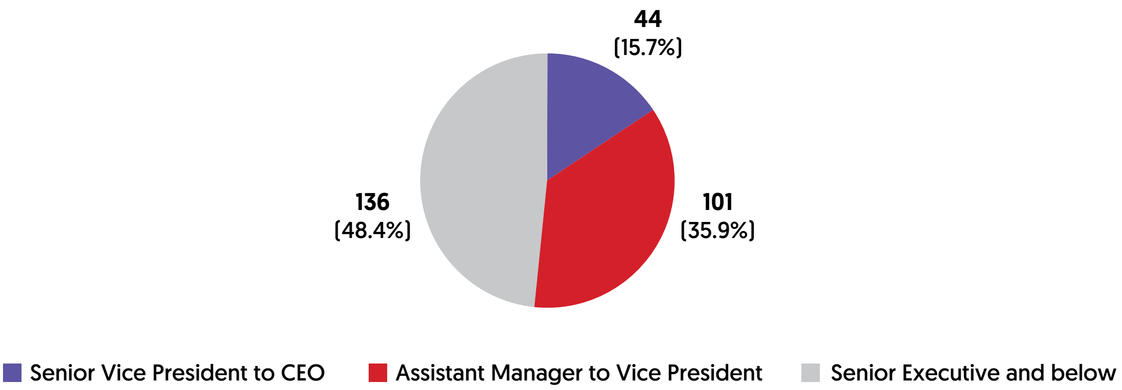
Breakdown of employees by gender



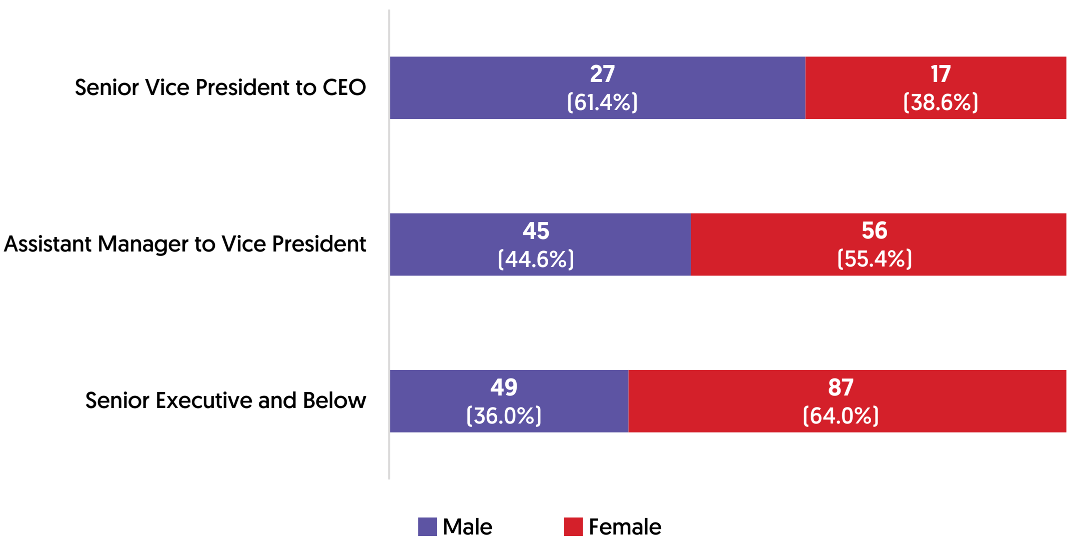
Breakdown of employees by age group



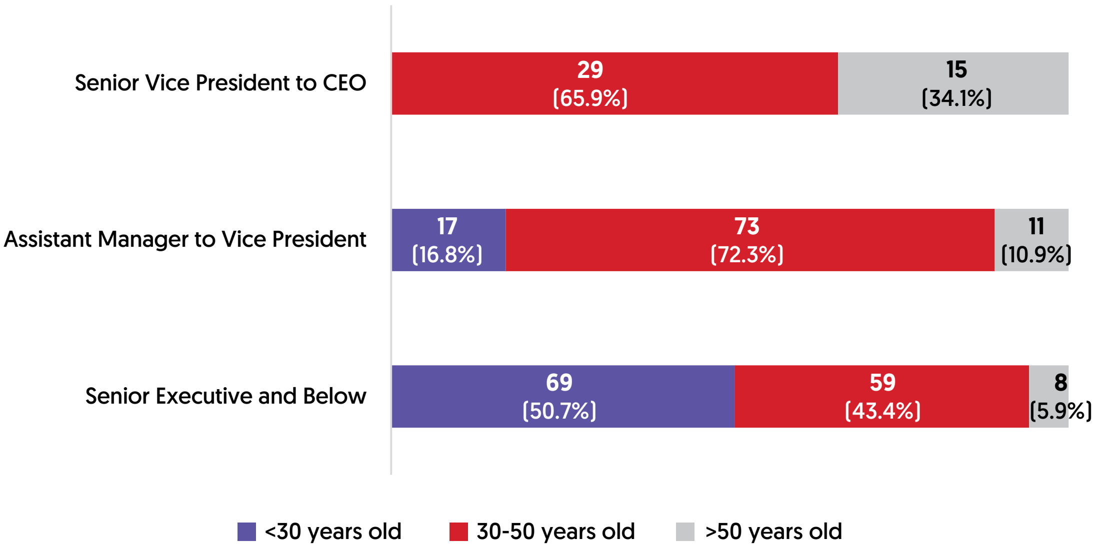
Breakdown of employees by employee category



Breakdown of employee's position by gender



Breakdown of employee's position by age group



Board Diversity

APAC Realty values diversity in the composition of our Board and embraces the importance and benefits of having a diverse Board to enhance the quality of our performance. We adopted a board diversity policy since 2020, which requires the Nominating Committee to take into consideration diversity in skills, knowledge, experience, gender, age and other distinguishing qualities of the Directors. The board diversity policy is publicly available on APAC Realty's company website, and it is reviewed annual by the Nominating Committee to ensure the policy remains relevant in bringing to the Board different perspectives, experiences and competencies.

In terms of gender representation, the current Board consists of four (4) men and one (1) woman (80% male and 20% female), and among the Independent Directors, the female gender representation is 33%.

Non-Discrimination

APAC Realty is guided by fair employment practices and our hiring policy ensure equity in employment. In FY2023, we reported zero (0) cases of discrimination from employees.

As a testament to APAC Realty's unwavering commitment in creating an inclusive and welcoming workplace for all, ERA was recognised as one of Singapore's Best Employers 2023, ranking among the top 250 companies in the country (based on a study conducted by The Straits Times and global research firm Satista). We believe that people are our greatest asset and remain committed to providing an inclusive and supportive environment that fosters growth, learning, and success.

Training and Development

APAC Realty is committed to building a future-ready workforce and is dedicated to investing in the professional and personal growth of our employees. This ensures that our workforce is equipped with essential and relevant skills to meet the challenges of tomorrow. This also aligns with Singapore's Council of Real Estate Agencies ("CEA") regulatory framework, where "Continuing Professional Development" is recognised as one of the key components.

At APAC Realty, we invest in the growth of our agents and employees and ensure that our agents meet the minimum number of training credits as prescribed by CEA to renew their licence. In FY2023, our employees participated in training courses to hone both hard skills and soft skills in the field of people management, mental wellness and advanced excel skills. We recorded an average of 6.39 training hours for Singapore employees this year.

Asia Pacific Business Conference ("APBC")

APAC Realty holds the Asia Pacific Business Conference ("APBC") each year to celebrate and recognise our remarkable accomplishments of the preceding year. This year, the conference was attended by over 2,000 representatives across 11 countries where ERA operates and graced by guest-of-honour, Mr Desmond Lee, Minister for National Development & Minister-in-charge of Social Services Integration. During the conference, our CEO also announced ERA's theme for the forthcoming year – "Enrich Lives, Embrace Tech". This theme represents ERA's commitment to fostering an environment that nurtures growth for our agents and employees, as well as a culture of innovation and investment in cutting-edge PropTech tools, to continually elevate our service standards in order to serve clients more efficiently than ever before.

In the following year, APAC Realty will continue to nurture our salesforce by investing S$5 million in a Renewal Support Plan to cover annual license registration and renewal fees for all ERA agents in Singapore. Additionally, ERA announced Singapore as its main Technology Innovation Centre, with a pledge to invest S$5.2 million to scale up technology capabilities. The investment involves job creation in technology-related roles such as mobile developers, UI/UX designers, Development Operations and backend engineers.

Apart from investing in the professional growth of our agents and employees, we also believe in the importance of fostering collaboration with enterprises to enhance workplace learning and knowledge. In 2022, we joined the Learning Enterprise Alliance ("LEA") community. Aligned with the community's promotion of workplace learning and lifelong learning, our external participation mirrors our internal dedication to the development of our workforce.

Health and Safety

Ensuring the health and safety of our employees is paramount to APAC Realty's business. We seek to create a safe working environment and establish a wellness culture in the workplace that positively engages our employees.

As part of our ongoing commitment to prioritise the health and well-being of our employees, we reviewed our employees' health benefits and took proactive measures to enhance the Group's Hospital Plan and Dental Coverage in FY2023. These improvements aim to provide our employees with more robust and comprehensive healthcare options, ensuring that they have access to high-quality medical and dental services.

This year, APAC Realty also provided all employees with complimentary health screening. Through this initiative, we aim to empower our employees to take charge of their health and promote a culture of wellness within our organisation.

Community Engagement

The commitment to contributing back to the community is deeply ingrained in APAC Realty. Through meaningful partnerships, we strive to create a positive influence on the lives we reach and establish trust within the diverse markets we serve.

Reusable Bag Community Drive

In collaboration with Zero Waste SG's Bring Your Own Bag ("BYOB") campaign, ERA organised a collection drive for reusable bags from 3rd to 16th January 2023 for colleagues to donate their reusable bags. The collected reusable bags will be donated and recirculated back to the community for use at selected supermarkets. This initiative not only helps to reduce plastic waste in the community, but also promotes eco-friendly practices among our colleagues and enable them to be actively involved in doing their part for the environment.

Ang Bao Collection Drive

During each Chinese New Year ("CNY") season, millions of red packets are printed and given away. To reduce the impact on our environment associated with the production and disposal of these red packets, APAC Realty organised an Ang Bao Collection Drive to encourage employees to recycle their red packets.

Green Nation Pledge

The Green Nation Pledge is supported by Singapore's Ministry of Sustainability and the Environment, and invites both individuals as well as organisations to pledge to take action, and help make Singapore a greener, liveable and climate-resilient home. APAC Realty showed our collective support for the Green Nation Pledge and set a new national record in the Singapore Book of Records by achieving the Most Number of Online Sustainability Pledges made in a Day (1,968 pledges). This accomplishment underscores our commitment to promoting sustainable practices in the real estate industry.

North West Service Week

In collaboration with the NorthWest Community Development Council, 25 ERA employees actively participated in NorthWest Service Week's pop-up market to provide essential food items to low-income residents. During this event, they contributed by undertaking various tasks, including queue management, registration, assisting immobilized residents, and inventory management. This initiative supports the Housing Development Board's Public Rental Scheme beneficiaries and those under the NorthWest District's welfare programs.

Gift A Family Program

This year, ERA worked closely with Singapore's Ministry of Social and Family Development ("MSF") to uplift and support needy families through the Gift-a-Family ("GAF") initiative, which is an integral part of ComLink. Through the GAF initiative, we support low-income families by sponsoring essential education and skills training programs, thus empowering them to achieve stability, self-reliance, and social mobility. This year, we raised approximately S$300k to support low-income families part of the programme.

Community Donations

APAC Realty cares for the community and works closely with social organisations to uplift the lives of vulnerable communities in Singapore. In FY2023, we donated a total of S$55,428 to support organisations such as The Singapore Association for the Deaf, Assisi Hospice, Community Chest and ARC Children's Centre.

Government

At APAC Realty, integrity is at the heart of our core values. Guided by our values, we stive to always do the right thing and build trust among our stakeholders. APAC Realty is commitment to upholding the highest standards of corporate governance through compliance with regulations and policies as well as ensuring ethical business practices are adhered to throughout our value chain.

Customer Privacy

APAC Realty places the highest priority on safeguarding our consumers' privacy and data. We take a holistic approach and diligently adhere to strict compliance standards for data usage, ensuring the protection of our consumers' data in accordance with data protection laws. This comprehensive approach spans the entire data handling process, encompassing the collection, utilisation, processing, and safeguarding of personal data.

We comply with Personal Data Protection Act ("PDPA") and related data privacy regulations in the regions where we operate. Additionally, we also invest in processes, systems, and people to ensure compliance and mitigation of risks of PDPA breaches.

Every employee and ERA Salesperson adheres to APAC Realty's Information Security Policy, which is designed to safeguard client information. Additionally, they follow the Do Not Call ("DNC") Policy when conducting telemarketing, sales campaigns and reaching out to prospects. APAC Realty manages an internal DNC registry to address unsubscribe requests from the public and regularly communicates PDPA updates and concerns to ERA salespersons via email.

In FY2023, there was no data breach or fine from Personal Data Protection Commission ("PDPC") Singapore, and all complaints relating to DNC received from PDPC were satisfactorily resolved.

Risk Management

With the real estate industry business environment being characterised by constant change and uncertainty, risk management is a crucial aspect to APAC Realty's business because it enables us to recognise, evaluate, and address risks that may have adverse effects on our operations, reputation, and financial performance.

APAC Realty manages risk consistently, comprehensively, and economically to achieve our business strategies through an effective Enterprise Risk Management ("ERM"). We adopt the ISO 31000 Risk Management standards, and we are guided by its principles, a framework and a process for managing risk. The Board is responsible for the governance of risks and the overall internal control framework. They also ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests. APAC Realty reviews our risks across the give five (5) categories of strategic, operational, financial, compliance and technology once every two (2) to three (3) years.

Business Ethics

We are committed to conducting our business with utmost integrity and strive to create a culture of responsible, transparent and ethical behaviour within our organisation. APAC Realty has a set of Company Rules and Regulations which requires all employees to act by the highest personal and professional integrity standards. All employees are required to read, understand and comply with the Company Rules and Regulations when they are on-boarded. All Company Rules and Regulations, including APAC Realty's Code of Conduct and Ethics are accessible by our employees online. For example, our Anti-Money Laundering Policy was developed to establish proper procedures to ensure that our internal process meet the requirement from the CEA Practice Guidelines on the Prevention of Money Laundering and Countering the Financing of Terrorism (PG01-19). Please refer to pages 50 to 68 of this report for further information on our corporate governance.

In FY2023, we reported zero (0) cases of corruption and zero (0) incidents of non-compliance with rules or regulations.

As for our agents, all ERA salespersons have access to and is guided by the Council for Estate Agencies ("CEA") Prevention of Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CTF") guidelines. Additionally, salespersons will have to attend briefings conducted by the Key Executive Office ("KEO"), and updates are communicated to them via email. A designated email address for internal enquires and clarifications on matters concerning AML and CTF has been set up and is maintained by the KEO as well as a team of designated compliance officers.

This year, we recorded an increase to 7 CEA cases as compared to FY2022. While we strive for zero CEA disciplinary cases, we recognise that this cannot be accomplished overnight. In the short term, our focus is on reducing the yearly CEA cases to no more than five cases. Looking ahead, our long-term strategy revolves around investing in comprehensive training and providing timely compliance updates to our agents. By enhancing their understanding of CEA rules and regulations, fostering a culture of ethical business practices, and providing the necessary support systems, we aim to create an environment where CEA cases become increasingly rare and ultimately striving for zero (0) cases in the longer term.

	FY2023	FY2022	FY2021
Number of CEA cases	7	2	7

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
GRI 2 (2021): General Disclosures	2-1	Organisational details	Page 26
	2-2	Entities included in the organisation's sustainability reporting	Page 26
	2-3	Reporting period, frequency and contact point	Page 26
	2-4	Restatements of information	No restatements of information were made in FY2023's Sustainability Report.
	2-5	External assurance	Page 26
		Activities, value chain and other business relationships	Page 3
	2-7	Employees	Page 37
	2-8	Workers who are not employees	APAC Realty does not engage with any workers who are not employees and whose work is controlled by APAC Realty
	2-9	Governance structure and composition	Pages 16 to 20 and 29
	2-10	Nomination and selection of the highest governance body	Pages 16 to 20, 29 and 55 to 58
	2-11	Chair of the highest governance body	Pages 16 to 20 and 29
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 29
	2-15	Conflicts of interest	Page 50
	2-17	Collective knowledge of the highest governance body	Pages 51, 53 to 54
	2-18	Evaluation of the performance of the highest governance body	Pages 51, 53 to 54 and 57 to 58
	2-19	Remuneration policies	Pages 58 to 61
	2-20	Process to determine remuneration	Pages 51 and 53 to 54
	2-21	Annual total compensation ratio	Not disclosed. However, please refer to Page 60 for the total compensation of key management personnel.
	2-22	Statement on sustainable development strategy	Page 27
	2-23	Policy commitments	Pages 12, 41, 44, 53, 59, 64 and 66
	2-24	Embedding policy commitments	Pages 12, 41, 44, 53, 59, 64 and 66
	2-25	Processes to remediate negative impacts	Pages 44, and 64 to 65
	2-26	Mechanisms for seeking advice and raising concerns	Pages 39, 44 and 64 to 65
	2-27	Compliance with laws and regulations	Pages 44 and 50 to 68
	2-28	Membership associations	APAC Realty is currently not part of any membership associations.
	2-29	Approach to stakeholder engagement	Pages 29 to 30
	2-30	Collective bargaining agreements	APAC Realty currently does not have any collective bargaining agreement in place.

GRI Content Index

Greenhouse Gas Emissions			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Pages 31 to 36
GRI 305 (2016): Emissions	305-1	Direct (Scope 1) GHG emissions	Page 35
	305-2	Energy indirect (Scope 2) GHG emissions	Page 35
	305-3	Other indirect (Scope 3) GHG emissions	Pages 35 to 36
	305-4	GHG emissions intensity	Page 35
	305-5	Reduction of GHG emissions	Pages 35 to 36
Energy Consumption			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 44
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 36
GRI 302 (2016): Energy	302-1	Energy consumption within the organisation	Page 36
	302-3	Energy intensity	Page 36
	302-4	Reduction of energy consumption	Page 36
Water Consumption			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 36
GRI 303 (2018): Water and Effluents	303-1	Interactions with water as a shared resource	Page 36
	303-5	Water consumption	Page 36
Employment			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Pages 37 to 39
GRI 401 (2016): Employment	401-1	New employee hires and employee turnover	Pages 37 to 38
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	APAC Realty does not have any temporary or part-time employees. Please refer to Page 38 for a list of benefits provided to all employees.
	401-3	Parental leave	Page 38

Diversity and Inclusion			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Pages 40 to 41
GRI 405 (2016): Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Pages 40 to 41
GRI 406 (2016): Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Page 41
Training and Development			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Pages 41 to 42
GRI 404 (2016): Training and Education	404-1	Average hours of training per year per employee	Page 41
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 41 to 42
Health and Safety			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 42
GRI 403 (2018): Occupational Health and Safety	403-3	Occupational health services	Page 42
	403-6	Promotion of worker health	Page 42
Community Engagement			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Pages 42 to 43
GRI 413 (2016): Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Pages 42 to 43
	413-2	Operations with significant actual and potential negative impacts on local communities	APAC Realty's business operations does not result in any actual or potential negative impacts on local communities.

GRI Content Index

Customer Privacy			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 44
GRI 418 (2016): Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 44
Risk Management			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 44
Business Ethics			
GRI 205 (2016): Anti-corruption	3-1	Process to determine material topics	Page 30
	3-2	List of material topics	Page 30
	3-3	Management of material topics	Page 44
	205-2	Communication and training about anti-corruption policies and procedures	Page 44
	205-3	Confirmed incidents of corruption and actions taken	Page 44

Corporate Information

DIRECTORS

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

COMPANY SECRETARY

Ms. Ngiam May Ling, LLB (Hons)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

450 Lorong 6 Toa Payoh
#03-01 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 2023 ("**FY2023**"), 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 is conflicted 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 business update of the Group for the first and third quarters, and 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. Mr Siew Peng Yim, who joined the Board on 12 May 2023, has attended the orientation programme.

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. Mr Siew Peng Yim is not required to attend such training as he has experience as a listed company director.

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.

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 FY2023 are as follows:

	Annual General Meeting	Board Meetings	ARC Meetings	NC Meetings	RC Meetings
No. of meetings held	**1**	**4**	**4**	**2**	**3**
Name of Directors		**No. of meetings attended in FY2023**			
Chua Khee Hak ("**Jack Chua**")	1	4	–	–	–
Andrew Scobie Hawkyard	–	4	4	2	3
Tan Bong Lin*	1	1	1	1	1
Wong Hin Sun, Eugene	1	4	4	2	3
Tan Poh Hong	1	4	4	2	3
Siew Peng Yim**	–	2	2	–	2

* Retired from the Board and as the Chairman of ARC and member of the NC and RC on 20 April 2023

** Appointed to the Board and as the Chairman of ARC and member of the NC and RC on 12 May 2023

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 FY2023.

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
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
Siew Peng Yim	12 May 2023	Non-Executive, Independent	Chairman	Member	Member

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 Wong Hin Sun, Eugene, Ms Tan Poh Hong and Mr Siew Peng Yim 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.

In 2023, the Board made progress in achieving greater skillsets, geographical experience, inclusivity and knowledge diversity with the appointment of Mr Siew Peng Yim. Mr Siew brings to the Board extensive senior management experience in managing businesses internationally across diverse countries and contributes to the diversity of the Board in terms of professional, industrial and geographical expertise.

The Company will continue to pursue identification and evaluation of suitable candidates to ensure there is diversity (including gender, skills and experience) on the Board as part of the phased renewal and refreshment of the Board, and will disclose its progress in future Annual Reports as appropriate.

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 2023.

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, considering 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 division of executive responsibility and authority in the Company provides decisiveness and clarity in the implementation of corporate policies and objectives, and serves to align the interests of the majority stakeholder with those of minority shareholders in the Company's goals for enhancing shareholder value.

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 the power and authority to perform key functions without the undue influence from the Executive 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 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 Wong Hin Sun, Eugene as the Lead Independent Director who serves as a sounding board for the Chairman and as an intermediary between the independent non-executive directors and the Chairman. When necessary, the Non-Executive 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 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)
Andrew Scobie Hawkyard
Tan Poh Hong
Siew Peng Yim

The NC convened two meetings 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 Jack Chua, Mr Wong Hin Sun, Eugene and Mr Siew Peng Yim, will retire in accordance with the Company's Constitution. They have signified their consents to continue in office, and being eligible, offered themselves for re-election. 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 of the Board 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 Mr Jack Chua, Mr Wong Hin Sun, Eugene and Mr Siew Peng Yim, 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 129 to 134 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 FY2023, 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. The NC has access to professional advice to facilitate the evaluation process whenever there is a need to consult externally. There was no necessity for external advice to be obtained in FY2023.

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)
Andrew Scobie Hawkyard
Wong Hin Sun, Eugene
Siew Peng Yim

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, CEO 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 recommendation to the Board for 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 FY2023 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 may 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 FY2023.

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 FY2023 is as follows:

Directors and CEO	Salary# %	Fees %	Bonus %	Other Benefits %	Variable or Performance-related Income/Bonus %	Total %
Between S$2,000,000 to S$2,250,000						
Marcus Chu	34	–	–	1	65	100
Below S$250,000						
Jack Chua	98	–	–	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*	–	23,000	–	–	–	23,000
Andrew Scobie Hawkyard	–	–	–	–	–	–
Wong Hin Sun, Eugene	–	66,333	–	–	–	66,333
Tan Poh Hong	–	63,000	–	–	–	63,000
Siew Peng Yim**	–	42,667	–	–	–	42,667

Refers to the basic salary including CPF contribution by the employee

* Retired from the Board on 20 April 2023

** Appointed to the Board on 12 May 2023

The aggregate remuneration received by the top five KMP (who are not Directors or the CEO) for FY2023 was S$2,983,000. The Company has not fully disclosed the remuneration of the KMP (who are not Directors or the CEO) in accordance with Provision 8.1(b) of the Code 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:

Aggregate remuneration	No. of KMP	Salary %	Bonus %	Allowances and Other Benefits %	Total %
S$2,983,000	5	49	49	2	100

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, and whose remuneration exceeds S$100,000 in FY2023.

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 20 April 2023, the shareholders of the Company approved and adopted the APAC Realty Performance Share Plan 2023 ("**Share Plan**"). Pursuant to the Share Plan, executive directors, management and certain agency leaders of the Group will be eligible to be awarded ordinary shares in the capital of the Company ("**Shares**") ("**Eligible Participants**"), subject to certain terms and conditions set out in the PSP2023. The non-executive directors of the Company are not eligible to participate in the Share Plan. The objectives of the Share Plan are to motivate Eligible Participants to strive for sustained growth and performance of the Group and to foster a "founders' mindset".

The Share Plan is administered by the RC and shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by the Company. The RC may at its absolute discretion, grant the Shares to the Eligible Participants, at any time during the period when the Share Plan is in force. The number of Shares which are the subject of each award to be granted to an Eligible Participant in accordance with the Share Plan shall be determined at the discretion of the RC, which shall take into account the Eligible Participant's job performance, potential for future development and contribution to the success and development of the Group. The length of vesting period will be up to four years and will be determined by the RC, taking into account the relevant circumstances of the grant of award in question.

The Share Plan has clawback rights that allow the RC to cancel all or part of any award to the extent not yet released to the Eligible Participants and to exercise the right to clawback the monetary value of shares which has been released to the Eligible Participants, if certain exceptional circumstances occur in relation to that Eligible Participants. Such exceptional circumstances include (but are not limited to):

- the Eligible Participants having engaged in conduct which resulted in or contributed to any financial loss or reputational harm to the Group; and

- the Eligible Participants having engaged in misconduct or committed fraud or breach of trust of duty in relation to the Group.

Share awards granted under the Share Plan in FY2023 did not exceed 15% of the total number of issued shares of the Company (excluding treasury shares), which is the limit of the Share Plan. The aggregate number of shares to be issued, pursuant to the Share Plan, must not exceed 5% of the issued share capital of the Company (excluding treasury shares). Please refer to on page 70 of this Annual Report for the amount of share awards granted for the financial year under review.

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 2024 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 FY2023; and

- there was no other matter that the CEO and CFO were aware of which could lead them to believe that the financial statements for FY2023 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 2023 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:

Siew Peng Yim (Chairman)
Andrew Scobie Hawkyard
Wong Hin Sun, Eugene
Tan Poh Hong

The ARC had convened four meetings during FY2023.

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 FY2023.

External Audit

The ARC has undertaken a review of the independence and objectivity of EY, through discussions with EY as well as review of 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 in FY2023. The audit and non-audit fees charged to the Group by EY for FY2023 amounted to S$246,000 and S$20,000 respectively. The non-audit fees for FY2023 mainly consisted of the provision of tax compliance services.

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.

Based on the above basis, the ARC is of the opinion that EY is independent for the purpose of the Group's statutory audit and is 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 FY2023.

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 FY2023 were reviewed and discussed by the ARC with Management and the external auditor:

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

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 FY2023.

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.

The forthcoming AGM will be held physically at ERA APAC Centre, located at 450 Lorong 6 Toa Payoh Singapore 319394, on 22 April 2024 ("**AGM 2024**") and there will be no option for shareholders to participate by electronic means. Arrangements relating to attendance at AGM 2024, submission of questions in advance of, or at, the AGM 2024, and the voting at the AGM 2024 by shareholders or their appointed proxy(ies), are set out in the Notice of AGM 2024 which is separately released on SGXNET on 28 March 2024.

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	Second half and full-year 2022 results briefing with analysts	23 February 2023
2	APAC Realty Limited's FY2022 annual general meeting	20 April 2023
3	First half 2023 results briefing with analysts	15 August 2023
4	Third quarter 2023 business update briefing with analysts	8 November 2023
5	Second half and full-year 2023 results briefing with analysts	27 February 2024

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$0.011 per ordinary share for the financial period ended 30 June 2023. Including the proposed final tax-exempt (one-tier) dividend of S$0.014 per ordinary share (if approved at the AGM 2024), the total dividends of S$0.025 would represent a dividend payout of 75.4% based on the Company's FY2023 net profits.

DEALING IN SECURITIES

Rule 1207(19) of the Listing Manual

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

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

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 FY2023, 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 FY2023.

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 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 2023.

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	(2,624)	3,126
Refurbishment of ERA APAC Centre	–	1,250	(1,250)	–
General corporate and working capital purposes	2,000	–	–	–
	27,000	27,000	(23,874)	3,126

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

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2023.

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 2023 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	
Wong Hin Sun, Eugene	
Tan Poh Hong	
Siew Peng Yim	(appointed on 12 May 2023)
Tan Bong Lin	(retired on 20 April 2023)

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 or date of appointment**	**At end of the year**	**At beginning of year or date of appointment**	**At end of the year**
Company				
Chua Khee Hak	29,960,509	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 2024.

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.

SHARE PLANS

The remuneration committee (RC) is responsible for administering the APAC Realty Performance Share Plan 2023 (Share Plan). The Share Plan was approved at the Company's Annual General Meeting held on 20 April 2023.

The RC members are Tan Poh Hong (Chairman), Andrew Scobie Hawkyard, Wong Hin Sun, Eugene and Siew Peng Yim. The participants eligible to participate in the Share Plan are the executives and agency leaders of the Group. The non-executive directors and controlling shareholders of the Company are not eligible to participate in the Share Plan.

In relation to the Share Plan:

- no share awards have been granted to controlling shareholders of the Company or their associates;
- no participants have been awarded 5% or more of the total number of shares available under the Share Plan; and
- the persons to whom the share awards were granted have no right by virtue of these awards to participate in any share issue of any other company.

Except as disclosed in the Directors' Statement, there were no share awards granted by the Company to any person to take up unissued shares of the Company.

The Share Plan is established with the objective of motivating executives and agency leaders of the Group to strive for sustained long-term growth and performance of the Group. Performance share awards are granted at the discretion of the RC and there are no fixed periods for the grant of such awards. In considering an award to be granted to a participant, the RC may take into account the participant's grade, job performance, years of service, potential for future development and contribution to the success and development of the Group.

The share awards granted under the Share Plan will vest over a period of up to four years, subject to the RC's absolute discretion to determine that the performance target has been satisfied within the performance period, as defined in the Share Plan.

The Share Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by the Company.

Details of the awards granted under the Share Plan are as follows:

Participant	Share awards granted during the financial year under review	Aggregate share awards granted since commencement of the Share Plan to the end of the financial year under review	Aggregate share awards vested since commencement of the Share Plan to the end of the financial year under review	Aggregate share awards not vested as at the end of the financial year under review
Group executives (including the Chief Executive Officer)	11,200,000	11,200,000	–	11,200,000
Agency leaders	4,800,000	4,800,000	–	4,800,000
	16,000,000	16,000,000	–	16,000,000

No share awards have been granted to the employees and directors of the Company's parent company and its subsidiaries since commencement of the Share Plan to the end of the financial year under review.

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
28 March 2024

Independent Auditor's Report

To the members of APAC Realty Limited
For the financial year ended 31 December 2023

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 2023, 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 material accounting policy information.

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 2023 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.

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

During the year, the Group completed the acquisition of ERA Vietnam Real Estate Joint Stock Company and Eurocapital Joint Stock Company (collectively known as "ERA Vietnam") 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.

Key Audit Matters (cont'd)

Impairment assessment of goodwill

As at 31 December 2023, the carrying value of goodwill is $86.7 million, which represents 25% 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.

Impairment assessment of trade receivables

As at 31 December 2023, the gross balance of trade receivables amounted to $105 million, against which allowance for impairment amounted to $5 million. Trade receivable balances are significant to the Group as they represent 63% of the total current assets and 63% 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 10 and the related risks such as credit risk in Note 29(c).

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Lai Hiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2024

Balance Sheets
As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	72,472	73,858	–	–
Right-of-use assets	5	1,054	230	–	–
Intangible assets	6	111,189	104,008	1,393	1,629
Investment in subsidiaries	7	–	–	198,888	189,773
Investment in associates	8	–	2,175	193	2,693
Deferred tax assets	17	236	85	–	–
Fixed deposits	9	–	400	–	400
		184,951	180,756	200,474	194,495
Current assets					
Trade and other receivables	10	102,061	153,374	168	481
Unbilled receivables	10	8,388	2,093	–	–
Amounts due from subsidiaries	10	–	–	14,115	13,217
Tax recoverable		22	34	22	34
Prepaid operating expenses		3,196	2,869	14	13
Cash and bank balances	11	44,052	49,274	2,051	3,015
		157,719	207,644	16,370	16,760
Total assets		342,670	388,400	216,844	211,255
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals	12	116,433	155,944	349	297
Other payables	12	13,213	13,170	–	–
Amount due to a subsidiary	12	–	–	81,212	65,766
Deferred income	13	1,607	1,423	–	–
Lease liabilities	14	628	118	–	–
Loan and borrowing	15	3,093	45,917	–	–
Provision for taxation		3,389	6,753	–	–
		138,363	223,325	81,561	66,063
Net current assets/(liabilities)		19,356	(15,681)	(65,191)	(49,303)
Non-current liabilities					
Lease liabilities	14	420	19	–	–
Loan and borrowing	15	40,133	–	–	–
Employee benefits	16	480	343	–	–
Deferred tax liabilities	17	4,493	4,343	11	–
		45,526	4,705	11	–
Net assets		158,781	160,370	135,272	145,192
Equity attributable to owners of the Company					
Share capital	18	98,946	98,946	98,946	98,946
Foreign currency translation reserve		(243)	(316)	–	–
Accumulated profits		59,682	61,582	36,326	46,246
		158,385	160,212	135,272	145,192
Non-controlling interests	19	396	158	–	–
Total equity		158,781	160,370	135,272	145,192

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 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue			
Real estate brokerage fees and related services	20	554,492	700,363
Other revenue	21	2,760	4,642
Total revenue		557,252	705,005
Items of expense			
Cost of services		502,231	631,625
Personnel costs	22	19,970	18,030
Marketing and promotion expenses		5,553	4,275
Depreciation of property, plant and equipment	4	2,745	2,445
Depreciation of right-of-use assets	5	825	1,536
Amortisation of intangible assets	6	1,079	940
Impairment losses on financial assets:			
– Trade receivables	10	2,209	3,113
Other operating expenses	21	7,007	6,161
Finance costs	23	2,126	982
		543,745	669,107
Operating profit		13,507	35,898
Other non-operating income/(expenses)	21	56	(3,135)
Share of results of associates		–	118
Profit before tax		13,563	32,881
Income tax expense	24	(2,962)	(6,447)
Profit for the year		10,601	26,434
Attributable to:			
Owners of the Company		11,775	26,556
Non-controlling interests		(1,174)	(122)
		10,601	26,434
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	25	3.32	7.48

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 2023

	Group	
	2023	2022
	$'000	$'000
Profit for the year	10,601	26,434
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	65	(337)
Other comprehensive income for the year, net of tax	65	(337)
Total comprehensive income for the year	10,666	26,097
Total comprehensive income attributable to:		
Owners of the Company	11,848	26,261
Non-controlling interests	(1,182)	(164)
	10,666	26,097

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 2023

Group	Share Capital (Note 18) $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company						
2023							
Opening balance at 1 January 2023	98,946	(316)	61,582	61,266	160,212	158	160,370
Profit/(loss) for the year	–	–	11,775	11,775	11,775	(1,174)	10,601
Other comprehensive income							
– Foreign currency translation	–	73	–	73	73	(8)	65
Total comprehensive income for the year	–	73	11,775	11,848	11,848	(1,182)	10,666
Total contributions by and distributions to owners – Dividends on ordinary shares (Note 26)	–	–	(13,675)	(13,675)	(13,675)	–	(13,675)
Total changes in ownership interests in subsidiaries							
– Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	1,420	1,420
Closing balance at 31 December 2023	98,946	(243)	59,682	59,439	158,385	396	158,781

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 2023

Group	Attributable to owners of the Company							
	Share Capital (Note 18) $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000	Non-controlling interests $'000	Total equity $'000
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 26)	–	–	–	(26,640)	(26,640)	(26,640)	–	(26,640)
Total changes in ownership interests in subsidiaries								
– Acquisition of subsidiaries 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

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 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit before tax		13,563	32,881
Adjustments for:			
Depreciation of property, plant and equipment	4	2,745	2,445
Depreciation of right-of-use assets	5	825	1,536
Amortisation of intangible assets	6	1,079	940
Impairment losses on financial assets	10	2,209	3,113
Bad debts recovered	21	–	(157)
Loss on disposal of plant and equipment	21	3	9
Impairment loss on goodwill	21	5,178	–
Write off of other investments	21	–	250
Write off of loan to associate	21	37	289
Gain on disposal of associate	21	–	(591)
Loss on subsidiaries being struck off	21	–	164
Fair value loss on convertible loan	21	–	3,135
Gain on remeasurement of equity interest previously held	21	(5,234)	–
Share of results of associates		–	(118)
Interest expense	23	2,126	982
Interest income	21	(322)	(497)
Operating cash flows before working capital changes		22,209	44,381
Changes in working capital			
Decrease/(increase) in trade receivables, other receivables and unbilled receivables		45,285	(8,134)
(Decrease)/increase in trade and other payables		(41,660)	6,760
Cash flows from operations		25,834	43,007
Interest income received		322	497
Interest paid		(2,036)	(946)
Income taxes paid		(6,817)	(7,466)
Net cash flows generated from operating activities		17,303	35,092
Cash flows from investing activities			
Purchase of plant and equipment		(1,346)	(2,302)
Proceeds from disposal of plant and equipment		–	29
Acquisition of subsidiary, net of cash acquired		(4,183)	(6,476)
Proceeds from disposal of an associate		–	542
Net cash used in investing activities		(5,529)	(8,207)
Cash flow from financing activities			
Repayment of lease liabilities	14	(630)	(1,736)
Repayment of loan and borrowing	15	(2,691)	(2,900)
Payment of dividends	26	(13,675)	(26,640)
Net cash flows used in financing activities		(16,996)	(31,276)
Net decrease in cash and cash equivalents		(5,222)	(4,391)
Net cash and cash equivalents at beginning of year		49,274	53,665
Net cash and cash equivalents at end of year	11	44,052	49,274

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. CORPORATE INFORMATION

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

The immediate holding company is 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. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: *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) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
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. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the 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. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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.

2.7 *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 46 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. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.7 *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.

2.8 *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 and the ERA Subfranchise 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.

2.9 *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.

2.10 *Subsidiaries*

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.11 *Associates*

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.

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.

2.12 *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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.12 *Financial instruments* (cont'd)

(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.

2.13 *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.

2.14 *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. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.15 *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.

2.16 *Employee benefits*

(a) *Defined contribution plan*

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

(b) *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) *Share-based payment*

Employees of the Group receive remuneration in the form of share-based payments for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the shares or the options at the date on which the shares or options are granted which takes into account market conditions and non-vesting conditions. The cost is recognized in profit or loss, with a corresponding increase in the capital reserve, over the vesting period. The cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares or options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in share-based payment expense.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.17 *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 2.9.

Lease liabilities

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

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

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 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.18 *Revenue*

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.

2.19 *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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

2.19 *Taxes* (cont'd)

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

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.

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.

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.

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

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

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 2023 is $86,660,000 (2022: $81,386,000).

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 29(c).

The carrying amount of trade receivables as at 31 December 2023 is $99,495,000 (2022: $151,008,000) net of allowance for expected credit losses of $5,211,000 (2022: $5,572,000).

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 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 and 1 January 2023	73,766	204	1,628	458	1,302	1,186	91	78,635
Additions	–	151	146	560	408	86	–	1,351
Acquired through business combinations	–	1	1	16	–	–	–	18
Disposal/write-off	–	(8)	–	–	–	–	–	(8)
Translation difference	–	–	(3)	(2)	–	(4)	–	(9)
At 31 December 2023	73,766	348	1,772	1,032	1,710	1,268	91	79,987
Accumulated depreciation:								
At 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 and 1 January 2023	3,159	25	614	201	497	272	9	4,777
Charge for the year	1,597	108	339	163	281	236	21	2,745
Disposal/write-off	–	(5)	–	–	–	–	–	(5)
Translation difference	(1)	–	2	(1)	–	(1)	(1)	(2)
At 31 December 2023	4,755	128	955	363	778	507	29	7,515
Net carrying amount:								
At 31 December 2022	70,607	179	1,014	257	805	914	82	73,858
At 31 December 2023	69,011	220	817	669	932	761	62	72,472

Security

As at 31 December 2023, the property of the Group with carrying amount of $68,188,000 (2022: $69,684,000) is mortgaged to secure a bank loan (Note 15).

5. RIGHT-OF-USE ASSETS

The Group has a lease contract for the use of office space, with a remaining lease term of 1 – 4 years (2022: 2 – 3 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 2022	7,028
Additions	99
Remeasurement	(321)
At 31 December 2022	6,806
Additions	487
Acquired through business combinations	1,286
Written off	(6,708)
Remeasurement	(104)
Translation difference	(67)
At 31 December 2023	1,700
Accumulated amortisation:	
At 1 January 2022	5,040
Charge for the year	1,536
At 31 December 2022 and 1 January 2023	6,576
Charge for the year	825
Written off	(6,708)
Remeasurement	(31)
Translation difference	(16)
At 31 December 2023	646
Net carrying amount:	
At 31 December 2022	230
At 31 December 2023	1,054

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

	Group 2023 $'000	Group 2022 $'000
Expense relating to leases of low-value assets and short term leases (included in other operating expenses)	292	139
Interest expense on lease liabilities (included in finance costs)	91	37
Depreciation expense of right-of-use assets	825	1,536
Total amount recognised in consolidated income statement	1,208	1,712

The Group had total cash outflows of leases of $630,000 in 2023 (2022: $1,736,000).

6. INTANGIBLE ASSETS

Group	Goodwill $'000	Franchise rights $'000	Total $'000
Cost:			
At 1 January 2022	75,934	29,473	105,407
Additions	6,162	1,896	8,058
Written off	(710)	–	(710)
At 31 December 2022 and 1 January 2023	81,386	31,369	112,755
Additions (Note 7)	10,452	2,986	13,438
At 31 December 2023	91,838	34,355	126,193
Accumulated amortisation and impairment:			
At 1 January 2022	710	7,807	8,517
Charge for the year	–	940	940
Written off	(710)	–	(710)
At 31 December 2022 and 1 January 2023	–	8,747	8,747
Charge for the year	–	1,079	1,079
Impairment loss (Note 21)	5,178	–	5,178
At 31 December 2023	5,178	9,826	15,004
Net carrying amount:			
At 31 December 2022	81,386	22,622	104,008
At 31 December 2023	86,660	24,529	111,189

Company	Franchise rights $'000
Cost:	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	3,816
Accumulated amortisation:	
At 1 January 2022	1,950
Charge for the year	237
At 31 December 2022 and 1 January 2023	2,187
Charge for the year	236
At 31 December 2023	2,423
Net carrying amount:	
At 31 December 2022	1,629
At 31 December 2023	1,393

6. INTANGIBLE ASSETS (cont'd)

Franchise rights

Franchise rights is held for the exclusive right of use of the brand name being "ERA".

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 2023, the carrying amount of the ERA franchise right in Asia Pacific region is $1,393,000 (2022: $1,629,000) and has remaining amortisation period of 6 years (2022: 7 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which 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 2023, the carrying amount of the ERA Singapore Subfranchise right is $18,407,000 (2022: $19,104,000) and has remaining amortisation period of 27 years (2022: 28 years).

The Group 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 2023, the carrying amount of the reacquired franchise right is $1,782,000 (2022: $1,889,000) and has remaining amortisation period of 21 years (2022: 22 years).

The Group owns a reacquired franchise right in Vietnam for an initial term of 25 years from 12 May 2017. It includes a renewal clause for an additional successive 30 years. As at 31 December 2023, the carrying amount of the reacquired franchise right is $2,947,000 and has remaining amortisation period of 19 years.

Amortisation expenses

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

Goodwill

Goodwill acquired through business combinations have been allocated to its cash-generating units ("CGU"), for impairment testing. The carrying amount of goodwill allocated to each CGU as follows:

	Group	
	2023 $'000	2022 $'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	6,257	6,162
Real estate brokerage income and master franchisee of ERA Vietnam	10,357	–
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
	91,838	81,386
Less: Impairment losses	(5,178)	–
	86,660	81,386

6. INTANGIBLE ASSETS (cont'd)

Impairment testing for CGUs containing goodwill

The key assumptions used in impairment testing for CGUs containing goodwill are set out below. The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and countries and have been based on historical data from both external and internal sources.

Singapore CGUs

Singapore CGUs comprise the following CGUs:
- Real estate brokerage income (Singapore)
- Membership fee earned in relation to the master franchisee of ERA Singapore
- Property management, valuation, consultancy, training and related services

The recoverable amounts of these 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:

	2023	2022
Growth rate	1.2% – 1.7%	1.2% – 1.7%
Discount rate	11.4% – 13.3%	10.9% – 14.4%

Other CGUs

Other CGUs mainly comprise CGUs relating to "Real estate brokerage income and master franchisee of ERA Indonesia" and "Real estate brokerage income and master franchisee of ERA Vietnam". The recoverable amounts of these 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:

	2023
Average growth rate for 10-year period	20.4% to 85.4%
Growth rate after 10-year period	1.7% – 2.0%
Discount rate	15.8% – 16.8%

Impairment losses

During the full year ended 31 December 2023, the Group has assessed that the recoverable amount of goodwill relating to the "Real estate brokerage income and master franchisee of ERA Vietnam" was lower than its carrying amount and has recognised impairment loss of $5,178,000. The Vietnam real estate sector has faced significant challenges throughout the year 2023 which led to a notable decline in new home launches by developers. Challenges faced by the real estate sector include legal hurdles in obtaining licenses for new development projects, developer funding burdens and the notable increase in interest rates.

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.

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. For Singapore CGUs, management expects the Group's share of the real estate brokerage and related services to be stable over the budget period. For Other CGUs, management expects the market share of real estate brokerage and related services of the Other CGUs to grow over time as the two countries, Indonesia and Vietnam continue to experience economic growth and development. Management has considered the potential growth of these two markets as their infrastructure continues to improve and connectivity increases.

Growth rates – For Singapore CGUs, 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 Singapore CGUs. For Other CGUs, the forecasted revenue growth rates for the first 10 years consider the expansion in market share in the two countries of which the CGUs operate in and their long-term growth rates do not exceed the long-term average growth rate for the industries relevant to them.

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

Sensitivity to changes in assumptions

An increase in pre-tax discount rate by 1% in the Other CGU would result in a further impairment of $1,229,000. With regards to the assessment of value in use for the Group's Singapore 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	
	2023 $'000	2022 $'000
Unquoted shares, at cost	201,702	190,868
Less: Impairment losses	(5,314)	(1,095)
	196,388	189,773
Add: Loan to subsidiary	2,500	–
	198,888	189,773

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Loan to subsidiary is a loan of $2,500,000 denominated in Singapore Dollar. The loan is unsecured, $1,000,000 bears interest of 1.5% per annum and the remaining $1,500,000 bears interest of 5.0% per annum. The loan is to be settled in cash.

Composition of the Group

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

Name	Effective interest		Principal activities (Place of business)	Cost of investments carried by the Company	
	2023 %	2022 %		2023 $'000	2022 $'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	Offer membership of the "Coldwell Banker" franchise to housing agents. (Singapore)	–	800
@ Coldwell Banker Commercial Real Estate (S) Pte Ltd	–	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)	–#	–#
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 Vietnam Real Estate Joint Stock Company	60	–	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Vietnam)	11,534	–

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Name	Effective interest 2023 %	Effective interest 2022 %	Principal activities (Place of business)	Cost of investments carried by the Company 2023 $'000	Cost of investments carried by the Company 2022 $'000
Held by the Company					
& Eurocapital Joint Stock Company	60	–	Master franchisee of ERA Vietnam. (Vietnam)	100	–
* ERA Real Estate Consulting (Shanghai) Co. Ltd	100	100	Inactive. (Shanghai, China)	–#	–#
Held by subsidiaries					
ß PT ERA Graharealty Tbk	91	91	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. Master franchisee of ERA Indonesia (Indonesia)	–^	–^
ß PT ERA Pro Realty[2]	51	–	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials. (Indonesia)	–§	–§
ç PT Realty Jaya Abadi	99	99	Investment holding (Indonesia)	–^	–^
æ ERA Property Network Co., Ltd	49	49	Real estate brokerage and related services. (Thailand)	–‡	–‡
				201,702	190,868

Investment cost less than $1,000
^ Shares held by APAC Investment 2 Pte Ltd
‡ Shares held by ERA Holding (Thailand) Co. Limited
§ Shares held by PT ERA Graharealty Tbk
* Audited by Shanghai Xinyun Certified Public Accountants
æ Audited by Winplus Audit and Associate Company Limited.
ç Not required to be audited
ß Audited by Nexia KPS
& Audited by member firms of Ernst & Young
@ Struck off in October 2023

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.
[2] PT ERA Graharealty Tbk holds 51% shareholding in the company.

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisitions in 2023

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 $4,900,000 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.The Group acquired ERA VN and Eurocapital because they are integral to the Group's overall growth plans to expand its presence in the Asia Pacific region.

In August 2023, the Group acquired 51% of PT ERA Pro Realty ("PT EPR"), an Indonesian member broker company, through its subsidiary PT ERA Graharealty Tbk ("PT ERA"). This acquisition is part of the Group's growth plans for its Indonesia operations.

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 ERA VN, Eurocapital and PT EPR as of the date of acquisition were:

	Fair value recognised on acquisitions $'000
Assets	
Plant and equipment	18
Right-of-use assets	1,286
Intangible assets	2,986
Deferred tax assets	164
Trade and other receivables	2,094
Cash and cash equivalents	935
Total assets	7,483
Liabilities	
Deferred tax liabilities	(664)
Lease liabilities	(1,147)
Trade and other payables	(2,177)
Total liabilities	(3,988)
Total identifiable net assets at fair value	3,495
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(1,420)
Settlement of pre-existing balances	(1,000)
Previously held as associate	(1,175)
Gain on remeasurement of equity interest previously held	(5,234)
Goodwill on acquisition (Note 6)	10,452
Purchase consideration transferred, settled in cash	5,118

The transaction costs of $283,000 incurred in connection with the acquisitions has been expensed off and included in "other operating expenses".

The goodwill on acquisition is allocated as follows:
- ERA VN and Eurocapital for $10,357,000
- PT EPR for $95,000

The goodwill of $10,357,000 comprises the value of the distribution network in Vietnam, which is not separately recognised. Goodwill is allocated entirely to the "Real estate brokerage income and master franchisee of ERA Vietnam" CGU. The goodwill of $95,000 is attributable to the synergies expected to arise from the economies of scale in acquiring the member broker firm in Indonesia and it is allocated as an addition to the "Real estate brokerage income and master franchisee of ERA Indonesia" CGU.

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisitions in 2023 (cont'd)

None of the goodwill recognised is expected to be deductible for tax purposes.

From the date of acquisition, ERA VN and Eurocapital contributed $2,842,000 of revenue and incurred $2,449,000 loss before tax to 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 the same as the acquisition date was 5 January 2023.

From the date of acquisition, PT EPR contributed $153,000 of revenue and incurred $17,000 loss before tax to 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 $557,410,000 and $13,581,000 respectively.

Analysis of cash flows on acquisitions:

	$'000
Transaction costs of the acquisitions (included in cash flows from operations)	(283)
Cash consideration for acquisition of ERA VN and ECC (included in cash flows from investing activities)	(4,900)
Cash consideration for acquisition of PT EPR (included in cash flows from investing activities)	(218)
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	935
Net cash flow on acquisitions	(4,466)

Impairment testing of investment in subsidiaries

The movement in impairment losses is as follows:

	Company	
	2023 $'000	2022 $'000
At beginning of year	1,095	1,041
Impairment losses recognised	5,178	54
Written off	(959)	–
At end of year	5,314	1,095

During the current financial year, management performed an impairment test for the investment in ERA VN due to the challenging market environment faced by the subsidiary as described in Note 6. An impairment loss of $5,178,000 was recognised to impair the investment in ERA VN for the year ended 31 December 2023 to its recoverable amount. The recoverable amount of this investment has been determined based on the value in use calculations as described in Note 6 .

In 2022, 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.

8. INVESTMENT IN ASSOCIATES

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
ERA Vietnam*	–	2,175	–	2,500
Other associate	–	–	193	193
	–	2,175	193	2,693

* Investments in ERA Vietnam Real Estate Joint Company and Eurocapital Joint Stock Company, collectively known as "ERA Vietnam"

In 2023. ERA Vietnam became subsidiaries of the Group after the additional acquisition of 22% of the issued share capital of ERA Vietnam (Note 7).

In 2022, included in the investment in associate ERA Vietnam is a loan of $1,000,000 denominated in Singapore Dollar. The loan was unsecured, bore interest at 1.5% per annum and was to be settled in cash. The loan was reclassified to investment in subsidiaries (Note 7).

Following the Group's acquisition of ERA Vietnam, there are no material associate as at 31 December 2023. Details of the material associate as at 31 December 2022 was as follows:

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

[1] Audited by member firms of Ernst & Young

The Group's investment in associates that are not individually material did not contribute to the Group's results for 31 December 2023 and 2022:

8. INVESTMENT IN ASSOCIATES (cont'd)

As at 31 December 2022, the summarised financial information of ERA Vietnam Realty Limited Company, not adjusted for the proportion of ownership interest held by the Group, was as follows:

Summarised balance sheet	2022 $'000
Current assets	722
Non-current assets	4,278
Total assets	5,000
Current liabilities	(3,228)
Non-current liabilities	–
Total liabilities	(3,228)
Net assets	1,772
Proportion of the Group's ownership	38%
Group's share of net assets	668
Goodwill	507
Loan	1,000
Carrying amount of the investment	2,175
Summarised statement of comprehensive income	
Profit after tax, representing total comprehensive income	309

9. FIXED DEPOSITS

Fixed deposits in 2022 were pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings and had an effective interest rate of 0.5% per annum. The fixed deposits was withdrawn during the current financial year as the bankers' guarantee was no longer required following the expiry of the lease of the Group's office building.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND UNBILLED RECEIVABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade receivables	99,495	151,008	51	51
Other receivables				
Deposits	979	548	–	305
Other advances	1,115	1,260	–	–
Sundry receivables	472	558	117	125
	2,566	2,366	117	430
Trade and other receivables	102,061	153,374	168	481
Unbilled receivables	8,388	2,093	–	–
Add:				
Amounts due from subsidiaries	–	–	14,115	13,217
Total trade and other receivables	110,449	155,467	14,283	13,698
Less:				
Other advances	(1,115)	(1,260)	–	–
Unbilled receivables	(8,388)	(2,093)	–	–
Add:				
Fixed deposits (Note 9)	–	400	–	400
Cash and bank balances (Note 11)	44,052	49,274	2,051	3,015
Total financial assets carried at amortised cost	144,998	201,788	16,334	17,113

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	
	2023 $'000	2022 $'000
Movement in allowance accounts:		
At beginning of year	5,572	5,439
Charge for the year	2,209	3,113
Written off	(2,557)	(2,980)
Translation difference	(13)	–
At end of year	5,211	5,572

10. 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	
	2023 $'000	**2022 $'000**
Other receivables – nominal amount	12	12
Less: Allowance for impairment	(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.

11. 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	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Fixed deposits	12,000	–	–	–
Cash at banks and on hand	32,052	49,274	2,051	3,015
	44,052	49,274	2,051	3,015

As at 31 December 2023, the effective interest rate on fixed deposits of the Group was 3.76% to 3.78% per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2023 for the Group and the Company were 0.01% to 0.80% (2022: 0.01% to 0.80%) per annum.

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables	54,737	90,480	–	–
Accruals	61,696	65,464	349	297
	116,433	155,944	349	297
Other payables				
Deposits	186	215	–	–
GST payable	10,444	11,775	–	–
Sundry payables	2,583	1,180	–	–
	13,213	13,170	–	–
Amount due to a subsidiary	–	–	81,212	65,766
Total trade and other payables	129,646	169,114	81,561	66,063
Less: GST payable	(10,444)	(11,775)	–	–
Add: Loan and borrowing (Note 15)	43,226	45,917	–	–
Total financial liabilities carried at amortised cost	162,428	203,256	81,561	66,063

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.

13. 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 2.18(c).

14. LEASE LIABILITIES

	Group	
	2023 $'000	2022 $'000
As at 1 January	137	1,738
Accretion of interest	91	37
Additions	208	98
Business combinations	1,286	–
Lease modifications	(63)	–
Foreign exchange losses	154	–
Payments	(630)	(1,736)
Translation difference	(135)	–
As at 31 December	1,048	137
Representing:		
Current	628	118
Non-current	420	19

The maturity analysis of lease liabilities is disclosed in Note 29(b).

15. LOAN AND BORROWING

	Maturity	Group 2023 $'000	Group 2022 $'000
Current:			
SGD loan at Compounded SORA + 0.80% p.a. (31 December 2022: SORA + 1.15% p.a.)	2024	3,093	45,917
Non-current:			
SGD loan at Compounded SORA +/- 3.00% p.a.	2025 – 2028	40,133	–
Total		43,226	45,917

SGD bank loan at Compounded SORA + 0.80% per annum

In 2023, the Group has refinanced the bank loan by entering into a facility agreement with the same bank. The loan bears interest at the prevailing 3-month Compounded SORA plus 0.80% per annum for the first 2 years effective from 19 October 2023 and 3-month Compounded SORA plus 3.00% per annum thereafter. The loan is repayable over 59 equal monthly instalments of $257,778 per month with a final bullet principal payment of $28,532,745 on the final maturity date, 19 October 2028.

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:

	1.1.2023 $'000	Cash flows $'000	Non-cash flows Reclassification $'000	Others $'000	31.12.2023 $'000
Interest bearing loan and borrowing					
– Current	45,917	(2,691)	(40,133)	–	3,093
– Non-current	–	–	40,133	–	40,133
Lease liabilities					
– Current	118	(630)	(401)	1,541	628
– Non-current	19	–	401	–	420
Total	46,054	(3,321)	–	1,541	44,274

	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

16. 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 2023. 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

	2023	2022
Discount rate	6.6%	7.1%
Salary increment age	10.0%	10.0%
Normal pension age	56 years old	56 years old
Mortality table	TMI IV*	TMI IV*
Disability rate	10% of TMI IV	10% of TMI IV
Number of entitled employees	30	26

* Indonesian Mortality Table IV published in 2019.

Net movement in defined benefit liability

	Group	
	2023 $'000	2022 $'000
As at beginning of the period/acquisition date	343	333
Provision during the period	140	41
Translation differences on consolidation	(3)	(31)
Liabilities recognised in the balance sheet as at 31 December	480	343

Change in present value of the defined benefit obligations

	Group	
	2023 $'000	2022 $'000
As at beginning of the period/acquisition date	343	333
Current service costs	118	34
Interest costs	22	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	(3)	(31)
Balance at the end of the reporting period	480	343

The expenses are included in "Personnel Cost".

17. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
The deferred tax assets are attributable to the following:				
Property, plant and equipment	5	–	–	–
Employee benefits	115	85	–	–
Others	116	–	–	–
	236	85	–	–
The deferred tax liabilities are attributable to the following:				
Property, plant and equipment	–	(269)	–	–
Intangible assets	(4,482)	(4,074)	–	–
Others	(11)	–	(11)	–
	(4,493)	(4,343)	(11)	–

18. SHARE CAPITAL

	Group and Company			
	2023		2022	
	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.

19. NON-CONTROLLING INTERESTS

	Group	
	2023 $'000	2022 $'000
Accumulated balances of non-controlling interests		
PT ERA	433	425
ERA VN and Eurocapital	217	–
Other foreign subsidiaries	(254)	(267)
	396	158

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group.

Name	Principal places of business/ Country Of incorporation	Operating segment	Ownership interests held by NCI	
			2023	2022
PT ERA	Indonesia	Real estate brokerage	9.4%	9.4%
ERA VN and Eurocapital	Vietnam	Real estate brokerage	40.0%	–

The NCI as at 31 December 2022 were not material to the Group.

19. NON-CONTROLLING INTERESTS (cont'd)

The following summarised financial information for the above subsidiaries are prepared in accordance with SFRS (I).

Summarised balance sheet	PT ERA 2023 $'000	ERA VN and ECC 2023 $'000
Current assets	3,035	1,927
Non-current assets	3,071	3,746
Total assets	6,106	5,673
Current liabilities	(484)	(2,512)
Non-current liabilities	(977)	(2,632)
Total liabilities	(1,461)	(5,144)
Net assets	4,645	529
Net assets attributable to NCI	433	217
Summarised income statement		
Revenue	2,537	2,842
Profit/(Loss)	109	(2,449)
OCI	–*	8
Total comprehensive income	109	(2,441)
Total comprehensive income attributable to NCI	–*	(1,077)
Summarised cash flows		
Net cash generated from/(used in) from operating activities	466	(1,139)
Net cash used in investing activities	(385)	–
Net cash generated from financing activities	–	1,233
Net increase in cash and cash equivalents	81	94

* Less than $1,000

20. REAL ESTATE BROKERAGE FEES AND RELATED SERVICES

	Real estate brokerage income		Others		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Major product or service lines						
Brokerage fees from resale, rental and new home transactions	548,654	695,224	–	–	548,654	695,224
Others	–	–	5,838	5,139	5,838	5,139
	548,654	695,224	5,838	5,139	554,492	700,363
Timing of transfer of goods or services						
At a point in time	548,654	695,224	4,878	3,961	553,532	699,185
Over time	–	–	960	1,178	960	1,178
	548,654	695,224	5,838	5,139	554,492	700,363

21. OTHER REVENUE, OTHER OPERATING EXPENSES AND OTHER NON-OPERATING (INCOME)/EXPENSES

Other revenue, other operating expenses and non-operating (income)/expenses included the following for the year ended 31 December:

	Group	
	2023 $'000	2022 $'000
Other revenue		
Rental of properties, workstations, lockers and furniture	887	1,396
Professional indemnity insurance fees	–	384
Incentives, referral and administrative fees	708	737
Government grants	110	169
Interest income from cash at bank and fixed deposits	322	497
Bad debts recovered	–	157
Gain on disposal of associate	–	591
Sundry income	733	711
	2,760	4,642

	Group	
	2023 $'000	2022 $'000
Other operating expenses		
Audit fees:		
– Auditors of the Company	246	205
– Other auditors	45	3
Non audit services:		
– Auditors of the Company	20	117
– Other auditors	6	6
Expense relating to leases of low-value assets and short term leases	292	139
Electricity and water	196	212
Entertainment and F&B expenses	269	296
Legal and professional fees	598	838
Photocopy charges	85	94
Property tax	161	159
Printing and stationery	125	86
Secretarial services	81	86
Telephone charges	113	79
Travel and transport expenses	347	119
Upkeep of computers and office equipment	687	550
Upkeep of office space	21	116
Loss on disposal of plant and equipment	3	9
Write off of other investments	–	250
Write off of loan to associate	37	289
Loss on subsidiaries being struck off	–	164
Donations	66	67
Repair and maintenance	289	266
External events	909	520
IT support	680	195
Merchant charges	69	71
Subscriptions	67	67
Insurance	36	41
Bank charges	77	29
Foreign exchange losses	180	261
Other administrative expenses	1,302	827
	7,007	6,161

21. OTHER REVENUE, OTHER OPERATING EXPENSES AND OTHER NON-OPERATING (INCOME)/EXPENSES (cont'd)

	Group	
	2023 $'000	2022 $'000
Other non-operating (income)/expenses		
Gain on remeasurement of equity interest previously held	(5,234)	–
Impairment loss on goodwill	5,178	–
Fair value loss on convertible loan	–	3,135
	(56)	3,135

22. PERSONNEL COSTS

	Group	
	2023 $'000	2022 $'000
Directors:		
– Directors of the Company		
Directors' fees	195	195
– Directors of subsidiaries		
Salary, bonus and incentive	971	1,711
Central Provident Fund	40	40
	1,206	1,946
Staff:		
Salary and bonus	16,933	14,247
Central Provident Fund	1,527	1,574
Provision for leave entitlement	77	(8)
Grant income from Special Employment Credit	(5)	(4)
	18,532	15,809
Other related expenses	232	275
	19,970	18,030

23. FINANCE COSTS

	Group	
	2023 $'000	2022 $'000
Interest expense on loan and borrowing	2,035	945
Interest on lease liabilities	91	37
	2,126	982

24. INCOME TAX EXPENSE

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

	Group	
	2023 $'000	2022 $'000
Tax expense recognised in respect of profit for the year		
Current tax	3,192	6,669
Under provision in respect of previous years	261	69
	3,453	6,738
Deferred tax provided		
Origination and reversal of temporary differences	(491)	(291)
Income tax expense	2,962	6,447

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	
	2023 $'000	2022 $'000
Profit before tax	13,563	32,881
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	2,229	5,600
Adjustments:		
Non-deductible expenses	1,808	1,127
Effect of partial tax exemption and tax relief	(1,336)	(349)
Under provision in respect of previous years	261	69
Income tax expense	2,962	6,447

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

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

25. 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:

	2023 $'000	2022 $'000
Profit for the year attributable to owners of the Company	11,775	26,556

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

26. DIVIDENDS PAID

	Group and Company	
	2023 $'000	2022 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2022: 2.75 cents per share (2021: 4.0 cents)	9,768	14,208
– Interim exempt (one-tier) dividend for 2023: 1.1 cents per share (2022: 3.5 cents)	3,907	12,432
	13,675	26,640
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 2023: 1.4 cents per share (2022: 2.75 cents)	4,971	9,768
	4,971	9,768

27. 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	
	2023 $'000	2022 $'000
Subsidiaries		
Dividend income	4,000	9,500
Membership fees received	757	748

	Group	
	2023 $'000	2022 $'000
Fellow subsidiaries		
Training fees	530	723

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

	Group	
	2023 $'000	2022 $'000
Real estate brokerage fees	1	17

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

(b) *Compensation of key management personnel*

	Group	
	2023 $'000	2022 $'000
Remuneration (including commission and incentives) of the 5 key management personnel (2022: 5 key management personnel)	2,983	3,467

28. 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 2023 amounted to $39,000 (2022: $87,000).

	Group	
	2023 $'000	2022 $'000
Within one year	91	28
Later than one year but not later than five years	166	–
	257	28

(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	
	2023 $'000	2022 $'000
Later than one year but not later than five years	374	871
More than five years	927	1,191
	1,301	2,062

29. 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 (2022: 25) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $108,000 (2022: $115,000) 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 7.2% (31 December 2022: 100%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

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

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

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.

Group	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2023				
Financial assets				
Trade and other receivables (Note 10)	100,946	–	–	100,946
Cash and bank balances (Note 11)	44,052	–	–	44,052
Total undiscounted financial assets	144,998	–	–	144,998
Financial liabilities				
Trade and other payables (Note 12)	119,202	–	–	119,202
Lease liabilities	646	532	–	1,178
Loan and borrowing (Note 15)	5,015	48,553	–	53,568
Total undiscounted financial liabilities	124,863	49,085	–	173,948
Total net undiscounted financial assets/(liabilities)	20,135	(49,085)	–	(28,950)
2022				
Financial assets				
Fixed deposits	400	–	–	400
Trade and other receivables (Note 10)	152,114	–	–	152,114
Cash and bank balances (Note 11)	49,274	–	–	49,274
Total undiscounted financial assets	201,788	–	–	201,788
Financial liabilities				
Trade and other payables (Note 12)	157,339	–	–	157,339
Lease liabilities	127	20	–	147
Loan and borrowing (Note 15)	49,903	–	–	49,903
Total undiscounted financial liabilities	207,369	20	–	207,389
Total net undiscounted financial liabilities	(5,581)	(20)	–	(5,601)

29. 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
2023				
Financial assets				
Trade and other receivables (Note 10)	14,283	–	–	14,283
Cash and bank balances (Note 11)	2,051	–	–	2,051
Total undiscounted financial assets	16,334	–	–	16,334
Financial liabilities				
Trade and other payables (Note 12)	81,561	–	–	81,561
Total undiscounted financial liabilities	81,561	–	–	81,561
Total net undiscounted financial liabilities	(65,227)	–	–	(65,227)
2022				
Financial assets				
Fixed deposits	400	–	–	400
Trade and other receivables (Note 10)	13,698	–	–	13,698
Cash and bank balances (Note 11)	3,015	–	–	3,015
Total undiscounted financial assets	17,113	–	–	17,113
Financial liabilities				
Trade and other payables (Note 12)	66,063	–	–	66,063
Total undiscounted financial liabilities	66,063	–	–	66,063
Total net undiscounted financial liabilities	(48,950)	–	–	(48,950)

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

(c) *Credit risk*

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

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

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

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

(i) Financial assets at amortised cost

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

Group	Financial assets at amortised cost 2023 $'000	2022 $'000
Loss allowance measured at:		
Lifetime ECL		
As at 1 January	5,584	5,451
Trade amounts (Simplified approach)	(361)	133
As at 31 December	5,223	5,584

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

Group		2023 $'000	2022 $'000
12-month ECL	Financial assets at amortised cost	12	12
Lifetime ECL	Financial assets at amortised cost	106,157	157,686
	Total	106,169	157,698

The gross carrying amount of trade and other receivables of the Group are disclosed in Note 10.

(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 2023 and 2022 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

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

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

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 2023					
	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	79,266	3,400	6,178	8,881	6,580	104,305
Loss allowance provision	(97)	(55)	(73)	(1,993)	(2,982)	(5,200)
Rental income:						
Gross carrying amount	16	–	–	–	–	16
Loss allowance provision	–	–	–	–	–	–
Others:						
Gross carrying amount	373	1	–	–	11	385
Loss allowance provision	–	–	–	–	(11)	(11)

	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)

Information regarding loss allowance movement of trade receivables are disclosed in Note 10.

29. 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 10.

30. 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.

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

As at 31 December 2023 and 31 December 2022, the Group and the Company has no assets and liabilities measured at fair value.

(c) *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 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.

(d) *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.

In 2022, 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.

31. 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.

31. SEGMENT INFORMATION (cont'd)

	Real estate brokerage income $'000	Rental income $'000	Others $'000	Eliminations $'000	Total $'000
2023					
Revenue:					
Real estate brokerage fees and related services	548,654	2,149	5,799	(2,110)	554,492
Other revenue	223	1	2,536	–	2,760
Total revenue	**548,877**	**2,150**	**8,335**	**(2,110)**	**557,252**
Segment results	16,181	(282)	(532)	–	15,367
Interest income					322
Finance costs					(2,126)
Profit before tax					**13,563**
Income tax expense expense					(2,962)
Profit for the year					**10,601**
Others:					
Impairment losses on financial assets – trade	(2,049)	–	(160)	–	(2,209)
Impairment loss on goodwill	(5,178)	–	–	–	(5,178)
Depreciation and amortisation	(3,630)	(321)	(698)	–	(4,649)
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 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)

Geographical information

	Revenue		Non-current assets*	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Singapore	550,798	703,372	166,530	169,102
Indonesia	2,658	1,199	9,022	9,113
Vietnam	3,299	–	8,628	2,175
Others	497	434	251	281
	557,252	705,005	184,431	180,671

* Comprising property, plant and equipment, right-of-use assets, intangible assets and fixed deposits

32. 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. In 2022, the gearing ratio has slightly increased to 50.9% as a result of higher trade and other payables as at 31 December 2022.

No changes were made to the objectives, policies or processes during the years ended 31 December 2023 and 2022.

	2023 $'000	2022 $'000
Loan and borrowing (Note 15)	43,226	45,917
Trade and other payables (Note 12)	129,646	169,114
	172,872	215,031
Less: Cash and bank balances (Note 11)	(44,052)	(49,274)
	128,820	165,757
Equity attributable to the owners of the Company	158,385	160,212
Capital and net debt	287,205	325,969
Gearing ratio	44.9%	50.9%

33. SUBSEQUENT EVENTS

In January 2024, the Group acquired ERA Fiesta, an Indonesian member broker group, for a purchase consideration of $1.0 million through its subsidiary, PT ERA. Following the acquisition, the Group has 51% equity interest in ERA Fiesta and will consolidate ERA Fiesta in its financial statements.

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 28 March 2024.

Statistics of Shareholdings

As at 12 March 2024

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	3	0.14	52	0.00
100 – 1,000	188	8.64	139,947	0.04
1,001 – 10,000	1,158	53.24	6,288,700	1.77
10,001 – 1,000,000	813	37.38	50,617,037	14.25
1,000,001 and above	13	0.60	298,151,964	83.94
Total	**2,175**	**100.00**	**355,197,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	KGI Securities (Singapore) Pte. Ltd	230,329,662	64.85
2	HSBC (Singapore) Nominees Pte Ltd	30,759,888	8.66
3	DBS Nominees (Private) Limited	11,408,300	3.21
4	Raffles Nominees (Pte.) Limited	7,790,300	2.19
5	Tiger Brokers (Singapore) Pte. Ltd.	4,976,000	1.40
6	Phillip Securities Pte Ltd	4,153,735	1.17
7	Citibank Nominees Singapore Pte Ltd	1,630,351	0.46
8	ABN AMRO Clearing Bank N.V.	1,447,200	0.41
9	Lim Tean Chay	1,278,400	0.36
10	OCBC Nominees Singapore Private Limited	1,199,700	0.34
11	Lim Tong Weng	1,080,628	0.30
12	Liew Yeow Weng	1,055,000	0.30
13	iFAST Financial Pte. Ltd.	1,042,800	0.29
14	Lee Yuen Shih	1,000,000	0.28
15	Ong Sioe Hong	1,000,000	0.28
16	Seah Siow Chong Frederick	1,000,000	0.28
17	Penelope Ann Binns	1,000,000	0.28
18	OCBC Securities Private Limited	970,700	0.27
19	Teo Soo Beng	893,400	0.25
20	Ong Boo Choon	871,502	0.25
	Total	**304,887,566**	**85.83**

Statistics of Shareholdings

As at 12 March 2024

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 12 March 2024. 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

Mr Chua Khee Hak, Mr Wong Hin Sun, Eugene and Mr Siew Peng Yim are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 April 2024 ("**AGM**") (collectively, the "**Retiring Directors**").

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

	Chua Khee Hak	**Wong Hin Sun, Eugene**	**Siew Peng Yim**
Date of appointment	4 September 2017	15 July 2019	12 May 2023
Date of last re-appointment	21 April 2022	21 April 2022	N/A
Age	63	56	55
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Chua Khee Hak ("**Mr Chua**") as Executive Chairman was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chua's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wong Hin Sun, Eugene ("**Mr Wong**") as Lead Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Wong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Siew Peng Yim ("**Mr Siew**") as Independent and Non-Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Siew's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive Mr Chua provides guidance to the management of ERA and RIA in Singapore and oversees the growth and development of ERA in the Asia Pacific region.	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Chairman	• Lead Independent Director • Chairman of Nominating Committee • Member of Audit and Risk and Remuneration Committees	• Independent and Non-Executive Director • Chairman of the Audit and Risk Committee • Member of the Nominating and Remuneration Committees
Professional qualifications	• Bachelor of Science (Building) (Hons), National University of Singapore • Master of Science (Project Management), National University of Singapore • Diploma in Computer Studies, National Centre for Information Technology • Certified Diploma in Accounting & Finance, Chartered Association of Certified Accountants	• Bachelor of Business Administration (First Class Honours), National University of Singapore • Master of Business Administration, Imperial College, University of London • Owners President Program, Harvard Business School • Chartered Financial Analyst • Chartered Director • Fellow of UK Institute of Directors • Fellow of Australian Institute of Company Directors • Fellow of Singapore Institute of Directors	• Bachelor of Accountancy, National University of Singapore • Fellow Chartered Accountant of Institute of Singapore Chartered Accountants

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene	Siew Peng Yim
Working experience and occupation(s) during the past 10 years	1990 – Present: APAC Realty Limited, Executive Chairman	2002 – Present: Founder and Managing Director, Sirius Venture Capital Pte Ltd 2023 – Present: Chairman, Tangram Asia Capital LLP 2022 – Present: Deputy Chairman, NTUC Learning Hub 2020 – 2022: Chairman, NTUC Learning Hub 2012 – 2021: Chairman, CrimsonLogic Pte Ltd 2009 – 2013: Chairman, Singapore Venture Capital Association	2022 – Present: Chief Executive Officer of Ice Cream Division, Fraser & Neave Limited 2014 – Present: Chief Executive Officer, Times Publishing Limited 2012 – 2014: Chief Operating Officer and Chief Financial Officer, Times Publishing Limited
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 69 to 71 of this Annual Report		
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	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	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: • ISend Pte. Ltd. • Coldwell Banker Real Estate (S) Pte Ltd (struck off) • Coldwell Banker Commercial Real Estate (S) Pte Ltd (struck off) • Soreal Prop Pte Ltd • Fang Pte Ltd (struck off) Other Principal Commitments: Nil	**Past (for the last 5 years)** Directorships: • CrimsonLogic Pte Ltd • Cargo Community Network Pte Ltd • Sirius Angel Fund Pte Ltd (dissolved) • Gets Global Pte Ltd • Agfunder Asia Pte Ltd • Agfunder Rocket Seeder Pte Ltd • Agfunder Grow Asia Fund Pte Ltd • CrimsonLogic Etrade Holdings Pte Ltd • Dining Collective Pte Ltd • Grow Accelerator Pte Ltd • Mekhala Pte Ltd Other Principal Commitments: Nil	**Past (for the last 5 years)** Directorships: • Educational Technologies Private Limited (struck off) • Times Graphics Private Limited (struck off) • Direct Educational Technologies Limited (India) (liquidated) • Marshall Cavendish Business Information (HK) Limited (struck off) Other Principal Commitments: Nil

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene	Siew Peng Yim
Other Principal Commitments including Directorships (cont'd)	**Present** • APAC Investment Pte Ltd • APAC Investment 2 Pte Ltd • ERA Realty Network Pte Ltd • ERA Singapore Pte Ltd • Realty International Associates Pte Ltd • Realty Partners Investments Pte Ltd • IBuild Pte Ltd • IReal Holdings Pte Ltd • Dicree Pte Ltd Other Principal Commitments: Nil	**Present** Directorships: • Sirius Venture Capital Pte Ltd • Singapore Cruise Centre Pte Ltd • NTUC Learninghub Pte Ltd • Alliance Healthcare Group Limited • Jason Marine Group Limited • Japan Foods Holding Ltd • Aerospring Gardens Pte Ltd • Digital Mission Ventures Pte Ltd • Sirius SME Growth Partners I Limited • Sirius Ocean Pte Ltd • Gardens By The Bay • Tangram Asia Capital LLP Other Principal Commitments: • Member of Investment Advisory Committee of People's Association	**Present** Directorships: • Times Printers Private Limited • Times Experience Pte Ltd • Marshall Cavendish Business Information Private Limited • Marshall Cavendish Institute Pte Ltd • Marshall Cavendish International Private Limited • Marshall Cavendish Education Pte Ltd • Pansing Distribution Private Limited • Marshall Cavendish International (Asia) Private Limited • Print Lab Pte Ltd • Alliance Graphics Pte Ltd • Times Distribution Pte Ltd • Everbest Printing (Guangzhou) Company Limited • Asia Magazines Ltd • Everbest Printing Holdings Limited • Everbest Printing Investment Limited • Times Publishing (HK) Limited • Far East Publications Ltd • Educational Technologies Limited • Marshall Cavendish (Malaysia) Sdn Bhd • STP distributors (M) Sdn Bhd • Pansing Marketing Sdn Bhd • Pansing Distribution Sdn Bhd • Times Offset (Malaysia) Sdn Bhd • Times Distribution (M) Sdn Bhd • Marshall Cavendish Limited • Marshall Cavendish International Thailand Co. Ltd • Marshall Cavendish Corporation • Musicway Corporation Pty Limited • Marshall Cavendish (Australia) Pty Limited • Shanxi Xinhua Times Packaging Printing Co Ltd Other Principal Commitments: Nil

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene	Siew Peng Yim
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	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	Yes I was a Non-Executive Director of Fung Choi Media Group Limited ("**Fung Choi**") which was put under a provisional liquidation by the Supreme Court of Bermuda on 2 April 2015. On 25 November 2016, the Supreme Court of Bermuda has ordered the wound up of Fung Choi. Fung Choi was delisted from SGX-ST on 24 July 2017.
(c) Whether there is any unsatisfied judgment against him?	No	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	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	No

	Chua Khee Hak	Wong Hin Sun, Eugene	Siew Peng Yim
(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	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	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	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

Additional Information on Directors Seeking Re-Election

	Chua Khee Hak	Wong Hin Sun, Eugene	Siew Peng Yim
(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	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	No

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