



**Securities Investors Association (Singapore)**  
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UEN No: S99SS0111B  
GST Reg No: M90367530Y

**Issuer:** APAC Realty Limited

**Stock code:** CLN

**Meeting details:**

Date: 20 April 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** The group'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, being an industry pioneer, is one of Singapore's largest real estate agencies with 7,879 agents registered as at 28 February 2021, up from 7,107 agents a year ago.

In the IPO prospectus, the group had 6,223 agents as at 31 March 2017 although the total dipped to 6,053 agents as at 22 March 2018. Based on statistics published by the Council for Estate Agencies, the group is the second largest agency and is significantly larger than the third-ranked agency. In 2020 and in prior years, the industry experienced further consolidation as agencies merged to scale up.

- (i) **Can management help shareholders understand the importance of scale in the industry and if the group currently has the necessary scale to execute on its strategic plans?**
- (ii) **What is the group's strategy to build up a strong and stable team of agents that is aligned with the group's long-term vision?**
- (iii) **On the other hand, did management evaluate opportunities during the pandemic to acquire agent networks especially in overseas markets to further consolidate its market position?**
- (iv) **What is the strategic value of Coldwell Banker? How is the group leveraging the established brand to create long-term value?** The initial term of the franchise right expires in 2028 and the group has the option to renew subject to certain conditions.

**Q2.** The group launched its digital transformation with its Digital Lab initiative in 2019 to leverage the trend of digitalisation. To date, the group has invested \$2.4 million in "property technology" (proptech) companies with proprietary technologies such as Dots Connected (UrbanZoom), SoReal Prop, Turning-Point and Fang. These investments have empowered the group's salespersons with digital innovation and technologies, as well as proprietary market insights to enhance the salespersons' competitive advantage.

As disclosed in Note 9 (page 92 – Investment in associates), the group invested \$0.6 million in SoReal Prop Pte Ltd and wrote off the entire amount as at 31 December 2020. In Note 10 (page 93 – Other investments), it was disclosed that the carrying value of the convertible subscription agreement for Dots Connected (UrbanZoom) was reduced from \$1.0 million (2019) to \$0.5 million (2020).

- (i) **Can management help shareholders understand the strategic goals of the group's investments in proptech companies? Does the board consider these investments a "cost of doing business" or are these investments made by the group with the goal of generating long-term returns for shareholders?**

- (ii) **If the latter, how does the group assess the potential and value these early-stage companies?**
- (iii) **Has the board re-assessed the recent investments and reviewed the reasons for the impairments?**
- (iv) **What changes, if any, would the board be making to its investment criteria should it be making further investments?**

**Q3.** In the corporate governance report, the board disclosed that it recognises its responsibility to maintain 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 audit committee (AC) has reviewed and is satisfied with the adequacy and effectiveness of the internal audit in FY2020 (page 55).

- (i) **Can the AC let shareholders know what are some of the key risks identified?**
- (ii) **What are the key findings from the internal auditors in FY2020?**
- (iii) **Can management clarify if the internal audit plan covers its overseas subsidiaries and operations?**

<sup>^</sup>On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation  
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

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