



ZACD GROUP LTD.

杰地集團有限公司\*

(A company incorporated in Singapore with limited liability)

Stock Code: 8313

**2023**

Interim Report

\* for identification purpose only

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(THE "EXCHANGE")**

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**Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of ZACD Group Ltd. (the "Company", together with its subsidiaries as the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*In the event of any inconsistency between the Chinese version and the English version, the latter shall prevail.*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)  
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)  
Mr. Mark Oh Keng Kwan (*Deputy CEO*)  
Mr. Patrick Chin Meng Liong (*CLO*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Chi Mo  
Dato' Dr. Sim Mong Keang  
Mr. Eugene Lim Chin Hon  
(appointed on 14 June 2023)  
Mr. Lim Boon Yew  
(retired on 14 June 2023)

## AUDIT COMMITTEE

Mr. Kong Chi Mo (*Chairman*)  
Dato' Dr. Sim Mong Keang  
Mr. Eugene Lim Chin Hon

## REMUNERATION COMMITTEE

Dato' Dr. Sim Mong Keang (*Chairman*)  
Ms. Sim Kain Kain  
Mr. Kong Chi Mo  
Mr. Eugene Lim Chin Hon

## NOMINATION COMMITTEE

Mr. Eugene Lim Chin Hon (*Chairman*)  
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)  
Mr. Kong Chi Mo  
Dato' Dr. Sim Mong Keang

## AUTHORISED REPRESENTATIVES

Mr. Patrick Chin Meng Liong (*CLO*)  
Mr. Ip Pui Sum

## JOINT COMPANY SECRETARIES

**As to Hong Kong Law**  
Mr. Ip Pui Sum

## **As to Singapore Law**

Mr. Tan Kim Swee Bernard

## COMPLIANCE OFFICER

Mr. Patrick Chin Meng Liong (*CLO*)

## COMPLIANCE ADVISER

Innovax Capital Limited

## AUDITOR

Ernst & Young LLP

## REGISTERED OFFICE

300 Beach Road  
#34-05 The Concourse  
Singapore 199555

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

300 Beach Road  
#34-05 The Concourse  
Singapore 199555

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20/F, Winbase Centre  
208 Queen's Road Central  
Sheung Wan, Hong Kong

## PRINCIPAL BANK

United Overseas Bank  
UOB Plaza  
80 Raffles Place  
Singapore 048624

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

Tricor Singapore Pte Ltd  
80 Robinson Road  
#02-00  
Singapore 068898

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## STOCK CODE

8313

## COMPANY'S WEBSITE

[www.zacdgroup.com](http://www.zacdgroup.com)

# FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2023

## INTERIM RESULTS & FIVE-YEAR FINANCIAL SUMMARY

A summary of the financial results and financial position of the Group for the recent interim results and the last five financial years, as extracted from the published audited financial statements, is set out below:

Financial Results	Interim results			Annual results			
	30 June 2023	30 June 2022	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	<b>5,305</b>	1,988	3,983	5,596	5,325	14,919	11,786
Profit/(loss) before tax	<b>1,777</b>	(533)	(2,423)	7,515	(20,330)	4,994	1,115
Profit/(loss) for the period/year	<b>1,438</b>	(533)	(2,707)	7,461	(20,263)	4,622	1,081
Earnings/(loss) per share (Singapore cents)	<b>0.07</b>	(0.03)	(0.14)	0.37	(1.01)	0.23	0.05

  

Financial Position	At 30 June		At 31 December			
	2023	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total assets	<b>31,136</b>	27,454	28,316	21,600	40,365	37,487
Total liabilities	<b>8,738</b>	6,501	4,586	5,009	2,780	2,398
Net current assets	<b>21,391</b>	20,443	23,429	17,342	34,204	30,733
Net assets	<b>22,398</b>	20,953	23,730	16,591	37,585	35,089
Net assets per share (Singapore cents)	<b>1.12</b>	1.05	1.19	0.83	1.88	1.75

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2023

- The Group reported a net profit of S\$1.44 million for the six months ended 30 June 2023 (the “**Review Period**”) as opposed to a net loss of S\$0.53 million for the six months ended 30 June 2022 (the “**Previous Period**”), representing an increase in net results of S\$1.97 million or 369.8%. The improvement in earnings was mainly attributable to the increase in revenue by S\$3.32 million, partially offset by the increases in staff costs by S\$0.83 million, income tax expense by S\$0.34 million and interest expense by S\$0.24 million.
- The revenue of the Group increased by S\$3.32 million from S\$1.99 million for Previous Period to approximately S\$5.31 million for Review Period. The increase was mainly attributable to project management fee of S\$2.98 million earned from a developer SPV and carried interest fee of S\$1.62 million received from a real estate fund managed by the Group, partially offset the absence of project acquisition fee of S\$1.27 million earned in the last corresponding period.
- Total staff costs increased from S\$2.00 million for the Previous Period to S\$2.83 million for the Review Period, representing an increase of S\$0.83 million or 41.5%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and net earnings in the Review Period.
- No dividend was paid or proposed by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).
- Basic and diluted earnings per share during the six months ended 30 June 2023 was approximately 0.07 Singapore cents (six months ended 30 June 2022: loss of 0.03 Singapore cents).

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

**To the Members of ZACD Group Ltd.**

## INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of ZACD Group Ltd. (the “**Company**”) and its subsidiary companies (collectively, the “**Group**”) which comprise the interim condensed consolidated statement of financial position as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

## **Ernst & Young LLP**

*Public Accountants and Chartered Accountants*  
Singapore

8 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		<b>Six months ended</b>	
		<b>30 June</b>	
	Note	<b>2023</b>	2022
		<b>S\$'000</b>	S\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>5,305</b>	1,988
Other income and gains	4	<b>487</b>	596
Staff costs		<b>(2,833)</b>	(2,004)
Depreciation expense		<b>(52)</b>	(45)
Amortisation of right-of-use assets		<b>(123)</b>	–
Amortisation of capitalised contract costs		<b>(79)</b>	(49)
Impairment losses on financial assets	5	<b>(65)</b>	(177)
Marketing expenses		<b>(18)</b>	(23)
Other expenses, net		<b>(668)</b>	(777)
Interest expense		<b>(285)</b>	(42)
Fair value gain on financial derivative	18	<b>108</b>	–
<b>Profit/(loss) before tax</b>	5	<b>1,777</b>	(533)
Income tax expense	6	<b>(339)</b>	–
<b>Profit/(loss) for the period attributable to owners of the Company</b>		<b>1,438</b>	(533)
<b>Earnings/(loss) per share attributable to owners of the Company</b>	7		
— Basic and diluted (Singapore cents)		<b>0.07</b>	(0.03)

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



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

Note	Six months ended 30 June	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
<b>Profit/(loss) for the period</b>	<b>1,438</b>	(533)
<b>Other comprehensive income/(loss):</b>		
<u>Items that will not be reclassified to profit or loss:</u>		
Fair value changes on investment in equity securities	27	34
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Exchange differences on translation of foreign operations	(20)	(43)
Other comprehensive income/(loss) for the period	7	(9)
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<b>1,445</b>	(542)

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	30 June 2023 \$'000 (unaudited)	31 December 2022 \$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	214	235
Right-of-use assets	9	512	635
Investment in equity securities	10	760	720
Investment in fund entities	10	1,884	1,897
Prepayments, deposits and other receivables	13	226	237
<b>Total non-current assets</b>		<b>3,596</b>	3,724
<b>Current assets</b>			
Trade receivables	11	3,857	3,888
Amount due from ultimate holding company		5	4
Amounts due from related parties (non-trade)		1,599	1,252
Prepayments, deposits and other receivables	13	3,569	250
Capitalised contract costs	12	400	464
Loans and related receivables	14	8,664	10,211
Cash and cash equivalents	15	9,446	7,661
<b>Total current assets</b>		<b>27,540</b>	23,730
<b>Current liabilities</b>			
Other payables and accruals		2,445	1,725
Amounts due to related parties (non-trade)		2,009	224
Lease liabilities	17	260	250
Income tax payable		680	341
Bank borrowing	16	755	747
<b>Total current liabilities</b>		<b>6,149</b>	3,287
<b>Net current assets</b>		<b>21,391</b>	20,443

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		<b>30 June</b>	31 December
	Note	<b>2023</b>	2022
		<b>\$'000</b>	\$'000
		<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Other payables and accruals		<b>1</b>	6
Lease liabilities	17	<b>298</b>	432
Bank borrowing	16	<b>979</b>	1,357
Deferred tax liabilities		<b>57</b>	57
Financial derivative	18	<b>1,254</b>	1,362
<b>Total non-current liabilities</b>		<b>2,589</b>	3,214
<b>Net assets</b>		<b>22,398</b>	20,953
<b>Equity</b>			
Share capital	19	<b>29,866</b>	29,866
Reserves		<b>(7,468)</b>	(8,913)
<b>Total equity</b>		<b>22,398</b>	20,953

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Group	Share capital (Note 19) S\$'000	Investment in equity securities revaluation reserve S\$'000	Investment in fund entities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Six months ended 30 June 2023</b>							
At 1 January 2023 (audited)	29,866	720*	413*	8*	1,491*	(11,545)*	20,953
Profit for the period	-	-	-	-	-	1,438	1,438
Other comprehensive income/(loss) for the period:							
Exchange differences on translation of foreign operations	-	-	-	(20)	-	-	(20)
Fair value changes on investment in equity securities	-	40	(13)	-	-	-	27
Total comprehensive income/(loss) for the period	-	40	(13)	(20)	-	1,438	1,445
At 30 June 2023 (unaudited)	29,866	760*	400	(12)*	1,491*	(10,107)*	22,398

\* These reserve accounts comprise the consolidated reserves of (S\$8,913,000) and (S\$7,468,000) in the interim condensed consolidated statements of financial position as at 31 December 2022 and 30 June 2023 respectively.

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Group	Share capital (Note 19) S\$'000	Investment in equity securities revaluation reserve S\$'000	Investment in fund entities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Six months ended 30 June 2022</b>							
At 1 January 2022 (audited)	29,866	1,188*	-	23*	1,491*	(8,838)*	23,730
Loss for the period	-	-	-	-	-	(533)	(533)
Other comprehensive income/(loss) for the period:							
Exchange differences on translation of foreign operations		-	-	(43)	-	-	(43)
Fair value changes on investment in equity securities	-	34	-	-	-	-	34
Total comprehensive income/(loss) for the period	-	34	-	(43)	-	(533)	(542)
At 30 June 2022 (unaudited)	29,866	1,222*	-	(20)*	1,491*	(9,371)*	23,188

\* These reserve accounts comprise the consolidated reserves of (S\$6,136,000) and (S\$6,678,000) in the interim condensed consolidated statements of financial position as at 31 December 2021 and 30 June 2022 respectively.

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,777	(533)
Adjustments for:		
Depreciation of property, plant and equipment	52	45
Amortisation of right-of-use assets	123	–
Amortisation of capitalised contract costs	79	49
Impairment loss on trade receivables, net	65	177
Fair value gain on financial derivative	(108)	–
Gain on disposal of motor vehicle	(69)	(11)
Interest income	(267)	(295)
Interest expense	285	42
Unrealised foreign exchange gains	–	(34)
<b>Operating cash flows before changes in working capital</b>	<b>1,937</b>	<b>(560)</b>
Changes in working capital:		
Increase in trade receivables	(35)	(1,181)
(Increase)/decrease in prepayments, deposits and other receivables	(3,308)	125
Increase in capitalised contract costs	(15)	–
Increase in trade payables, other payables and accruals	596	91
<b>Cash used in operations</b>	<b>(825)</b>	<b>(1,525)</b>
Income tax paid	–	(2)
<b>Net cash flows used in operating activities</b>	<b>(825)</b>	<b>(1,527)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from investing activities</b>		
Purchase of items of property, plant and equipment	<b>(41)</b>	(48)
(Increase)/decrease in amounts due from related parties	<b>(347)</b>	440
Proceeds from disposal of motor vehicle	<b>79</b>	55
Repayment from bridging loans and related interest receivables, net	<b>1,755</b>	3,367
Interest received	<b>59</b>	–
<b>Net cash flows generated from investing activities</b>	<b>1,505</b>	3,814
<b>Cash flows from financing activities</b>		
Decrease in amount due to ultimate holding company	–	(23)
Increase/(decrease) in amounts due to related parties	<b>1,785</b>	(81)
Repayment of lease liabilities	<b>(139)</b>	(23)
Repayment of bank borrowing	<b>(370)</b>	(358)
Interest paid	<b>(149)</b>	(40)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>1,127</b>	(525)
Net increase in cash and cash equivalents	<b>1,807</b>	1,762
Cash and cash equivalents at beginning of period	<b>7,661</b>	5,892
Effect of foreign exchange rate changes, net	<b>(22)</b>	(7)
<b>Cash and cash equivalents at end of period</b>	<b>9,446</b>	7,647

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. CORPORATE INFORMATION

The Company is a company limited by shares, which is domiciled and incorporated in the Republic of Singapore (“**Singapore**”). The registered office of the Company, which is also its principal place of business, is located at 300 Beach Road, #34-05 The Concourse, Singapore 199555.

The Company is an investment holding company. During the financial periods, the Company’s subsidiaries were principally engaged in the provision of the following services:

- (i) investment management services, which includes (a) special purpose vehicle (“**SPV**”) investment management and (b) fund management;
- (ii) acquisitions and projects management services;
- (iii) property management and tenancy management services; and
- (iv) financial advisory services.

## 2. BASES OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements are presented in Singapore dollars (“**S\$**”) and all values are rounded to the nearest thousand (“**S\$’000**”) except when otherwise indicated.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 2. BASES OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (cont'd)

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These applications do not have a material impact on the Interim Results of the Group.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments, as follows:

### (a) Investment management

The Group provides investment management services for investors to invest into real estate projects or funds by setting up a single investment vehicle ("**Investment SPV**") or fund holding entity.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

### (a) Investment management (cont'd)

#### (i) *SPV investment management*

The Group provides investment management services to investors of real estate development projects by establishing and incorporating Investment SPV through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV and/or entering into trust deeds with the Group's ultimate holding company under the trust structure. With respect to a major investor, the Group also derives revenue in return for providing a priority right to this investor to participate in the Group's real estate development projects. Post establishment and incorporation of the Investment SPV, the Group continues to provide investment management services to the investors by managing the Investment SPV up to the time of project completion. The Group also holds the Establishment Shares received from investors to remunerate its SPV investment management services provided, through dividend distribution from the relevant Investment SPVs under the convertible loan structure. Under the trust structure, the Group derives performance fees from the profits made by the investors through dividend distribution received by the Group's ultimate holding company on behalf of investors.

#### (ii) *Fund management*

The Group renders fund management services by establishing and serving as manager of private real estate funds. Under this arrangement, the Group is responsible for the origination of the investment of the fund, establishment of the investment structure, placement to investors and management of the funds' investment portfolio where it actively sources for real estate deals and manage the investment process for the funds, manages the assets owned by the funds, and sources for avenues for divesting the investments in order to maximise the funds' internal rates of return.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

### (a) Investment management (cont'd)

#### (ii) Fund management (cont'd)

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund distributed to the investors, and/or upon divestment of all investments in the fund or termination of the fund, whichever is earlier. The fund management fees are received quarterly or annually and are recognised on a straight-line basis over the contract terms. The fund establishment fees are recognised as and when the Group's rights and entitlement to the fees are established. Performance fees are not recognised until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.

### (b) Acquisitions and projects management

Acquisitions and projects management include the Group's services in sourcing, assessing and securing quality real estate assets for real estate developers and services rendered by the Group to real estate developers generally comprise services in the areas of tender consultancy and research, design development consultancy, marketing project management, sales administration and handover and property defects management services, coordination of legal services, as well as finance and corporate services. These services are provided to real estate developers and help to address various needs during each major stage of real estate development projects.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

### (c) Property management and tenancy management

The Group's property management services primarily include maintenance management services and ancillary services, such as accounting and financial services. Properties managed by the Group comprise residential properties as well as non-residential properties including commercial buildings, office buildings and industrial parks.

The Group's tenancy management services primarily relate to defect management, rental management, lease advisory services, administrative management and tenants care management.

### (d) Financial advisory

The Group's financial advisory services primarily relate to corporate finance advisory services and investment advisory services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that unallocated other income and gains as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2023 (unaudited)	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
<b>Segment revenue</b>						
External customers	25	2,190	3,072	18	-	5,305
<b>Segment results</b>	(62)	1,496	2,324	6	(144)	3,620
<i>Reconciliation:</i>						
Other income and gains						487
Fair value gain on financial derivative						108
Corporate and unallocated expenses						(2,438)
Profit before tax						1,777
<b>Segment assets</b>	1,002	2,701	8,734	28	365	12,830
<i>Reconciliation:</i>						
Corporate and unallocated assets						18,366
Total assets						31,196
<b>Segment liabilities</b>	21	1,397	2,607	110	185	4,320
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						4,413
Total liabilities						8,733

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2023 (unaudited)	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
<b>Other segment information:</b>						
Depreciation and amortisation expenses	20	97	32	2	-	151
Operating segment <i>Reconciliation:</i> Corporate and unallocated expenses						103
Total depreciation and amortisation of capitalised contract cost						254
Capital expenditure * <i>Reconciliation:</i> Corporate and unallocated capital expenditure	-	15	25	-	-	40
Total capital expenditure						41

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2022 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
<b>Segment revenue</b>						
External customers	186	536	1,247	19	–	1,988
<b>Segment results</b>	78	34	596	–	(268)	440
<i>Reconciliation:</i>						
Other income and gains						596
Corporate and unallocated expenses						(1,569)
Loss before tax						(533)
<b>Segment assets</b>	1,492	1,711	3,789	85	504	7,581
<i>Reconciliation:</i>						
Corporate and unallocated assets						19,798
Total assets						27,379
<b>Segment liabilities</b>	32	644	215	122	226	1,239
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						2,952
Total liabilities						4,191

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2022 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
<b>Other segment information:</b>						
Depreciation and amortisation expenses	2	52	36	4	-	94
Operating segment <i>Reconciliation:</i> Corporate and unallocated expenses						-
Total depreciation and amortisation of capitalised contract cost						94
Capital expenditure *	2	9	11	-	-	22
<i>Reconciliation:</i> Corporate and unallocated capital expenditure						26
Total capital expenditure						48

\* Capital expenditure represents additions to property, plant and equipment.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (cont'd)

### Geographical information

#### (a) Revenue from external customers

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Singapore	4,978	1,709
Malaysia	18	19
Australia	90	40
British Virgin Islands	219	220
	<b>5,305</b>	1,988

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

	30 June	31 December
	2023	2022
	S\$'000	S\$'000
	(unaudited)	(audited)
Singapore	691	855
Other countries/jurisdictions	35	15
	<b>726</b>	870

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE, AND OTHER INCOME AND GAINS

Revenue represents the aggregate of service fee income earned from the provision of investment management services, acquisitions and projects management services, property management and tenancy management services, and financial advisory services. An analysis of revenue, and other income and gains is as follows:

Six months ended 30 June 2023 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total revenue SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
<b>Primary geographical markets</b>						
Singapore	25	1,971	2,982	-	-	4,978
Malaysia	-	-	-	18	-	18
Australia	-	-	90	-	-	90
British Virgin Islands	-	219	-	-	-	219
	25	2,190	3,072	18	-	5,305
<b>Timing of services</b>						
At a point in time	-	-	2,982	-	-	2,982
Over time	25	2,190	90	18	-	2,323
	25	2,190	3,072	18	-	5,305

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

Six months ended 30 June 2022 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total revenue SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
<b>Primary geographical markets</b>						
Singapore	186	316	1,207	-	-	1,709
Malaysia	-	-	-	19	-	19
Australia	-	-	40	-	-	40
British Virgin Islands	-	220	-	-	-	220
	186	536	1,247	19	-	1,988
<b>Timing of services</b>						
At a point in time	153	-	1,207	-	-	1,360
Over time	33	536	40	19	-	628
	186	536	1,247	19	-	1,988

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

	Six months ended 30 June	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
<b>Revenue</b>		
Investment management:		
— SPV investment management fees	25	186
— Fund management fees	<b>2,190</b>	536
	<b>2,215</b>	722
Acquisitions and projects management fees	<b>3,072</b>	1,247
Property management and tenancy management fees	<b>18</b>	19
	<b>5,305</b>	1,988
<b>Other income and gains</b>		
Interest income from:		
— Bridging loans	<b>207</b>	295
— Fixed deposits	<b>58</b>	—
Corporate business service fees (Note ii)	<b>117</b>	247
Gain on disposal of property, plant and equipment	<b>69</b>	11
Government grants (Note i)	<b>16</b>	9
Foreign exchange differences, net	<b>—</b>	34
Others	<b>20</b>	—
	<b>487</b>	596

- (i) Government grants were received by certain subsidiaries and the Company in connection with employment of Singaporean and/or non-Singaporean workers under Wage Credit Scheme, Jobs Support Scheme, Government-Paid Leave Schemes and Special Employment Credit provided by the Singapore Government and employment of Australian workers under JobKeeper Payment Scheme provided by the Australia Government. There were no unfulfilled conditions or contingencies relating to these grants.
- (ii) Corporate business services rendered to external corporate clients by the Group. Services performed include reviewing and advising on financial reports and finance functions and processes, and making recommendations on areas of improvement to the corporate clients.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Auditor's remuneration	<b>64</b>	103
Dividend income from establishment shares included in SPV investment management fees and preference shares included in fund management fees	<b>(1,624)</b>	(153)
Foreign exchange differences, net	–	(34)
Professional fees	<b>52</b>	36
Impairment loss on trade receivables, net (Note 11)	<b>65</b>	177
Rental expense for short-term leases	<b>44</b>	188

## 6. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the effective tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Current income tax	<b>339</b>	–

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) for the period attributable to owners of the Company (S\$'000)	<b>1,438</b>	(533)
<b>Number of shares</b>		
Weighted average number of ordinary shares	<b>2,000,000,000</b>	2,000,000,000

## 8. DIVIDENDS

No dividend was paid or proposed by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: S\$Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with aggregate cost of S\$41,000 (six months ended 30 June 2022: S\$48,000) and disposed assets with net book value of S\$10,000 (six months ended 30 June 2022: S\$44,000). Depreciation on property, plant and equipment amounted to S\$52,000 (six months ended 30 June 2022: S\$45,000).

### Right-of-use assets

During the six months ended 30 June 2023 and 2022, there was no addition and disposal of right-of-use assets. Amortisation on right-of-use assets amounted to S\$123,000 (six months ended 30 June 2022: S\$Nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 10. INVESTMENT IN EQUITY SECURITIES AND INVESTMENT IN FUND ENTITIES

### Investment in equity securities

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
At fair value through other comprehensive income		
Unlisted equity shares, at fair value	<b>563</b>	522
Contractual rights over unlisted equity shares, at fair value	<b>197</b>	198
	<b>760</b>	720

During the six months ended 30 June 2023, the fair value change in respect of the Group's investment in equity securities recognised in other comprehensive income amounted to a gain of S\$13,000 (six months ended 30 June 2022: S\$34,000).

Investment in equity securities represent the establishment shares or contractual rights over the establishment shares to be awarded by the investors of Investment SPVs that the Group currently acts as a manager, as consideration for services rendered by the Group to the investors (that include independent third parties and the ultimate holding company) in relation to the establishment and incorporation of the Investment SPVs as real estate development investment structures. Through these Investment SPVs, the investors participate in real estate development projects by investing in convertible loans issued by the Investment SPVs.

Although the contractual rights over the establishment shares are earned by the Group upon the subscription of convertible loans in the Investment SPVs by the investors, the shares will only be received by the Group from the investors upon conversion of their convertible loans as and when the underlying real estate development project is substantially completed.

These financial assets have no fixed maturity date or coupon rate.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 10. INVESTMENT IN EQUITY SECURITIES AND INVESTMENT IN FUND ENTITIES (cont'd)

### Investment in equity securities (cont'd)

The Group receives dividend distributions from the Investment SPVs for the establishment shares it received from investors and as and when declared by the Investment SPVs. Such dividend distributions are included in the Group's SPV investment management fees (Note 4).

### Investment in fund entities

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
At fair value through other comprehensive income		
Unlisted equity shares, at fair value	<b>1,884</b>	1,897

During the six months ended 30 June 2023, the fair value change in respect of the Group's investment in fund entities recognised in other comprehensive income amounted to a loss of S\$13,000 (six months ended 30 June 2022: gain of S\$Nil).

During the year ended 31 December 2022, the Company invested in two development funds managed by the Group, ZACD Mount Emily Residential Development Fund ("**Mount Emily**") and ZACD (BBEC) Pte. Ltd. ("**BBEC**"). The respective subscription by the Company to the two development funds constitute 9.28% in Mount Emily and 5% in BBEC. During the year ended 31 December 2021, the Company invested in ZACD (Development4) Ltd. with an equity interest of 0.46%.

The above financial assets were designated as investment in fund entities and the maturity date would be dependent on the completion of the underlying project in which the development funds invest in. There is no coupon rate for these investments.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. TRADE RECEIVABLES

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Trade receivables	<b>4,430</b>	4,396
Less: Allowance for impairment losses	<b>(573)</b>	(508)
	<b>3,857</b>	3,888

Set out below is the movement in the allowance for impairment losses of trade receivables:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
At beginning of reporting period/year	<b>508</b>	331
Allowance for impairment losses	<b>65</b>	177
At end of reporting period/year	<b>573</b>	508

As at 30 June 2023, an allowance for impairment loss of S\$65,000 (31 December 2022: S\$177,000) was made against financial advisory fees receivables. Management has reassessed and make necessary impairment losses for irrecoverable amounts.

The Group's trading terms with its customers are mainly on credit settlement. The credit period is generally 30 days. The Group's dividend receivables are not governed by any credit terms. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. TRADE RECEIVABLES (cont'd)

An aged analysis of the trade receivables, other than receivables not yet invoiced and dividend receivables, as at the end of each reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (unaudited)
Within 1 month	<b>328</b>	668
1 to 2 months	<b>17</b>	19
2 to 3 months	<b>62</b>	1
Over 3 months	<b>3,450</b>	3,200
	<b>3,857</b>	3,888

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Neither past due nor impaired	<b>328</b>	668
Less than 1 month past due	<b>17</b>	19
1 to 3 months past due	<b>3,512</b>	3,201
	<b>3,857</b>	3,888

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. TRADE RECEIVABLES (cont'd)

Trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 30 June 2023 and 31 December 2022, the Group had the following trade receivables from related parties which are repayable on credit terms similar to those offered to major customers of the Group.

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Related parties*	<b>3,303</b>	3,427

\* Particulars of trade receivables due from related parties are as follows:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
ZACD LV Development Pte. Ltd.	<b>1,207</b>	1,207
Landmark JV Pte. Ltd.	<b>1,185</b>	1,185
ZACD (Development2) Ltd.	<b>702</b>	566
ZACD LV Development Fund	<b>161</b>	424
ZACD Mount Emily Residential Development Fund	<b>48</b>	45
	<b>3,303</b>	3,427

Relationships of the above related companies with the Group are set out in Note 20.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 12. CAPITALISED CONTRACT COSTS

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Capitalised incremental costs of obtaining contracts — commission costs paid to agents		
At beginning of reporting period/year	<b>464</b>	240
Additions	<b>15</b>	315
Amortisation	<b>(79)</b>	(91)
At end of reporting period/year	<b>400</b>	464

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
<b>Current:</b>		
Tender deposits, refundable <sup>(1)</sup>	<b>3,250</b>	–
Others	<b>319</b>	250
	<b>3,569</b>	250
<b>Non-current:</b>		
Others	<b>226</b>	237
At end of reporting period/year	<b>3,795</b>	487

(1) This relates to deposits made to a government agency for land tender in the normal course of business.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. LOANS AND RELATED RECEIVABLES

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
<b>Current</b>		
Bridging loans funded to:		
ZACD (Development4) Ltd.	<b>5,527</b>	5,527
ZACD LV Development Fund	<b>4,138</b>	7,153
ZACD (Development2) Ltd.	<b>1,800</b>	1,690
ZACD Mount Emily Residential Development Fund	<b>1,150</b>	–
	<b>12,615</b>	14,370
Interest receivables on loan to:		
ZACD LV Development Fund	<b>582</b>	440
ZACD (Development2) Ltd.	<b>165</b>	112
ZACD Mount Emily Residential Development Fund	<b>13</b>	–
	<b>760</b>	552
Less: Allowance for impairment losses	<b>(4,711)</b>	(4,711)
Loans and related receivables, net	<b>8,664</b>	10,211

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. LOANS AND RELATED RECEIVABLES (cont'd)

Set out below is the movement in the allowance for impairment losses of loans and related receivables:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
At beginning of reporting period/year	<b>4,711</b>	4,711

### (a) Bridging facility and advances to ZACD (Development4) Ltd.

Reference is made to the voluntary announcement dated 20 September 2019, the inside information and business update announcements dated 23 July 2020, 24 July 2020, 6 August 2020 and 23 August 2021 and the supplemental announcement dated 23 August 2021 of the Company in relation to ZACD Australia Hospitality Fund (the "Fund") and ZACD (Development4) Ltd. ("ZACD D4"), an indirect wholly-owned special purpose fund vehicle of the Company pursuant to the Transaction with respect to the Australia Hotel Portfolio (the "Announcements"). Unless otherwise defined, capitalised terms used in this report shall have the same meanings as those defined in the Announcements.

The Group previously provided an allowance for impairment loss on the bridging loan to ZACD D4 of S\$12,337,000 pursuant to the Transaction with respect to the Australia Hotel Portfolio as elaborated in the Group's Annual Results for the year ended 31 December 2020. Pursuant to the Deed of Settlement, the Fund had received a substantial portion of the settlement proceeds in September 2021. Accordingly, the impairment loss of S\$7,574,000 was reversed by the Group in 2021. The remaining amount of S\$816,000 is scheduled to be received in second half of 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. LOANS AND RELATED RECEIVABLES (cont'd)

### (b) Bridging facility to ZACD LV Development Fund

Reference is made to the announcement dated 17 December 2021 of the Company in relation to the establishment of a new fund for the tender success of a residential redevelopment site located at 6C and 6D Tanjong Rhu Road, Singapore (the "**La Ville Project**"). Following the successful tender of La Ville Project on 30 November 2021, the Group had made payments with respect to tender deposit and additional deposit pursuant to the tender terms, and stamp duties, totalling S\$11,610,000 as at 31 December 2021 on behalf of ZACD LV Development Pte. Ltd., the Development SPV of the La Ville Project.

On 1 February 2022, the Company entered into a S\$18,000,000 short term bridging facility agreement (the "**Facility**") with ZACD LV Development Fund (the "**Borrower**"), a sub-fund registered under ZACD Capital Partners VCC. The Borrower is a single-purpose closed-ended real estate private equity fund set up in the beginning of 2022 in connection with the redevelopment of the La Ville Project. The Company will be the sponsor of the fund by way of indirectly holding the nominal share capital of ZACD Capital Partners VCC, being the corporate entity of the fund. The fund will be managed by ZACD Capital Pte. Ltd..

The Company has agreed to grant the Facility to the Borrower for drawdown from time to time by the Borrower for purposes of facilitating the Borrower to participate in land parcel sales on La Ville Project and matters related and ancillary thereto. Any drawdown on the Facility is subject to an interest rate of six percent (6%) per annum or such other rate as agreed between the parties taking into account the then prevailing market rate of similar facilities arrangement. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

Each Facility drawdown shall have a tenure commencing on the date of drawdown and continue until such date as the parties may mutually agree in writing but shall not be later than the expiry date of the fund life.

As at 30 June 2023, S\$4,138,000 (31 December 2022: S\$7,153,000) has been drawdown on the Facility by the Borrower which bears interest at 6% per annum.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. LOANS AND RELATED RECEIVABLES (cont'd)

### (c) Bridging facility to ZACD (Development2) Ltd.

On 1 October 2021, the Company entered into a S\$1,600,000 short term bridging facility agreement (the "**Facility**") with ZACD (Development2) Ltd. (the "**Borrower**") with a supplemental on 1 June 2022 to increase the facility to S\$1,750,000 and another supplemental on 1 February 2023 to increase the facility to S\$2,000,000. The Borrower is the holding entity of a single-purpose closed-ended real estate private equity fund invested into the residential redevelopment located at 173 Chin Swee Road, Singapore 169878 (the "**Landmark Development**"). The Company is the sponsor of the fund by way of indirectly holding the nominal share capital of the Borrower, being the corporate entity of the fund. The fund is managed by ZACD Capital Pte. Ltd..

The Company granted the Facility to the Borrower for drawdown from time to time by the Borrower for the purposes of bridging the repayment of short term loans entered into by the Borrower with three third party lenders during 2020. Any drawdown on the Facility is subject to an interest rate of six percent (6%) per annum or such other rate as agreed between the parties taking into account the then prevailing market rate of similar facilities arrangement. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

Each Facility drawdown shall have a tenure commencing on the date of drawdown and continue until such date as the parties may mutually agree in writing but shall not be later than the expiry date of the fund life.

As at 30 June 2023, S\$1,800,000 (31 December 2022: S\$1,690,000) has been drawn down on the Facility by the Borrower which bears interest at 6% per annum.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. LOANS AND RELATED RECEIVABLES (cont'd)

### (d) Bridging facility to ZACD Mount Emily Residential Development Fund

During the financial period, the Company entered into a S\$1,400,000 short term bridging facility agreement (the "**Facility**") with ZACD Mount Emily Residential Development Fund (the "**Borrower**"), a sub-fund registered under ZACD Capital Partners VCC. The Borrower is a single-purpose closed-ended real estate private equity fund set up in connection with a residential redevelopment project located at 2, 2A and 2B Mount Emily Road Singapore 228484, 4, 4A and 4B Mount Emily Road Singapore 228486 and 6, 6A and 6B Mount Emily Road Singapore 228487 (collectively the "**Mount Emily Properties**"). The Company will be the sponsor of the fund by way of indirectly holding the nominal share capital of ZACD Capital Partners VCC, being the corporate entity of the fund. The fund will be managed by ZACD Capital Pte. Ltd..

The Company agreed to grant the Facility to the Borrower for drawdown from time to time by the Borrower for fund operational purpose. Any drawdown on the Facility is subject to an interest rate of six percent (6%) per annum or such other rate as agreed between the parties taking into account the then prevailing market rate of similar facilities arrangement. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

Each Facility drawdown shall have a tenure commencing on the date of drawdown and continue until such date as the parties may mutually agree in writing but shall not be later than the expiry date of the fund life.

As at 30 June 2023, S\$1,150,000 (31 December 2022: S\$Nil) has been drawn down on the Facility by the Borrower which bears interest at 6% per annum.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 15. CASH AND CASH EQUIVALENTS

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Cash at banks	<b>5,066</b>	7,661
Fixed deposits	<b>4,380</b>	–
Cash and cash equivalents	<b>9,446</b>	7,661

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and bank balances denominated in foreign currencies are as follows:

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Hong Kong dollar (HKD)	<b>36</b>	207
Australia dollar (AUD)	<b>258</b>	360

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 16. BANK BORROWING

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
<b>Temporary bridging loan, unsecured:</b>		
— Current	<b>755</b>	747
— Non-current	<b>979</b>	1,357
Total bank borrowing	<b>1,734</b>	2,104

### Temporary Bridging Loan

This is related to the 5-year Temporary Bridging Loan (“TBL”) secured under the Enterprise Financing Scheme (“EFS”).

The interest rate is fixed at 3.0% per annum or such other rate as may be approved by Enterprise Singapore under EFS.

The TBL is repayable over 60 monthly instalments with interest rate set out above and on the aggregate amount of the TBL that has been disbursed. For the first 12 monthly instalments commencing one month from the date of first drawdown which was in September 2020, only interest is serviced. Thereafter, the monthly instalment payments (comprising principal and interest) shall commence one month from the due date of the last monthly interest payment. The monthly instalment payments is calculated based on the outstanding TBL amount over the remaining tenor of the TBL at the applicable interest rate.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. LEASE LIABILITIES

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
<b>Leases for office properties</b>		
— Current	<b>260</b>	250
— Non-current	<b>298</b>	432
Total lease liabilities	<b>558</b>	682

## 18. FINANCIAL DERIVATIVE

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Fair value of financial derivative	<b>1,254</b>	1,362

Reference is made to the announcement dated 28 December 2022 where the Company had granted a put option to an investor, Top Global Limited (“TGL”) subscribing in ZACD LV Development Fund where TGL has the option to require the Company to purchase all of TGL’s outstanding loan interest or participating shares in the fund. The put option is exercisable by TGL in the following manner:

- (a) within one month from the fourth anniversary from 4 January 2023; or
- (b) if there has been a breach by ZACD Investments Pte. Ltd. of its obligations and undertakings under the deed of undertaking between ZACD Investments Pte. Ltd. and TGL; or
- (c) if there has been a breach by the Controlling Shareholders of their obligations and undertakings under the deed of undertaking between the Controlling Shareholders and TGL.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 18. FINANCIAL DERIVATIVE (cont'd)

Following the grant of the put option by the Company, the fair value loss of S\$1,362,000 was recognised as the premium price of the put option granted to TGL in 2022.

During the current financial period, fair value gain of S\$108,000 (six months ended 30 June 2022: S\$Nil) was recognised in the profit or loss upon reassessment of the fair value of the put option as of period end.

## 19. SHARE CAPITAL

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
<b>Issued and paid up capital:</b>		
2,000,000,000 ordinary shares	<b>29,866</b>	29,866

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS

### (a) Related parties

<b>Name of related companies</b>	<b>Relationship with the Company or the Group</b>
<b>Investment SPVs:</b>	
ZACD (Woodlands12) Pte. Ltd. ("Woodlands12")	Woodlands12 is 19.6% owned by the ultimate holding company.
ZACD (Woodlands) Pte. Ltd. ("Woodlands")	Woodlands is a 24.0%-owned associate of the ultimate holding company.
ZACD (CCK) Pte. Ltd. ("CCK")	CCK is a 22.0%-owned associate of the ultimate holding company.
ZACD (Punggol Central) Pte. Ltd. ("Punggol Central")	Punggol Central is 17.3% owned by the Group.
ZACD (Anchorvale) Pte. Ltd. ("Anchorvale")	Anchorvale is 12.7% owned by the ultimate holding company.
ZACD (Punggol Field) Pte. Ltd. ("Punggol Field")	Punggol Field is a 21.8%-owned associate of the ultimate holding company.
ZACD (Woodlands3) Pte. Ltd. ("Woodlands3")	Woodlands3 is 15.2% owned by the ultimate holding company.
<b>Development SPVs:</b>	
ZACD LV Development Pte. Ltd. ("ZACD LV")	ZACD LV is 75.0% owned by ZACD LV Fund. One of the key management personnel of the Group is a key management personnel of ZACD LV.
Landmark JV Pte. Ltd. ("Landmark JV")	Landmark JV is 39.2% owned by Development2. One of the key management personnel of the Group is a key management personnel of Landmark JV.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (cont'd)

### (a) Related parties (cont'd)

Name of related companies	Relationship with the Company or the Group
Mandai 7 JV Pte. Ltd. ("Mandai JV")	Mandai JV is 60.0% owned by Mandai. One of the key management personnel of the Group is a key management personnel of Mandai JV.
ZACD Property Pte. Ltd. ("ZACD Property")	ZACD Property is wholly owned by ZACD Mount Emily Residential Development Fund and one of the key management personnel of the Group is a key management personnel of ZACD Property.
<b>Private funds managed by the Group:</b>	
ZACD (BBW6) Ltd. ("BBW6")	BBW6 is managed by the Group and the Controlling Shareholders are key management personnel of BBW6.
ZACD (Shunfu) Ltd. ("Shunfu")	Shunfu is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu.
ZACD (Shunfu2) Ltd. ("Shunfu2")	Shunfu2 is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu2.
ZACD (Development2) Ltd. ("Development2")	Development2 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development2.
ZACD (Mandai) Ltd. ("Mandai")	Mandai is managed by the Group and one of the key management personnel of the Group is a key management personnel of Mandai.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (cont'd)

### (a) Related parties (cont'd)

<b>Name of related companies</b>	<b>Relationship with the Company or the Group</b>
ZACD (Development4) Ltd. ("Development4")	Development4 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development4.
ZACD LV Development Fund ("ZACD LV Fund")	ZACD LV Fund is a registered sub-fund of ZACD Capital Partners VCC ("ZACD VCC") is managed by the Group and one of the key management personnel of the Group is a key management personnel of ZACD VCC.
ZACD Mount Emily Residential Development Fund ("ZACD Mount Emily")	ZACD Mount Emily is a registered sub-fund of ZACD VCC is managed by the Group and one of the key management personnel of the Group is a key management personnel of ZACD VCC.
<b>Common control of the controlling shareholders:</b>	
Creo Adworld Pte. Ltd. ("Creo Adworld")	Creo Adworld is controlled by the controlling shareholders who are also the directors of the Company.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (cont'd)

### (b) Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2023 and 2022:

	Note	Six months ended 30 June	
		2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Investment management — dividend income:	(i)		
ZACD (Mandai) Ltd.		1,624	–
ZACD (Woodlands12) Pte. Ltd.		–	153
		<b>1,624</b>	153
Investment management — fund management fees:	(ii)		
ZACD (Mandai) Ltd.		78	85
ZACD (Development2) Ltd.		61	61
ZACD LV Development Pte. Ltd.		39	–
ZACD (BBEC) Pte. Ltd.		21	–
ZACD Mount Emily Residential Development Fund		19	–
		<b>218</b>	146

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (cont'd)

### (b) Related party transactions (cont'd)

		<b>Six months ended</b>	
		<b>30 June</b>	
	Note	<b>2023</b>	2022
		<b>S\$'000</b>	S\$'000
		<b>(unaudited)</b>	(unaudited)
Acquisitions and projects management fees:	(iii)		
Mandai 7 JV Pte. Ltd.		<b>2,982</b>	–
ZACD LV Development Pte. Ltd.		–	1,207
		<b>2,982</b>	1,207
Staff cost expenses:	(iv)		
ZACD Investments Pte. Ltd.	(1)	–	38
Marketing expenses:	(v)		
Creo Adworld Pte. Ltd.	(1)	<b>36</b>	18
Office and transport expenses:	(vi)		
ZACD Investments Pte. Ltd.	(1)	<b>30</b>	30

Notes:

- (i) The dividend income was derived from the establishment shares of the Investment SPVs or from the preference shares of the fund vehicles when the Group's right to receive payment is established.
- For Investment SPVs, the Group holds the Establishment Shares received from investors to remunerate its SPV investment management services provided, through dividend distribution from the relevant Investment SPVs under the convertible loan structure. Under the trust structure, the Group derives performance fees from the profits made by the investors through dividend distribution received by the Group's ultimate holding company on behalf of investors.
  - For Fund Structure, the Group is entitled to performance fees based on a percentage of return on equity distributed to the investors, and/or upon divestment of all investments in the fund or termination of the fund, whichever is earlier, through dividends on redeemable preference shares issued to the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (cont'd)

### (b) Related party transactions (cont'd)

Notes: (cont'd)

- (ii) The fund management income included fund establishment fee and fund management fees and was related to the fund management services rendered by the Group. The fees were determined at terms stipulated in the respective service contracts.
- (iii) Acquisitions and projects management fee income was related to acquisitions and projects management rendered by the Group to these related parties who are real estate developers. The fees were determined at terms stipulated in the respective service contracts.
- (iv) The staff cost expense was related to secondment services rendered by the ultimate holding company and was charged at terms mutually agreed between the relevant parties.
- (v) The marketing expense was related to full scope of marketing and communication services rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (vi) The office and transport expense was related to administrative services performed and general use of driver and company car provided by the ultimate holding company and was charged at terms mutually agreed between the relevant parties.

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

- (1) The related party transactions fall under the definition of continuing connected transactions and has complied with disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 21. COMMITMENTS

Reference is made to the announcement dated 28 December 2022 where the Company had granted a put option to an investor, TGL subscribing in ZACD LV Development Fund (Note 18). On the same day, the Company and TGL entered into an arrangement pursuant to which the Company will pay TGL a coupon payment at the rate of 8% per annum on the amount of TGL's capital contribution to ZACD LV Development Fund less fee rebates given to TGL, payable quarterly in arrears commencing from 4 January 2023 (the "**TGL Drawdown Date**") and shall continue until the fourth anniversary of the TGL Drawdown Date (the "**Coupon Tenure**"). The total coupon payments aggregate to S\$1,920,000 for the Coupon Tenure, of which 2 coupon payment of S\$120,000 has been made to TGL as of the date of this report.

At the end of the period, other than those disclosed in the report, the Group had no other significant commitments.

## 22. FINANCIAL GUARANTEES

### (a) La Ville Development

On 27 June 2022, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$129,086,250 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 6C and 6D Tanjong Rhu Road, Singapore (the "**La Ville Development**"). This amount represents 75.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of ZACD LV Development Fund (the "**LV Development Fund**"), a sub-fund registered under ZACD Capital Partners VCC, by way of indirectly holding the nominal share capital of the corporate entity of LV Development Fund, is required by the security agents to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development charge, construction cost and related development costs of the La Ville Development. LV Development Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 22. FINANCIAL GUARANTEES (cont'd)

### (b) BBEC Development

On 15 June 2022, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$29,980,000 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential real estate project located at Bukit Batok West Avenue 8, Singapore (the "**BBEC Development**"). This amount represents 10.0% of the total liabilities of the underlying Development SPV under a facility agreement in proportion of the shareholding of ZACD (BBEC) Pte. Ltd. (the "**BBEC Fund**") in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the BBEC Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBEC Fund, are required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the BBEC Development. BBEC Fund are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

### (c) Mount Emily Properties

On 22 June 2021, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$19,253,107 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 2, 4 and 6 Mount Emily Road Singapore (the "**Mount Emily Properties**"). This amount represents the total liabilities of the underlying Development SPV under the facilities agreements in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of ZACD Mount Emily Residential Development Fund (the "**Mount Emily Fund**"), a sub-fund registered under ZACD Capital Partners VCC, by way of indirectly holding the nominal share capital of the corporate entity of Mount Emily Fund, is required by the security agents to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, construction cost and related development costs of the Mount Emily Properties. Mount Emily Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 22. FINANCIAL GUARANTEES (cont'd)

### (d) Mandai Development

On 20 March 2020, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$28,985,400 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to an industrial development project located at 7 Mandai Estate, Singapore (the "**Mandai Development**"). This amount represents 60.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Mandai) Ltd. (the "**Mandai Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the Mandai Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the Mandai Development. Mandai Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

### (e) Landmark Development

On 7 August 2019, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$150,744,796 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 173 Chin Swee Road, Singapore (the "**Landmark Development**"). This amount represents 39.2% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Development2) Ltd. (the "**LT Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the LT Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, differential premium, construction cost and related development costs of the Landmark Development. LT Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 23. CONTINGENT LIABILITIES

### ZACD Australia Hospitality Fund and ZACD US Fund

Reference is made to the inside information and business update announcement dated 23 August 2021 in relation to ZACD Australia Hospitality Fund (the “**Fund**”) and ZACD (Development4) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company for the Fund, and the relevant previous announcements as referred to therein (collectively, the “**Announcements**”). Pursuant to the Deed of Settlement, ZACD Australia Hospitality Fund received a substantial portion of the settlement proceeds according to the settlement schedule from the Defendants in September 2021. While the dispute between the Company, ZACD (Development4) Ltd. and the Defendants has been settled amicably, the Company is currently working with our lawyers in other recovery actions against iProsperity Group and its administrators to recover the remaining shortfall of the exposure by the Fund pursuant to the incident.

Subsequent to the Transaction with respect to the Australia Hotel Portfolio in early 2020, the Group was in the midst of setting up a separate investment fund to invest US\$10.0 million (“**ZACD US Fund**”) in a US hotel acquisition led by iProsperity Group. The deposit of US\$10.0 million for this acquisition was funded by ZACD US Fund as a bridging loan to iProsperity Group to fulfil its payment obligation of the deposit for the acquisition and shall be refunded by iProsperity Group if the acquisition fails to complete (the “**US Hotel Transaction**”). This US\$10 million deposit payment was in turn funded by an anchor investor through a bridging loan to ZACD US Fund as part of his early commitment to the fund and upon setup of the ZACD US Fund, US\$5 million will be converted into equity in the ZACD US Fund and US\$5.0 million will be repaid by ZACD US Fund to the anchor investor. The Company is currently working with our lawyers to pursue various recovery options against iProsperity Group and its administrators to recover this deposit.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 23. CONTINGENT LIABILITIES (cont'd)

### **ZACD Australia Hospitality Fund and ZACD US Fund** (cont'd)

Further external counsels are of the opinion, having studied the circumstances and documents surrounding the incidents of the ZACD Australia Hospitality Fund and the ZACD US Fund, that there exists no evidence of any negligence, fraud or dishonesty whatsoever on the part of the Group or any officer of the Company and its involved subsidiaries. Therefore, no provision for this contingent liability has been made in the Group's financial statements as at 30 June 2023 and 31 December 2022.

On the 5 May 2023, the Company received a letter before action on a monetary claim by an independent investor. Reference is made to the business update announcement dated 18 May 2023. The Company is of the view that the claim has no merit and has instructed the legal advisers on defending the matter.

As at 30 June 2023, legal fees incurred in relation to legal actions taken against the Defendants and iProsperity Group amounted to S\$1,405,000 (31 December 2022: S\$1,292,000) where S\$1,320,000 (31 December 2022: S\$1,210,000) had been borne by ZACD Australia Hospitality Fund, and S\$82,000 (31 December 2022: S\$82,000) had been expensed off in the previous years. No amount was charged into the profit or loss during the current period.

Other than as disclosed above, the Group did not have any contingent liabilities at the end of each of the reporting periods.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2023 and 31 December 2022 are as follows:

### 30 June 2023 (unaudited)

#### *Financial assets*

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in equity securities	760	–	760
Investment in fund entities	1,884	–	1,884
Trade receivables	–	3,857	3,857
Financial assets included in prepayments, deposits and other receivables	–	3,687	3,687
Amount due from ultimate holding company	–	5	5
Amounts due from related parties	–	1,599	1,599
Loans and related receivables	–	8,664	8,664
Cash and cash equivalents	–	9,446	9,446
	<b>2,644</b>	<b>27,258</b>	<b>29,902</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 24. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

30 June 2023 (unaudited) (cont'd)

### *Financial liabilities*

	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000
Financial derivative	1,254	–	1,254
Financial liabilities included in other payables and accruals	–	2,419	2,419
Lease liabilities	–	558	558
Amounts due to related parties	–	2,009	2,009
Bank borrowing	–	1,734	1,734
	<b>1,254</b>	<b>6,720</b>	<b>7,974</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 24. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

### 31 December 2022 (audited)

#### *Financial assets*

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in equity securities	720	–	720
Investment in fund entities	1,897	–	1,897
Trade receivables	–	3,888	3,888
Financial assets included in prepayments, deposits and other receivables	–	317	317
Amount due from ultimate holding company	–	4	4
Amounts due from related parties	–	1,252	1,252
Loans and related receivables	–	10,211	10,211
Cash and cash equivalents	–	7,661	7,661
	2,617	23,333	25,950

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 24. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2022 (audited) (cont'd)

### *Financial liabilities*

	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000
Financial derivative	1,362	–	1,362
Financial liabilities included in other payables and accruals	–	1,630	1,630
Lease liabilities	–	682	682
Amounts due to related parties	–	224	224
Bank borrowing	–	2,104	2,104
	1,362	4,640	6,002

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### **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 assessed that the fair values of trade receivables, loans and related receivables, balances with the ultimate holding company and related parties, cash and cash equivalents, the financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in trade payables and other payables and accruals, included in the interim condensed statement of financial position, approximate their carrying amounts largely due to the short term maturities of these instruments. Non-current portion of financial liabilities included in other payables and accruals reasonably approximate their fair values as the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

Loans and related receivables approximate fair values as the interest rate approximate market interest rate.

The fair values of non-current portion of financial assets included in prepayments, deposits and other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, the fair values approximate their carrying amounts because the effect of discounting is not material.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

### **Fair value of financial instruments that are carried at fair value**

The fair values of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the unlisted investment in equity securities and fund entities have been estimated using a DCF valuation model and is valued under Level 3 of the fair value hierarchy. The valuation requires management to make certain assumptions about the model inputs, including the input base uncertainty as further explained below. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The fair value of the financial derivative has been estimated using a Black Scholes Model valuation technique and is valued under Level 3 of the fair value hierarchy. The valuation requires management to make certain estimates on the model inputs, including the volatility on the selling price of the project as further explained in the sensitivity analysis below. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this financial derivative.

Below is a summary of significant unobservable inputs to the valuation of unlisted investment in equity securities and fund entities, and financial derivative together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

### Fair value of financial instruments that are carried at fair value (cont'd)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022 and 30 June 2023:

#### At 30 June 2023 (unaudited)

	Valuation technique	Significant unobservable input	Range of uncertainty discount	Sensitivity of fair value to the input
Unlisted investment in equity securities	Discounted cash flow method	Input base uncertainty for projected cash flows	68%–96%	Decrease by 10 percentage points would not result in changes in fair value.  Increase by 18 percentage points would result in decrease in fair value by S\$30,000.
Unlisted investment in fund entities	Discounted cash flow method	Input base uncertainty for projected cash flows (Note A)	46%–60%	Decrease by 10 percentage points would result in increase in fair value by S\$31,000.  Increase by 18 percentage points would result in decrease in fair value by S\$36,000.
Financial derivative	Black Scholes model	Volatility on the selling price of the project (Note B)	30%–50%	Decrease by 10 percentage points would result in decrease in fair value by S\$401,000.  Increase by 10 percentage points would result in increase in fair value by S\$392,000.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

**Fair value of financial instruments that are carried at fair value** (cont'd)

**At 31 December 2022 (audited)**

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investment in equity securities	Discounted cash flow method	Input base uncertainty for projected cash flows (Note A)	68%–96%	Decrease by 10 percentage points would not result in changes in fair value.  Increase by 18 percentage points would result in decrease in fair value by S\$23,000.
Unlisted investment in fund entities	Discounted cash flow method	Input base uncertainty for projected cash flows (Note A)	46%–60%	Decrease by 10 percentage points would result in increase in fair value by S\$31,000.  Increase by 18 percentage points would result in decrease in fair value by S\$36,000
Financial derivative	Black Scholes model	Volatility on the selling price of the project (Note B)	30%–50%	Decrease by 10 percentage points would result in decrease in fair value by S\$427,000.  Increase by 10 percentage points would result in increase in fair value by S\$415,000.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

### Fair value of financial instruments that are carried at fair value (cont'd)

Note A Input base uncertainty for projected cash flows refers to the uncertainty discount that has been applied with respect to cash flow forecasts estimated by management on the payout of dividend from the Development SPV that the Investment SPVs invest in, which is directly related to the sale progress of individual underlying real estate development project as of each reporting date. There were key milestones in the underlying real estate development project which are significant in the determination of the uncertainty discount in the DCF model, including (i) sales units are not largely sold; (ii) sales units are largely sold but has not obtained temporary occupation permit ("TOP"); and (iii) sales units are largely sold and obtained TOP.

The cash flows vary significantly at different stages given the dynamic market conditions and uncertainty over sales progress. The more advanced the sales progress of individual underlying real estate development project, the lower the uncertainty discount applied is in the DCF model, and vice versa. The sensitivity of fair value to the uncertainty discount rate used is reflective of the high degree of variability of cash flows in underlying real estate development projects used in the valuation of the investment in equity securities and fund entities.

Note B Volatility on the selling price of the project is computed based on comparable new properties' price per square foot in the same district.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>30 June 2023 (unaudited)</b>				
Investment in equity securities	-	-	760	760
Investment in fund entities	-	-	1,884	1,884
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>31 December 2022 (audited)</b>				
Investment in equity securities	-	-	720	720
Investment in fund entities	-	-	1,897	1,897

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

**Fair value hierarchy** (cont'd)

**Liabilities measured at fair value:**

	Fair value measurement using			Total S\$'000
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	
<b>30 June 2023 (unaudited)</b>				
Financial derivative	-	-	1,254	1,254
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>31 December 2022 (audited)</b>				
Financial derivative	-	-	1,362	1,362

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

The movements in fair value measurements within Level 3 during the reporting periods ended 31 December 2022 and 30 June 2023 are as follows:

	<b>Group</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(audited)
<b>Investment in equity securities — unlisted:</b>		
At beginning of reporting period/year	<b>720</b>	1,188
Total income/(loss) recognised in other comprehensive income/(loss)	<b>40</b>	(468)
At end of reporting period/year	<b>760</b>	720
<b>Investment in fund entities — unlisted:</b>		
At beginning of reporting period/year	<b>1,897</b>	9
Additions	–	1,475
Total income/(loss) recognised in other comprehensive income/(loss)	<b>(13)</b>	413
At end of reporting period/year	<b>1,884</b>	1,897
	<b>2,644</b>	2,617
<b>Financial derivative</b>		
At beginning of reporting period/year	<b>1,362</b>	–
Total income/(loss) recognised in other comprehensive income/(loss)	<b>(108)</b>	1,362
At end of reporting period/year	<b>1,254</b>	1,362

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## **25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (cont'd)

During the reporting periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities. Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

## **26. AUTHORISATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE**

The interim condensed consolidated financial statements for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors passed on 8 August 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the six months ended 30 June 2023. All amounts are expressed in Singapore Dollars unless otherwise stated.

The Group’s MD&A is divided into the following sections:

- (1) Executive Overview;
- (2) Financial Review and Business Review;
- (3) Net Assets;
- (4) Liquidity and Capital Resources;
- (5) Other Matters; and
- (6) Business Outlook

## 1. EXECUTIVE OVERVIEW

ZACD is an integrated asset manager headquartered in Singapore that offers solutions across the real estate value chain in Singapore and the Asia-Pacific region. In general, the Group strategically focused on the two core businesses of “Investment Management” and “Acquisitions and Project Management”. For Investment Management, the Group is fixated at carrying out fund management works in terms of fundraising, investment, management and exit, etc. For Acquisitions and Project Management, the Group has built credible track record in managing end-to-end activities in real estate development cycle, from identifying quality real estate assets, acquisition, development, sales, operations and hand over or exit, etc.

Today, the Group managed a total of 23 investment structures under the PE structures and fund structures over 22 real estate projects and assets in Singapore, Malaysia, Indonesia, Australia and Hong Kong. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is also currently providing corporate support and fund administration services to a family office with an assets-under-management of approximately US\$100 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the past two years, the Group's investment activities and our on-going real estate development activities were inevitably slowed down by the complex and volatile macro environment. Since mid-2022, the economy has embarked on a path of steady recovery. The Group responded quickly in resuming investment activities and speeding up our on-going real estate development activities.

As a result, the Group successfully completed and handed over a commercial project in the first half of 2023, leading to higher revenue derived from project management fee and fund performance fee, with revenue and net earnings of S\$5.31 million and S\$1.44 million.

## 2. FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit of S\$1.44 million for the Review Period as opposed to a net loss of S\$0.53 million for Previous Period, representing an increase in net results of S\$1.97 million or 369.8%.

The Group remained profitable for the second consecutive quarter for the period ending 31 December 2023, attributable to better performance from Fund Management and Acquisition and Project Management segments.

The improvement in earnings was mainly attributable to the increase in revenue by S\$3.32 million, partially offset by the increases in staff costs by S\$0.83 million, income tax expense by S\$0.34 million and interest expense by S\$0.24 million.

### 2.1 Revenue

The revenue of the Group increased by S\$3.32 million or 166.9% from S\$1.99 million for the Previous Period to S\$5.31 million for the Review Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The increase was mainly attributable to project management fee of S\$2.98 million earned from a developer SPV upon substantial completion of a development project and dividend income of S\$1.62 million received as part of carried interest fee from a real estate fund managed by the Group in the Review Period. The increase was partially offset the absence of project acquisition fee of S\$1.27 million earned upon acquisition of the La Ville site in June 2022.

The following table sets forth the breakdown of our operating segment information for the Previous Period and Review Period:

Period ended	Investment management		Acquisitions and project management	Property	Financial advisory	Total
	SPV investment management	Fund management		management and tenancy management		
30 June 2023 (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Segment revenue</b>						
External customers	25	2,190	3,072	18	-	5,305
<b>Segment results</b>	(62)	1,496	2,324	6	(144)	3,620
<i>Reconciliation:</i>						
Other income and gains						487
Fair value gain on financial derivative						108
Corporate and unallocated expenses						(2,438)
Profit before tax						1,777



## MANAGEMENT DISCUSSION AND ANALYSIS

Period ended 30 June 2022 (unaudited)	Investment management		Acquisitions and project management SS'000	Property management and tenancy management SS'000	Financial advisory SS'000	Total SS'000
	SPV investment management SS'000	Fund management SS'000				
<b>Segment revenue</b>						
External customers	186	536	1,247	19	-	1,988
<b>Segment results</b>	78	34	596	-	(268)	440
<i>Reconciliation:</i>						
Other income and gains						596
Corporate and unallocated expenses						(1,569)
Loss before tax						(533)

### (a) *Investment Management Services*

#### (i) *SPV investment management*

The revenue decreased from S\$0.19 million for the Previous Period to S\$0.03 million for the Review Period, representing a decrease of S\$0.16 million or 86.6%. The decrease was mainly due to absence of dividend income from the establishment shares included in the SPV investment management fees for the Review Period, where an amount of S\$0.15 million was earned in the Previous Period.

The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *(ii) Fund management*

The revenue increased from S\$0.54 million for the Previous Period to S\$2.19 million for the Review Period, representing an increase of S\$1.65 million or 308.6%. The increase was mainly due to dividend income of S\$1.62 million derived from the carried interest fee from a real estate fund managed by the Group in the Review Period.

There was no significant change in the number of fund structures and assets under management in the Previous Period and the Review Period. Excluding the dividend income above, revenue from fund management would have remained relatively similar to the Previous Period at S\$0.54 million.

### **(b) Acquisitions and Projects Management Services**

The revenue increased from S\$1.25 million for the Previous Period to S\$3.07 million for the Review Period, representing an increase of S\$1.82 million or 146.4%. The increase was mainly attributable to the project management fee of S\$2.98 million earned from a developer SPV upon substantial completion of a development project in 2023. The increase was partially offset the absence of project acquisition fee of S\$1.27 million earned from the developer SPV following the Group's efforts to secure and complete the acquisition of the freehold site at La Ville for residential redevelopment purpose in June 2022.

### **(c) Property Management and Tenancy Management Services**

Revenue from property management and tenancy management services would have remained relatively constant at S\$0.02 million for both Review and Review Periods.

# MANAGEMENT DISCUSSION AND ANALYSIS

Reference is made to the voluntary announcement dated 28 December 2020 with respect to the strategic move on the property management business segment from managing the residential and industrial properties to government and international projects in order to generate better income for the Group. Since the strategic re-alignment of this business segment, there has not been new contracts entered as the Group is still evaluating the strategic direction of this business segment.

## **(d) Financial Advisory Services**

Reference is made to the voluntary announcement dated 30 November 2021 where the Board resolved to cease the SFC Regulated Activities.

Since the cessation, there has not been new advisory mandates entered. The Group will closely monitor the COVID-19 post-pandemic situation and may consider recommencing this business activity if the business climate changes for the better. The Group continues to focus on the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

Other notable items are further elaborated as follows:

## **2.2 Other income and gains**

Other income and gains decreased from S\$0.56 million for the Previous Period to S\$0.49 million for the Review Period, representing a decrease of S\$0.07 million or 18.2%. The decrease was mainly due to the decrease in interest income derived from the bridging loans extended to the fund structures managed by the Group by S\$0.09 million and lower income from ad-hoc short-term corporate services provided to external corporate clients by S\$0.13 million. The decrease is partially offset by an increase in fixed deposit interest income by S\$0.06 million and gain in disposal of property, plant and equipment amounting to S\$0.07 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2.3 Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs increased from S\$2.00 million for the Previous Period to S\$2.83 million for the Review Period, representing an increase of S\$0.83 million or 41.5%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and net earnings in the Review Period.

As at the end of Review Period, the Group had 34 employees as compared to 33 as at the end of Previous Period. Staff costs remains the single biggest cost element of the Group, contributing 81% (Six months ended 30 June 2022: 71%) of the Group's total expenses. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonuses may be granted to eligible staff depending on the Group's achievements as well as the individual's performance.

## 2.4 Impairment loss on financial assets

An additional allowance for impairment loss of S\$0.08 million was recognised on the Group's trade receivables in respect of the financial advisory business segment during the Review Period, compared to S\$0.18 million allowance in the Previous Period. Management will continue to assess the adequacy of expected credit loss allowance and make necessary loss allowance for irrecoverable amounts.

## 2.5 Other expenses, net

Other expenses, net decreased by S\$0.11 million or 14.1% from S\$0.78 million for the Previous Period to S\$0.67 million for the Review Period. The decrease was mainly due to Singapore office rental being recognised under "Amortisation of right-of-use asset" line item upon the commencement of the lease in August 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2.6 Interest expenses

Interest expenses increased from S\$0.04 million for the Previous Period to S\$0.29 million for the Review Period, representing an increase of S\$0.24 million or 578.6%. This increase was mainly due to coupon payments payable to an investor, Top Global Limited (“TGL”), during the Review Period. Please refer to Note 18 Financial derivative in the notes to the interim condensed consolidated financial information.

## 2.7 Income tax expense

During the Review Period, Singapore profits tax of S\$0.34 million has been provided on the estimated assessable profits arising in Singapore at a rate of 17%. No provision for tax was made in the Previous Period as the Group was in a tax loss position.

## 3. NET ASSETS

As at 30 June 2023, the Group’s total assets amounted to S\$31.14 million (2022: S\$27.45 million) with net assets amounting to S\$22.40 million (2022: S\$20.95 million). The increase in net assets by S\$1.45 million was mainly due to the net profit generated for the Review Period. Net assets attributable to shareholders of the Company per share was 1.12 Singapore cents (31 December 2022: 1.05 Singapore cents, calculated as net assets divided by total number of issued shares as at period end).

## 4. LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent financial management approach towards its treasury policy to ensure that the Group is positioned to achieve its business objectives and strategies and this maintained a healthy liquidity position throughout the financial period. The Group’s financing risk management, financing and treasury activities are centrally managed and controlled at the corporate level.

As part of working capital management, Management regularly reviews the recoverable amount of trade receivables through periodic credit assessments on a case-by-case basis, monitoring prompt recovery and setting out recovery procedures for any doubtful debt. Management will then assess and make adequate impairment losses for irrecoverable amounts if necessary. Trade receivables that were past due but not impaired relate to a number of customers with sizable business operations, long business relationship and/or good track record with the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 4.1 Cash and cash equivalents

The Group's operations were financed principally by the available bank balances, internally generated operating cashflows and bank facilities.

Cash and cash equivalents amounted to S\$9.45 million and S\$7.66 million as at 30 June 2023 and 31 December 2022 respectively, which were placed with major banks in Singapore, Hong Kong and Australia. All deposits are placed with banks carrying strong credit ratings with appropriate credit limits assigned relative to their credit strength, and are regularly monitored for exposures to each financial counterparty. The Group's foreign exchange exposure is small given both its large asset base and operational cash flows are mostly transacted in Singapore Dollar.

The increase in cash and cash equivalents by S\$1.80 million was mainly attributable to net cash flows generated from investing and financing activities of S\$1.51 million and S\$1.13 million during the Review Period, respectively. This was partially offset by net cash flows used in operating activities of S\$0.83 million. The negative operating cashflows was mainly due to the placement of tender deposits of S\$3.25 million towards the end of June 2023. Excluding this, the Group would have been in positive operating cash flows of S\$2.42 million for the Review Period.

## 4.2 Bank borrowings and gearing ratio

As at 30 June 2023, the Group was in a net cash position of S\$7.15 million (2022: S\$4.88 million), with bank borrowings (inclusive of lease liabilities) amounted to S\$2.29 million (2022: S\$2.79 million). The gearing ratio of the Group, calculated based on the Group's total bank borrowings divided by total equity, was 10.2% (2022: 13.3%).

	<b>30 June 2023 S\$'000 (unaudited)</b>	31 December 2022 S\$'000 (audited)
Bank borrowings and lease liabilities	<b>2,292</b>	2,786
Less: Cash and cash equivalents	<b>(9,446)</b>	(7,661)
Net cash	<b>7,154</b>	4,875

# MANAGEMENT DISCUSSION AND ANALYSIS

## 5. OTHER MATTERS

### 5.1 Charges on assets

As at 30 June 2023, the Group did not have any charges on assets.

### 5.2 Financial guarantees

Please refer to Note 22 Financial guarantees in the notes to the interim condensed consolidated financial information.

### 5.3 Contingent liabilities

Please refer to Note 23 Contingent liabilities in the notes to the interim condensed consolidated financial information.

### 5.4 Commitments

Please refer to Note 21 Commitments in the notes to the interim condensed consolidated financial information.

### 5.5 Dividends

No dividend was paid or proposed by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### 5.6 Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the "**Share Option Scheme**") under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 30 June 2023.

### 5.7 Events after The Reporting Period

Saved as disclosed elsewhere in this announcement, no significant event that would materially affect the Group's operating and financial performance took place subsequent to 30 June 2023 and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 6. BUSINESS OUTLOOK

Ministry of Trade and Industry (“**MTI**”) reported that the Singapore economy grew by 0.7% on a year-on-year (“**YoY**”) basis in the second quarter of 2023, faster than the 0.4% growth recorded in the previous quarter. According to URA’s flash estimates:

- (i) Private residential property price index declined on a quarter-on-quarter (“**QoQ**”) basis by 0.4% in the 2nd Quarter 2023 for the first time since 1st Quarter 2020, following a 3.3% gain in 1st Quarter 2023. The reason was due to price fall for non-landed properties. This can be attributed to the latest round of property cooling measures introduced in April 2023, which saw Additional Buyer’s Stamp Duty (“**ABSD**”) rates increase significantly, particularly targeting foreign investors.
- (ii) Sales volume increased in 2nd Quarter by about 16% on a QoQ basis despite the dip in prices, as the number of units launched for sale also rose. Nevertheless, it decreased by about 30% on a YoY basis.
- (iii) Construction sector grew by 6.6% year-on-year in the second quarter, extending the 6.9 % growth in the first quarter.

**Industrial market** — For the food factory project, Foodfab@Mandai, a freehold industrial project acquired by Mandai Fund, was awarded the Best Industrial Development by PropertyGuru Asia Property Awards Singapore 2022. The project is 100% sold and had achieved Temporary Occupation Permit (“**TOP**”) in April 2023. The project’s performance surpassed its initial return projection, a testament to the Group’s foresight in entering the food factory sector ahead of curve. Other industrial projects at West Connect and West Star had also been fully sold in the first half of 2023.

The Singapore industrial property market has been resilient due to tight supply and low vacancies. The Group will continue to actively source for high quality developments and assets in the industrial space.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Residential market** — On the residential front, Jadescape, the private residential project invested by the Shunfu Funds has achieved TOP in the last quarter of 2022. The Group is looking forward to receive a portion of performance fees in the later part of 2023.

The Landmark, another private residential project invested by the ZACD Landmark Fund, has seen constant sales over the past few months, with approximately 75% sold as of end June 2023.

The Group is also gearing up for the launch of 2 more new residential projects, namely, La Ville and Mount Emily, in the second half of 2023. The launch is expected to be well received on account of their location, pricing and other attributes. The Group is also looking forward to the launch of our Executive Condominium (“**EC**”) project at Bukit Batok West Ave 8 with our partner Qingjian Realty. The project is expected to generate immense interest as it is the first new EC launch in the western region of Singapore in years.

Looking forward, we will continue to look for more opportunistic assets and participate in upcoming tenders for residential and industrial sites to expand our investment offering. There are plans to expand globally and identify more opportunistic assets to diversify our investment offering and provide better returns to our investor clientele. In addition to expanding our real estate business the Group is working on expanding our investment advisory and property management services as well and is in advanced discussions to sign new contracts to this effect.

ZACD aims to maintain our unique heritage as a leading integrated asset manager in Singapore, with an expanded footprint in Asia Pacific and beyond. With our established track record of successful real estate fund investments in property development, we are poised for more joint venture opportunities with established developers and fund houses. Notwithstanding the above, the Group will continue to assess the potential uncertainties from the property cooling measures, inflationary pressures and rising interest rate.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2023 and up to the date of this report, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND LONG POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 30 June 2023, the interests and long positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	—	—
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	—	—
Mr. Chin	Our Company (Note 2)	Beneficial owner	30,000 ordinary shares	0.00% (Note 3)	—	—
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	—	—

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	—	—
Mr. Yeo/Ms. Sim	ZACD CRF (Woodlands) Pte. Ltd. (Note 4)	Interest in a controlled corporation	1,530 ordinary shares	51%	—	—
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 5)	Interest in a controlled corporation	2 ordinary shares	90%	168 ordinary shares	8,400%
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	90%	105 ordinary shares	5,250%
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	90%	61 ordinary shares	3,050%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 49% and 49% of the total issued capital of ZACD Investments Pte. Ltd. ("**ZACD Investments**") respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Patrick Chin Meng Liong ("**Mr. Chin**") is a Director of the Company.
3. Representing 0.0015% of the issued shares of the Company.
4. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments, which in turn holds 51% of the total issued capital of ZACD CRF (Woodlands) Pte. Ltd.. As such, both of them are deemed to be interested in 51% of the total issued shares of ZACD CRF (Woodlands) Pte. Ltd. directly held by ZACD Investments by virtue of the SFO.
5. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 February 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$2,000,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 19.40% of the enlarged issued capital of ZACD (Neew) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in the shares of ZACD (Neew) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew) Pte. Ltd. by virtue of the SFO.
6. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 27 May 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Tuas Bay) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Tuas Bay) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,100,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 12.10% of the enlarged issued capital of ZACD (Tuas Bay) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Tuas Bay) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Tuas Bay) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Tuas Bay) Pte. Ltd. by virtue of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

7. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 August 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew2) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew2) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 7.00% of the enlarged issued capital of ZACD (Neew2) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew2) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew2) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew2) Pte. Ltd. by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules on terms no less exacting than the required standard of dealings. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the period from the date of listing up to the date of this report.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Interest:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of total issued share capital of the Company</b>
Mr. Yeo	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
Ms. Sim	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
ZACD Investments	Beneficial owner (Note 1)	1,298,600,000	64.93%
Mr. Rachman Sastra	Beneficial owner and interest in a controlled Corporation (Note 2)	175,350,000	8.77%
Harmonious Tidings Limited	Beneficial owner (Note 2)	125,600,000	6.28%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 49% and 49% of the total issued capital of ZACD Investments Pte. Ltd. respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Rachman Sastra is the ultimate shareholder of Harmonious Tidings Limited. As such, he is deemed to be interested in the shares held by Harmonious Tidings Limited.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## **INTERESTS OF THE COMPLIANCE ADVISER**

Neither the Group's compliance adviser, Innovax Capital Limited, nor any of its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

The Audit Committee was established pursuant to a resolution of the directors passed on 13 December 2017 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing the financial statements and providing advice in respect of financial reporting process; (iii) overseeing the risk management and internal control systems of the Group; and (iv) monitoring continuing connected transactions (if any).

The Audit Committee currently consists of all three of the independent non-executive directors, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the interim results of the Group for the six months ended 30 June 2023.

By Order of the Board

**ZACD Group Ltd.**

**Sim Kain Kain**

*Chairman and Executive Director*

Singapore, 8 August 2023

*As at the date of this report, the Board of the Company comprises four (4) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Mark Oh Keng Kwan and Mr. Patrick Chin Meng Liong; and three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon.*