



zacd

ZACD GROUP LTD.

杰地集团有限公司*

A company incorporated in Singapore with limited liability

Stock code: 8313

2023
ANNUAL REPORT

* for identification purpose only



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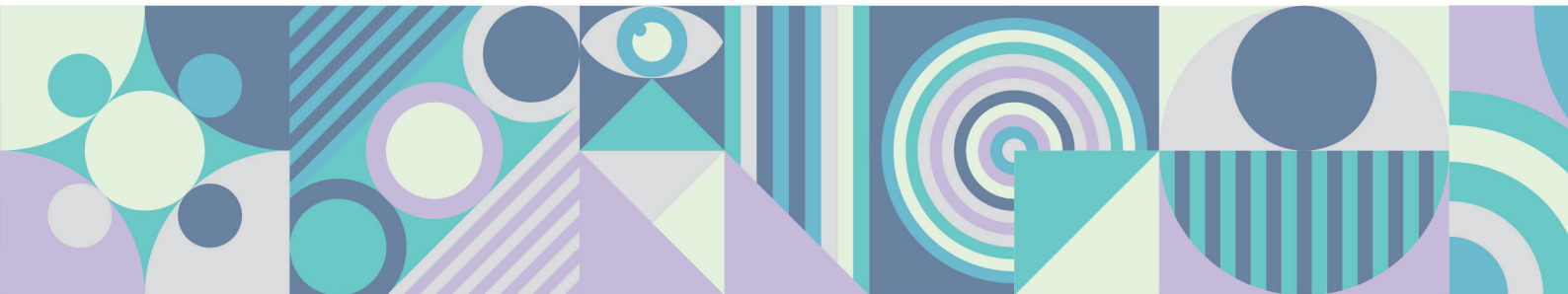
*This report, for which the directors of ZACD Group Ltd. (the "**Company**", together with its subsidiaries as the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard 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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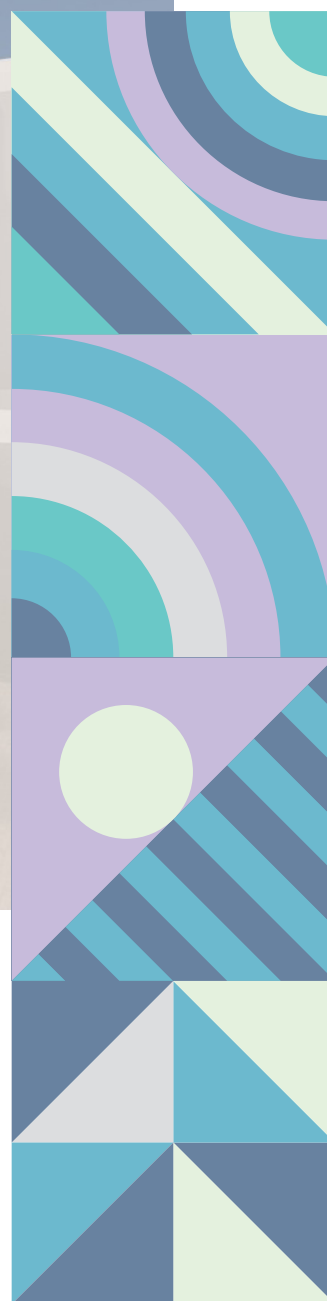


2 CHAIRMAN'S STATEMENT



Mount Emily
Artist impression

*Amidst evolving global dynamics,
ZACD Group stands resilient, leveraging
strategic innovation and a diversified portfolio
to drive sustainable growth and deliver
enduring value to our stakeholders.*



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**") of ZACD Group Ltd. (the "**Group**"), I am pleased to present our annual report for the year ended 31 December 2023 ("**FY2023**"). FY2023 is the sixth year of our listing on the GEM of the Stock Exchange of Hong Kong Limited ("**HKEx**"). The Group has achieved its planned transformation blueprint laid out in 2021, as a fully adapted post-covid company, while mitigating the high interest environment and keeping an eye on emerging opportunities in the post pandemic world.

The Group's performance in FY2023, is a turnaround from the loss situation in FY2022. Operating revenue increased by 149% from approximately S\$3.98 million in FY2022 to approximately S\$9.91 million in FY2023. We have also turned into a net profit of S\$1.74 million in 2023, marking a significant improvement from a net loss of approximately S\$2.71 million in FY2022. The improvement in earnings was mainly attributable to the increase in revenue of approximately S\$5.93 million, stemming from better performance in both Fund Management segment and Acquisition and Project Management segment. The growth was partially offset by the increase in operating costs, such as staff costs by S\$0.90 million and higher impairment losses of approximately S\$0.30 million recognised on the amount due from related parties recognised by the Group and allowance for impairment loss on the bridging advance to the Fund of approximately S\$0.37 million in 2023. Other expenses also decreased by 16.2% from S\$1.79 million in 2022 to S\$1.50 million in 2023, on our continued cost rationalisation exercise.

Building on the momentum of the previous year, the Group is well recovered from the pandemic era and the earlier impairment. Amidst the current high interest environment and escalated construction costs, we were able to achieve sufficient cost cushioning based on an early entrance into city-fringe projects. This on top of macro development like the influx of new immigrants and private equity.

Asia is home to 1800 family offices and more than half of them are located in Singapore. The concentration of global wealth in Singapore, despite the high interest environment in the US, is of particular interest to ZACD Group. It provides a stable and promising outlook for ZACD to continue riding on our proven track record in our integrated services, putting us in pole position to assist these family offices with project development and asset acquisitions, leveraging on our skills and expertise in the region. We continue to leverage on what we know best, to leverage on our real estate heritage to seize opportunities both locally and internationally.

BUSINESS REVIEW

Our Group is an integrated asset manager headquartered in Singapore that offers solutions across the real estate value chain in Singapore and the Asia-Pacific region. The Group derives its revenue from investment management services, acquisitions and projects management services.

Singapore's economy grew 2.2% in the fourth quarter of 2023, bringing a full-year growth to 1.1%, on the back of a historically high base of US\$466 billion in GDP for 2022, according to the Ministry of Trade and Industry press release on 15 Feb, 2024.

Private residential property prices rose 6.8% in 2023. This combined with the price growth of 8.6% in 2022 and 10.6% for 2021 translates to a combined price increase of 26% over the last 3 years.

Further granularization of the data revealed that prices of non-landed properties in the Core Central Region (CCR) increased by 1.9% and Rest of Central Region (RCR) increased by 3.1% while the Outside Central Region (OCR) increased by 13.7% in the fourth quarter of last year.

Arina East, a freehold residential development at Tanjong Rhu secured by the Group in November 2021 is slated to be launched in Q2 2024. The early entrance to the market, in addition to the recent announcement of the long island project off the East Coast will only mean that the average price of

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Arina East Residences
Artist impression



District 15 will be on the uptrend. Recent nearby projects launched in 2023 like Tembusu Grand (99yrs Leasehold) and The Continuum (Freehold), have already hit \$2,791psf and \$2,952psf respectively. This bodes well for our Arina East project as it can capitalise on being one of the rare new freehold condominium projects to be 2 mins walk to the upcoming Katong Park MRT Station of the Thomson-East-Coast Line (TEL).

For the residential redevelopment site at Mount Emily, acquired by the Mount Emily Fund in 2021, is also scheduled to launch in Q2 2024 as an upmarket boutique development. The overall run up of property prices has led to a higher than expected selling price and this strategy can only work for a small development with a short construction period. It is expected to attract investors looking for a freehold asset in a central location (District 9) at a competitive price and affordable investment quantum.

The launch of our Executive Condominium project, The Altura at Bukit Batok West Ave 8 with our partner Qingjian Realty in Q3 2023 was extremely successful which saw the project being 61% sold on launch day and now 100% sold at a median price of \$1,479psf.

Our existing project, The Landmark has also seen prices hitting \$2,934psf as of time of writing and is almost 90% sold. In addition, the nearby project One Pearl Bank was also sold out in Q4 2023, with prices hitting \$2,941psf in Q3 2023. This means that the project is sitting on a comfortable upside due to

our attractive acquisition price. The project should achieve sell-out status by Q2 2024.

The Group has also recently acquired a mixed-use Residential cum Commercial land plot at Media Circle together with our partner Qingjian Realty in Q1 2024. Located within the technology corridor of One North, Biopolis and the NUS campus, the Media Circle project is a clear beneficiary of being in the same neighbourhood with current launches like Blossoms by the Park already achieving prices of \$2,667psf. With our acquisition price of \$1,173 psf ppr, we have significant upsides and buffering and coupled with its superb location next to the Mediacorp headquarters with superb accessibility and impressive views both in the North and South directions, the project bodes well for the Group.

As of 31 December 2023, our Group has over S\$475 million of assets under management which represents a 3.81% year on year increase from 2022. The Group has over 350 clients, made up of individual and institutional investors, with repeat clients representing approximately 38% of our customer base. This bears testament to our robust track record and demonstrates the strong loyalty and trust accorded to us by our clients.

FUTURE PROSPECTS

Looking forward, 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.

As we pivot our focus beyond Singapore and re-charting our long-term relevance in the market, ZACD will strive to be true to our primary value, that of being cautious and always acting to safeguard our shareholders' and investors' interests, and continue to inspire confidence amongst them.



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The overall interest environment is moderating and the influx of private equity into Singapore continues unabated and the growth in the wealth management sector provides a stable and promising outlook for ZACD to continue riding on our proven track record in our integrated services.

This is especially so in the context of the global equities market, which continues to see a flight of capital to more secure real estate backed investment recently.

As such, we are in pole position to assist these family offices with project development and asset acquisitions, leveraging on our skills and expertise in the region.

We also saw immense opportunities in the housing situation in the Australian market with a clear indication that demand continues to out strip supply in the post pandemic recovery which continues unabated till today. We will continue to expand our



footprint in the Industrial and Residential sectors this year with the development of both New Generation industrial projects and core residential projects in Melbourne.

The Group will also be building on our heritage and track record as a licensed Singapore Fund Manager to expand into Australia with our Australian fund management license and the launch of our Australia Medical Fund.

APPRECIATION

I would like to thank our shareholders, customers, business partners and suppliers for their continual support and trust as we evolve and grow the business in a dynamic business environment.

Additionally, my appreciation to the invaluable contributions of my fellow board members, the hard work and dedication of our management and staff, in the recovery of our financial position and turning in a profit for FY2023. We will continue to grow strength to strength, building on our core advantages and experience as an asset manager in the real estate space. As Singapore continues transforming into a global venue for both work and place, we look set to ride along to achieve good returns in the real estate front in Singapore. This, coupled with our organic expansion into Australia as our external wing, we look forward to a year of breakthrough ahead!

Sim Kain Kain

Chairman

Singapore, 25 March 2024



Media Circle
Artist impression

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

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

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Singapore 199555

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Singapore 199555

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Sheung Wan, Hong Kong

PRINCIPAL BANK

United Overseas Bank
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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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the recent annual results and last five financial years, as extracted from the published audited financial statements is set out below.

Financial Results	Annual results					
	2023	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	9,906	3,983	5,596	5,325	14,919	11,786
Profit/(loss) before tax	2,414	(2,423)	7,515	(20,330)	4,994	1,115
Profit/(loss) for the year	1,737	(2,707)	7,461	(20,263)	4,622	1,081
Earnings/(loss) per share <i>(Singapore cents)</i>	0.09	(0.14)	0.37	(1.01)	0.23	0.05
Financial Position	At 31 December					
	2023	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total assets	31,596	27,454	28,316	21,600	40,365	37,487
Total liabilities	9,109	6,501	4,586	5,009	2,780	2,398
Net current assets	21,736	20,443	23,429	17,342	34,204	30,733
Net assets	22,487	20,953	23,730	16,591	37,585	35,089
Net assets per share <i>(Singapore cents)</i>	1.12	1.05	1.19	0.83	1.88	1.75

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ANNUAL FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023

- In a summary, the Group reported a net profit of approximately S\$1.74 million in 2023, marking a significant improvement from a net loss of approximately S\$2.71 million in 2022. This represents an increase in net earnings of S\$4.45 million or 164.2% year-on-year (“**YoY**”). It is noteworthy that the Group has consistently maintained profitability in 2023, demonstrating a positive turnaround in the Group’s financial performance from 2022.
- The improvement in earnings was mainly attributable to the increase in revenue of approximately S\$5.93 million, stemming from better performance in both Fund Management segment and Acquisition and Project Management segment. The growth is partially offset by the increase in operating costs, such as staff costs of approximately S\$0.90 million and higher impairment losses of approximately S\$0.30 million was provided on amount due from related parties recognised by the Group and allowance for impairment loss on the bridging advance to the Fund of approximately S\$0.37 million in 2023.
- The Group’s revenue grew by 149.0% from approximately S\$3.98 million in 2022 to approximately S\$9.91 million in 2023. The increase was mainly attributable to the project management fees of S\$3.38 million from the successful completion of two development projects in Singapore and higher performance fees derived from Group’s investment vehicles by approximately S\$4.40 million, partially offset by the absence of project acquisition fee of S\$1.27 million and fund establishment fees of S\$0.74 million earned in 2022.
- Total staff costs increased from approximately S\$3.85 million in 2022 to approximately S\$4.75 million in 2023, representing an increase of approximately S\$0.90 million or 23.4%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and earnings as at 31 December 2023.
- Basic and diluted earnings per share for the year ended 31 December 2023 was approximately 0.11 Singapore cents (31 December 2022: loss per share of 0.14 Singapore cents).

ANNUAL RESULTS

This is an annual results announcement made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries as the “**Group**”).



The Landmark
Artist impression

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the year ended 31 December 2023, and includes information up to the date of the audit report (the “**Report Date**”). The MD&A should be read in conjunction with the Group’s audited financial statements, as well as with the related notes to the financial statements for the year ended 31 December 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) **Liquidity and Capital Resources; and**
- (4) **Business Outlook**



1. EXECUTIVE OVERVIEW

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 and Australia. 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 currently providing corporate support and fund administration services to a family office with an asset-under-management of approximately USD100 million.

2. FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit of approximately S\$1.74 million in 2023, marking a significant improvement from the net loss of approximately S\$2.71 million in the year 2022. This represents an increase in net earnings of S\$4.45 million or 164.2% year-on-year ("YoY").

The improvement in earnings was mainly attributable to the increase in revenue of approximately S\$5.93 million stemming from better performance in both Fund Management segment and Acquisition and Project Management segment. The growth is partially offset by the increase in operating costs, such as staff costs and of approximately S\$0.90 million and higher impairment losses of approximately S\$0.30 million was provided on amount due from related parties recognised by the Group and allowance for impairment loss on the bridging advance to the Fund of approximately S\$0.37 million in 2023.

Revenue

The Group’s revenue grew by 149.0% from approximately S\$3.98 million in 2022 to approximately S\$9.91 million in 2023.

The revenue growth was mainly attributable to the project management fees of S\$3.38 million from the successful completion of two development projects in Singapore and higher performance fees derived from Group’s investment vehicles by approximately S\$4.40 million, partially offset by the absence of project acquisition fee of S\$1.27 million and fund establishment fees of S\$0.74 million earned in 2022.



Foodfab@Mandai
Artist impression



14 MANAGEMENT DISCUSSION AND ANALYSIS

The following table presents the breakdown of our operating segment information for the years ended 31 December 2023 and 2022:

Year ended 31 December 2023	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	798	5,521	3,550	37	–	9,906
Segment results	471	4,209	2,369	10	(117)	6,942
<i>Reconciliation:</i>						
Other income and gains						898
Fair value loss on financial derivative						(267)
Corporate and unallocated expenses						(5,159)
Profit before tax						2,414
Year ended 31 December 2022	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	706	1,854	1,386	37	–	3,983
Segment results	226	793	300	1	(276)	1,044
<i>Reconciliation:</i>						
Other income and gains						1,243
Fair value loss on financial derivative						(1,362)
Corporate and unallocated expenses						(3,348)
Loss before tax						(2,423)

(a) Investment Management Services*i) SPV investment management*

Revenue increased from approximately S\$0.71 million in 2022 to approximately S\$0.80 million in 2023, representing an increase of approximately S\$0.09 million or 12.7%. The increase was mainly due to higher dividend income from the establishment shares and absence of performance fee included in the SPV investment in 2023.

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.

ii) Fund management

Revenue increased from approximately S\$1.85 million in 2022 to approximately S\$5.52 million in 2023, representing an increase of approximately S\$3.67 million or 198.4%. This was primarily attributable to the Group derived performance fees of approximately S\$4.40 million from a couple of real estate funds managed by the Group in 2023, partially offset by the absence of fund establishment fees of S\$0.74 million earned in 2022.

There was no significant change in the number of fund structures and assets under management in year 2022 and 2023.

(b) Acquisitions and Projects Management Services

Revenue increased from S\$1.39 million in 2022 to S\$3.55 million in 2023, representing an increase of S\$2.16 million or 155.4%. The increase was mainly attributable to the project management fee of S\$2.98 million derived from the developer SPV of Mandai Fund that jointly established with an external business partner in 2023. The increase was partially offset by 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 remained relatively constant at S\$0.03 million in 2023.

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:

Other income and gains

Other income and gains decreased from S\$1.24 million in 2022 to S\$0.90 million in 2023, representing a decrease of S\$0.34 million or 27.4%. 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\$0.17 million and lower income from ad-hoc short-term corporate services provided to external corporate clients by S\$0.13 million. The decrease was partially offset by an increase in fixed deposit interest income by S\$0.11 million and the gain on disposal of property, plant and equipment amounting to S\$0.03 million.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs increased from S\$3.85 million in 2022 to S\$4.75 million in 2023, representing an increase of S\$0.90 million or 23.4%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and net earnings in 2023.

As at 31 December 2023, the Group had 29 employees as compared to 34 as at 31 December 2022. Staff costs remains the single biggest cost element of the Group, contributing 64% (2022: 50%) 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.

Impairment losses on financial assets

Impairment losses on financial assets increased from approximately S\$0.21 million in 2022 to S\$0.73 million in 2023, representing an increase of S\$0.52 million or 247.6%. The increase was mainly due to higher impairment losses of approximately S\$0.30 million was provided on amount due from related parties recognised by the Group and allowance for impairment loss on the bridging advance to the Fund of approximately S\$0.37 million in 2023.

Management will continue to assess the adequacy of expected credit loss allowance and make necessary loss allowance for irrecoverable amounts.

Other expenses, net

Other expenses, net decreased by approximately S\$0.29 million or 16.2% from approximately S\$1.79 million in 2022 to approximately S\$1.50 million in 2023. The decrease was mainly due to absence of professional fees and Singapore office rental being recognised under “Amortisation of right-of-use asset” line item upon the commencement of the lease in August 2022.

Interest expenses

Interest expenses increased from approximately S\$0.09 million in 2022 to approximately S\$0.62 million in 2023, representing an increase of approximately S\$0.53 million or 588.9%. This increase was mainly due to S\$0.48 million coupon payments paid to an investor, Top Global Limited (“TGL”), in 2023.

Fair value loss on financial derivative

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. Following the grant of the put option, the fair value loss recognised as the premium price of the put option gradually decreased by approximately S\$1.09 million or 80.1% from approximately S\$1.36 million in 2022 to approximately S\$0.27 million in 2023.

Income tax expense

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current year. The Group benefited from progressive tax system in each tax jurisdiction, whereas under Singapore’s one-tier system, dividend income is tax-exempted when received by shareholders.

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 year.

Trade receivables that were past due but not impaired relate to a number of customers that have sizable business operation, long business relationship and/or good track record with the Group. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments, monitoring prompt recovery and laid down recovery procedures which include evaluating the risk level on a case-by-case basis having taken into account the relationship with respective customers, payment history, financial position and general economic environment; and designing appropriate follow-up actions, for example, making phone calls, issuing demand letters and initiating legal proceedings or actions. Management will then assess and make adequate impairment losses for irrecoverable amounts if necessary.

Bank borrowing

As at 31 December 2023, the Group had bank borrowing amounted to approximately S\$1.36 million (31 December 2022: S\$2.10 million). The bank borrowing is a 5-year temporary bridging loan commencing from September 2020 under Enterprise Financing Scheme (“EFS”) as announced at Solidarity Budget 2020 by the Singapore government. The EFS is enhanced to help SMEs with their working capital needs. The decrease was mainly attributable to loan repayment of approximately S\$745,000 in 2023. As at 31 December 2023, the gearing ratio of the Group, calculated based on the Group’s total bank borrowing divided by total equity was approximately 0.06: 1 (31 December 2022: 0.10: 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\$14.61 million and S\$7.66 million as at 31 December 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 was small given both its large asset base and operational cash flows were transacted in Singapore Dollar, where most cash and cash equivalents were denominated in.

The increase in cash and cash equivalents by S\$6.95 million was mainly attributable to fixed deposit placement of approximately S\$1.79 million from LV Development fund, the repayment of the bridging advances extended to ZACD (Development2) Ltd of approximately S\$1.80 million, ZACD (Development4) Ltd of approximately S\$0.44 million, LV Development Fund of approximately S\$1.33 million, performance fees of approximately S\$4.40 million from a couple of real estate funds and collection of debts from the Group's customers in 2023. This was partially offset by the Group's investment into ZACD Mount Emily Residential Development Fund and Kurnia Rezeki Utama Sdn. Bhd. of approximately S\$2.23 million and cash used in operations mainly on staff costs and repayment of bank borrowing and related interest costs of approximately S\$1.33 million.

The cash balances are denominated in Singapore Dollar, Hong Kong Dollar and Australian Dollar. By becoming a global company with international operations, the Group is exposed to foreign currency exchange rate risks. The Group mitigates this risk by implementing working capital management.

Investment in equity securities

The establishment shares were accounted for as investment in equity securities and were measured at fair value. The investment in equity securities amounted to approximately S\$0.57 million and S\$0.72 million as at 31 December 2023 and 31 December 2022 respectively. The fair value was determined based on future dividend distributions expected to be received by the Group based on the Investment SPV's projected distributable profits, the current stage of the real estate development project and its sale progress, as well as the discount rate. The decrease in fair value in 2023 compared to 2022 was mainly due to the realisation of the fair value as the Group recorded dividend payouts from the Investment SPVs during the year.

Investment in fund entities

The fund subscriptions by the Group were accounted for as investment in fund entities and were measured at fair value. The investment in fund entities amounted to approximately S\$1.83 million and S\$1.90 million as at 31 December 2023 and 31 December 2022 respectively. The fair value was determined based on future dividend distributions expected to be received by the Group based on the funds' projected distributable profits, the current stage of the real estate development project in which the fund invested in and its sale progress, and the discount rate.

Trade receivables

Total trade receivables amounted to approximately S\$4.14 million and S\$3.89 million as at 31 December 2023 and 2022 respectively.

The increase in trade receivables by S\$0.25 million was mainly contributed by the project management fees from SPVs and financial advisory fees realised in 2023.

Net current assets

The net current assets of the Group increased from approximately S\$20.44 million as at 31 December 2022 to approximately S\$21.74 million as at 31 December 2023.

This increase by was mainly due to the increase in cash and cash equivalents by approximately S\$6.95 million and increase in trade receivables by approximately S\$0.25 million, partially offset by net repayment of the bridging advances extended to the fund entities of approximately S\$2.01 million, decrease in amount due from related parties by approximately S\$0.63 million, increase in other payables and accruals by approximately S\$0.79 million and increase in amount due to related parties by approximately S\$1.87 million. The current ratio (calculated by current assets divided by current liabilities) of the Group decreased from 7.2 times as at 31 December 2022 to 4.3 times as at 31 December 2023.

Current liabilities

Current liabilities comprised of other payables, accruals, lease liabilities, bank borrowing, interest payable from bank borrowing, income tax payable and amount due to related parties. The Group's total current liabilities as at 31 December 2023 and 2022 amounted to approximately S\$6.65 million and approximately S\$3.29 million respectively.

Charges on assets

As at 31 December 2023, the Group did not have any charges on assets.

Commitments

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. 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 total coupon payments aggregate to S\$1,920,000.

As at 31 December 2023, the Group had no other significant commitments.

Financial guarantees

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.

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 is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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.

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. Upon the security agent’s satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 17 October 2023 under the Previous Facility Agreement, the existing guarantee was released and discharged.

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 “**Landmark Fund**”), by way of indirectly holding the nominal share capital of the corporate entity of the Landmark 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. Landmark Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

Contingent liabilities

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 million (“**ZACD US Fund**”) in a US hotel acquisition led by iProsperity Group. The deposit of US\$10 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 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.

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 31 December 2023. As at 31 December 2023, cumulative legal fees incurred in relation to legal actions taken against the Defendants and iProsperity Group amounted to S\$1,527,000 (31 December 2022: S\$1,292,000) where S\$1,404,000 (31 December 2022: S\$1,210,000) had been borne by ZACD Australia Hospitality Fund, S\$123,000 (31 December 2022: S\$Nil) had been borne by Remarkable Reach International Limited and S\$Nil (31 December 2022: S\$82,000) had been charged to the profit or loss.

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

Dividends

No dividend was paid or proposed by the Company for the financial year ended 31 December 2023 (31 December 2022: Nil).

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 31 December 2023.

During the financial year ended 31 December 2023, since there was no share option granted under the share option scheme of the Group, no material matter relating to the share option scheme has been reviewed by the Remuneration Committee. From 2024 onwards, the Remuneration Committee will also review the share option scheme of the Company on annual basis.

EVENTS AFTER THE REPORTING PERIOD

On 14 March 2024, TGL had entered into a Deed of Novation to transfer its convertible loan interests in La Ville Development Fund to its wholly owned subsidiary, Jaunty City Pte. Ltd.

Save as disclosed elsewhere in this announcement, no significant event that would materially affect the Group's operating and financial performance took place subsequent to 31 December 2023 and up to the date of this announcement.

BUSINESS OUTLOOK

As we enter 2024, ZACD Group stands resilient in the dynamic landscape of real estate investment. Despite the unique challenges posed by market fluctuations and global economic factors, we are well-positioned to capitalize on emerging opportunities and deliver strong returns to our investors.

Overall private residential price index flash estimate increased by 2.7% in 4th Quarter 2023, mainly driven by sales transactions at selected newly-launched projects. For 2023 as a whole, the private residential price index increased at a slower pace of 6.7%, compared to 8.6% in 2022. This was the second consecutive year of moderation in the index increase.

The Government has ramped up the supply of private housing on the Confirmed List to 5,450 units for the 1H2024 GLS Programme from 5,160 units in 2H2023. This supply injection will bring the total pipeline supply of private housing to about 59,100 units, comprising 41,900 units with planning approval and 17,200 units from GLS sites and awarded en-bloc sites that have not been granted planning approval yet. Of these, about 39,700 units will be completed between 2023 and 2025, which is about double the 20,000 units completed from 2020 to 2022. This forms part of the total supply of about 100,000 public and private housing units to be completed between 2023 and 2025, which will cater to housing demand in the immediate years ahead and promote market stability.

ZACD Group, along with partners Qingjian Realty and Forsea Holdings, successfully submitted the top bid of S\$1,191 psf ppr for the Media Circle GLS site awarded on 18th January 2024. The top bid for Media Circle is 4.4% lower than the winning bid of S\$1,246 psf ppr at Slim Barracks (Parcel A) by EL Development and 1.6% lower than the winning bid of S\$1,210 psf ppr at Slim Barracks (Parcel B) by Kingsford Development. Both the Slim Barracks sites attracted 10 bids each in 2021, and despite strong demand and the rising property price environment in Singapore, we managed to acquire the subject site at a competitive price.

We are also evaluating some of the other Government Land Sales ("**GLS**") and Executive Condo ("**EC**") sites being launched in H1 2024 and will identify and participate selectively in the tenders that allow us to capitalize on our strengths to optimize yields for our investors.

In other positive developments, The Landmark project received an extension of the ABSD (Housing Developers) remission sale timeline for 6 months to 11 September 2024. Sales are at 336 units or 90% as of 22nd January 2024 and we are optimistic of selling down the balance units by the revised deadline.

Q2 2024, will also see the highly anticipated launch of Arina East Residences (former La Ville) in Tanjong Rhu and 246 Mt. Emily at Mt. Emily Road.

Projections by the Monetary Authority of Singapore (MAS) indicate an acceleration in local economic growth for 2024 alongside a notable easing of the inflation rate. With the anticipated recovery in Singapore's export demand and the stabilization of interest rates by the Federal Reserve, the coming year could signify a pivotal point in Singapore's financial expansion.

With analysts predicting better prospects for Singapore in 2023 after the republic's 4Q2023 GDP grew by 2.8% y-o-y, we are also actively scouting for undervalued Industrial assets to acquire in the near future to capture higher yields later.

On the International front, we are working towards winding down the Income Trust Fund and have appointed marketing agents for the 3 properties in Malaysia and Australia towards this end. We have already received keen interest in one of the properties and are hopeful of achieving the best possible exit for all 3 properties.

We are also exploring partnerships with new partners to diversify our investment portfolio and benefit from the expertise of others in the industry.

As we look ahead, ZACD Group is poised for sustained growth, driven by a strategic vision that encompasses economic awareness, technological integration, regulatory adaptability, and a commitment to environmental sustainability. Our dynamic approach to market challenges positions us to not only weather uncertainties but also to thrive in an ever-changing real estate landscape. We are confident in the opportunities that lie ahead and our ability to deliver exceptional value to our clients and stakeholders.





STANDING LEFT TO RIGHT:

MR. KONG CHI MO *Independent Non-Executive Director*

MR. MARK OH KENG KWAN *Executive Director and Deputy Chief Executive Officer*

MR. EUGENE LIM CHIN HON *Independent Non-Executive Director*

DATO' DR. SIM MONG KEANG *Independent Non-Executive Director*

SITTING LEFT TO RIGHT:

MS. SIM KAIN KAIN *Executive Director and Chief Chairman*

MR. YEO CHOON GUAN *Executive Director and Chief Executive Officer*

MR. PATRICK CHIN MENG LIONG *Executive Director and Chief Legal Officer*

MR. YEO CHOON GUAN (YAO JUNYUAN) (姚俊沅) (“Mr. Yeo”) •

Executive Director and Chief Executive Officer

aged 52, was appointed as the Director on 8 November 2016 and was re-designated as the Executive Director and Chief Executive Officer on 12 July 2017. He is also one of the Controlling Shareholders. As one of the Founders, Mr. Yeo is primarily responsible for overseeing the operations and strategic planning and development of the Group. He is also a Director of all of the subsidiaries. Mr. Yeo co-founded ZACD International Pte. Ltd. (“**ZACD International**”) with Ms. Sim through ZACD Investments Pte. Ltd. (“**ZACD Investments**”) in 2011.

Prior to founding ZACD Investments, Mr. Yeo specialises in the Industrial Project Marketing and Development sector. As a result of that, he was often consulted by various industrial developers in Singapore. In 2005, due to his foresight on the release of 30 years Industrial land development, he has led ZACD Investments to successfully joint venture and sell out several 30 years Industrial Projects. i.e. Penjuru Techub, One Commonwealth and Alexcier.

Following the success of several Industrial projects, In 2008, amidst the slowdown in the luxury property sector, Mr. Yeo also spotted the growth potential of the HDB upgraders market. He pioneered the first Executive Condominium development in Punggol with a joint-venture partner. This was followed by a slew of Executive Condominium and mass market Condominiums in Punggol/Sengkang.

Due to his success in the Industrial Development and the Mass market Condominium market, it has helped to position ZACD as choice joint venture partners amongst the developer circuit in Singapore.

Despite his busy schedule, he was also active in community services. Mr. Yeo was awarded the Public Service Medal in 2015 by the President of Singapore and has served as the Chairman of the Tampines North Citizens’ Consultative Committee. He was also awarded the Teochew Entrepreneurs Award in 2016 and again in 2018, he was named grand winner of the Teochew Entrepreneurs Award (Asia Pacific) in the Prestige Award Category.

MS. SIM KAIN KAIN (沈娟娟) (“Ms. Sim”) •

Executive Director and Chairman of the Board

aged 58, was appointed as the Director on 8 November 2016 and was re-designated as the Executive Director and the Chairman of the Board on 12 July 2017. She is one of the Founder and also one of the Controlling Shareholders. Ms. Sim is primarily responsible for the marketing activities of the Group and the overall administrative management and the co-ordination of the Group’s operational activities. She is also a Director of ZACD (Australia) Pty Ltd., ZACD Financial Group Limited (“**ZACD Financial**”), ZACD Fund Holdings Pte. Ltd. (“**ZACD Fund**”), ZACD Group Holdings Limited, ZACD International and ZACD Posh Pte. Ltd..

Ms. Sim co-founded ZACD International with Mr. Yeo through ZACD Investments in 2011. Ms. Sim has amassed extensive experience in International Investment sale. Prior to joining the Group, Ms. Sim was the Associate Director for International Investment Sales for Colliers International 1995–2000. She specialised in Australia and London market. During her tenure in Colliers, she had transacted over \$1 billion worth of property ranging from Commercial office building, hotel, shopping mall, residential en-bloc and development sites. Ms. Sim also founded SLP International Property Consultants Pte. Ltd. with Mr. Yeo in April 2003 to engage in the real estate agency and consultancy business. Additionally, she also ran a boutique advertising agency from 2007 to 2016. As such, Ms. Sim is a conversant business lady experience in growing a company from startup to maturity, a skill that will be invaluable in the evolving business of the ZACD Group.

Ms. Sim was awarded the Winner of the PropertyGuru Real Estate Personality of the Year Award for year 2021.

MR. MARK OH KENG KWAN (胡炯權) (“Mr. Oh”)

Executive Director, Deputy Chief Executive Officer

aged 51, is a business development and project management leader with more than twenty-six (26) years of experience in the real estate industry. He joined the Group in April 2017 as Project Director and is primarily responsible for all project acquisitions, project management and leads the investment management team. He is a director of ZACD International Pte. Ltd. and ZACD Fund Holdings Pte. Ltd.. He is also an alternate director to Mr. Yeo Choon Guan (Yao Junyuan) for ZACD Investments Pte. Ltd., ZACD International Pte. Ltd., ZACD POSH Pte. Ltd. and ZACD Fund Holdings Pte. Ltd..

Mr. Oh started his career with the Singapore government’s main industrial developer Jurong Town Corporation (“**JTC**”) in 1998, where he participated in the development of industrial and business parks. He also specialised in managing companies in the petrol-chemical sector. From 2004 to 2007, Mr. Oh joined Jurong International Consulting, a private consultancy arm of JTC with his last position as Business Development Director, heading the company’s office in Doha, Qatar. During his term of services in Jurong International Consulting, Mr. Oh was stationed in Middle East for three (3) years and has secured more than US\$20 million worth of contract in consultancy projects. From 2007 to 2012, Mr. Oh was with Singapore Tourism Board as Assistant Director where he was part of the team that organised the inaugural Formula One night race in Singapore. From 2012 to 2015, Mr. Oh started a joint venture company dealing in energy saving systems. Prior to joining the Company, Mr. Oh joined an international education company as Planning and Development Director and helped to develop Singapore’s first Large Childcare Centre in Punggol, which caters to 500 children.

Mr. Oh graduated with a Bachelor Degree with honours in Real Estate from the National University of Singapore’s School of Building and Estate Management in 1998.

MR. PATRICK CHIN MENG LIONG (陳明亮) (“Mr. Chin”)

Executive Director, Chief Legal Officer

aged 60, joined the Group in 2017 as Head of the Legal & Compliance Department and brought to the Group his experience in the legal sector. Mr. Chin was tasked to oversee the Department to ensure that it provided the necessary support to all other departments thus ensuring the continued smooth and efficient running of the Group as a whole.

Mr. Chin holds a second class upper honours double degree in Law and Political Science from Keele University in the U.K. Mr. Chin is a member of the Honourable Society of the Middle Temple in the U.K. and was admitted a Barrister-at-Law with honours of that Inn. Mr. Chin thereafter went on to undertake postgraduate studies in law after which he was called to the bar as an Advocate and Solicitor of the Supreme Court of Singapore. Mr. Chin was in practice for more than 25 years before joining the Group. Mr. Chin started his legal practice in the areas of commerce and banking and went on to litigation and has represented clients (corporate, individuals, local and foreign) at all levels of the Court hierarchy and has done so on many occasions in the Court of Appeal, Singapore’s highest appellate Court.

Mr. Chin presently serves as Chairman of the Board of Visitors (Drug Rehabilitation Centres (DRC) & Anti Inhalant Abuse Centres (AIAC)) as well as Chairman of the Board of Visitors (Community Rehabilitation Centres (CRC)) of the Singapore Prisons Service under the Ministry of Home Affairs, Singapore, Mr. Chin is also Vice-Chair of the School Advisory Committee in Yuan Ching Secondary School.

For commendable public service in Singapore, Mr. Chin was awarded the Public Service Medal (PBM) in 2019 by the President of Singapore.

MR. KONG CHI MO (江智武) (“Mr. Kong”) •*Independent Non-executive Director*

aged 48, was appointed as the Independent Non-executive Director on 13 December 2017. Mr. Kong is primarily responsible for providing independent advice and guidance to the Board. Mr. Kong is also the chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee of the Board.

Mr. Kong has more than twenty (20) years of experience in accounting and audit, corporate finance, investor relations, company secretarial affairs and governance with an additional concern on enterprise value and sustainability. Mr. Kong currently holds several directorships in listed companies including serving as an independent non-executive director and the chairman of the audit committee of New Hope Service Holdings Limited (stock code: 03658), an independent non-executive director and the chairman of the audit committee of Beijing Capital Jiaye Property Services Co., Limited (stock code: 02210), and an independent non-executive director and the chairman of the audit committee of AK Medical Holdings Limited (stock code: 01789). All of the above-mentioned public companies are listed on the Hong Kong Stock Exchange.

Prior to joining the Company, Mr. Kong started his career as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited, an indirect wholly-owned subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 00215), from June 1997 to March 1998. Mr. Kong worked as a tax associate in PricewaterhouseCoopers, an international accounting firm from March 1998 to October 1999 and worked in KPMG, another international accounting firm from October 1999 to December 2007, during which his last position held in KPMG was audit senior manager. Mr. Kong successively served as an executive director, chief financial officer, company secretary and authorised representative during his employment with China Vanadium Titano-Magnetite Mining Company Limited (stock code: 00893) from May 2008 to March 2020. All of the above-mentioned public companies are listed on the Hong Kong Stock Exchange.

Mr. Kong is accredited as (i) an European Federation of Financial Analysts Societies (EFFAS) Certified ESG Analyst, the first internationally recognised ESG Professional Accreditation in Hong Kong and (ii) a Sustainability Accounting Standards Board’s (SASB) Fundamentals of Sustainability Accounting Credential Holder.

Aside from the above-mentioned ESG-and sustainability-related qualifications, in aspects of accounting, company secretarial affairs and governance, Mr. Kong is also admitted as (i) a Fellow of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom, (ii) a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA), (iii) a Fellow of both The Chartered Governance Institute (CGI) in the United Kingdom and The Hong Kong Chartered Governance Institute (HKCGI) with the designations of Chartered Secretary and Chartered Governance Professional, (iv) a Fellow of The Hong Kong Institute of Directors (HKIoD), and (v) an Ordinary Member of Hong Kong Securities and Investment Institute (HKSI). Mr. Kong graduated from The Chinese University of Hong Kong with a Bachelor’s degree in Business Administration in December 1997.

DATO' DR. SIM MONG KEANG (沈茂強) ("Dr. Sim") •

Independent Non-executive Director

aged 55, was appointed as the Independent Non-executive Director on 13 December 2017. Dr. Sim is primarily responsible for providing independent advice and guidance to the Board.

Dr. Sim has accumulated over twenty-four (24) years worth of experience in investment and business management. In June 2010, Dr. Sim was appointed as the Managing Director and the Chief Executive Officer of WE Holdings Ltd, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), after it was acquired through a reverse takeover by Plexus Components, which is owned by Dr. Sim. Since September 2015, Dr. Sim has been a Non-independent Non-executive Director of Global Invacom Group Limited, a company listed on the Mainboard of SGX-ST and principally engaged in providing satellite communication equipment. He is also appointed the Independent Director of USP Group Limited in December 2023, a company listed on the mainboard of Singapore Stock Exchange.

He is currently the Director of FSK Advisory Pte Ltd, a boutique talent acquisition and human resources consultancy firm.

Dr. Sim obtained a Diploma in Electronic Engineering from Ngee Ann Polytechnic in 1990, a Bachelor of Commerce Degree from Murdoch University, Australia in March 1998 and a Degree of Doctor of Philosophy in Business Administration from Honolulu University, the United States of America in November 2015.

Dr. Sim was awarded the Public Service Medal in 2020 and the Public Service Star Medal in 2023 by the President of Singapore.

MR. EUGENE LIM CHIN HON (林俊峰) ("Mr. Lim") •

Independent Non-executive Director

aged 45, was appointed as the Independent Non-executive Director on 14 June 2023. Mr. Lim is primarily responsible for providing independent advice and guidance to the Board, as chairman of the Nomination Committee and a member of both the Audit and the Remuneration Committees of the Board.

Mr. Lim has (18) years' experience in investments and private wealth management. In his current role as a director and senior relationship manager of HSBC Private Bank in Switzerland, he takes care of the global banking needs of significant families in Asia, advising on investments, asset protection, and generational wealth planning.

Prior to this, Mr. Lim was Head of Private Wealth for Matrixport, responsible for the asset and wealth management business for a digital assets startup founded in 2019. In Matrixport, he led an experienced sales team with in-depth knowledge of the private client investment objectives, with the aim of establishing Matrixport as the trusted advisor for a new asset class.

Mr. Lim held previous roles as private banker in JPMorgan in Hong Kong, and investment advisor in LGT Bank and Merrill Lynch in Singapore. He started his career in 2004 as a consulting analyst with Accenture Singapore, working on engagements with the top three Singapore banks.

Mr. Lim graduated cum laude from Brown University in Rhode Island, USA, with majors in Economics and International Relations, and is a Chartered Financial Analyst since 2011.

ABOUT THIS REPORT

We are pleased to present ZACD Group Ltd.'s Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) for 2023. The Group, as an asset manager offering integrated solutions across the real estate value chain in Singapore and the Asia-Pacific region, has always endeavoured to emulate industry best practices in corporate social responsibility (“**CSR**”) through initiatives underpinned by our corporate values of transparency, partnership and sustainability.

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” of the GEM Listing Rules Appendix C2.

REPORTING FRAMEWORK & BOARD STATEMENT

In line with the Reporting Framework, our Board of Directors wishes to state that it considers sustainability issues as part of its strategic formulation. The Board, in close interaction with the management, determined the material ESG factors relevant to the organisation and oversees the management and monitoring of these material ESG factors. Apart from determining the material ESG factors set out in this report, the Board also determines the Group's response to the attendant risks and opportunities.

Reporting Boundary

Unless otherwise stated, the Report mainly discloses the ESG performance of ZACD Group Ltd. In 2023, the Board is pleased to announce that the Group has complied with and maintained strict standards in regards to its ESG-related goals. The scope of the Report is same as the previous year.

STAKEHOLDER ENGAGEMENT

We believe that building trusted relationships with our stakeholders is key to sustainable business growth.

Over the years, we have built a strong rapport with our stakeholders — customers/investors, employees, business partners, shareholders, regulators, government agencies and communities. Our approach is to proactively engage with our stakeholders who have an interest in our business and who can impact or influence our operations, business approach and strategies. Through our regular engagements with them, we are able to gain invaluable insights on their expectations and concerns, and use these findings to make informed management decisions in shaping our policies and strategies, which in turn drive greater value for our stakeholders.

A summary of our stakeholders and how we engage with them is presented below.

STAKEHOLDERS	TOPICS & CONCERNS	HOW WE ENGAGE	HOW WE ACT
Customers/ Investors	<ul style="list-style-type: none"> Return on investment Information transparency Protection of interests Shorter turnaround time in response to feedback or complaints 	<ul style="list-style-type: none"> Regular virtual and physical meetings Regular phone and email correspondences Investor events/Information sharing 	<ul style="list-style-type: none"> Timely distribution of information Safeguard measures in protecting confidentiality of customer information Consistent and open communication to establish mutual trust between the Group and customers/ investors
Employees	<ul style="list-style-type: none"> Career development Fair wages Health and safety Work life balance Employee Engagement 	<ul style="list-style-type: none"> Virtual Town Hall sessions Weekly department Meetings Training Annual lunch to update employees on company performance Weekly workout sessions Monthly team bonding budgets Company sponsored events to celebrate festivals/team bonding activities such as hikes, barbecues to help employees feel connected 	<ul style="list-style-type: none"> Implementation of staggered working hours and hybrid working arrangements to provide flexibility to employees even after removal of all movement restrictions by the government Digitisation of HR Information Systems to improve efficiency Enhancement of employees' skills set through virtual in-house and external trainings and seminars Providing gym workout vouchers to promote employee engagement Provision of sponsorships for training Merit-based performance appraisal for equal opportunity
Business Partners	<ul style="list-style-type: none"> Resource sharing Mutual growth and development 	<ul style="list-style-type: none"> Regular virtual and physical meetings Site Visits to our various projects Regular phone and email correspondences 	<ul style="list-style-type: none"> Facilitate opportunities for increased cooperation between business partners and the Group
Shareholders	<ul style="list-style-type: none"> Access to the Group's operational and financial performance 	<ul style="list-style-type: none"> AGMs Quarterly and Annual Reports Regular HKEx Announcements on acquisitions/divestments/ major milestones Investor meetings and roadshows 	<ul style="list-style-type: none"> Investor feedback via relationship managers
Regulators and government agencies	<ul style="list-style-type: none"> Compliance Social responsibility 	<ul style="list-style-type: none"> Regulatory licensing and filings Notices and meetings 	<ul style="list-style-type: none"> Ensuring regulatory compliance
Community	<ul style="list-style-type: none"> Improving and empowering local communities Environment protection 	<ul style="list-style-type: none"> Charitable activities Community involvement projects 	<ul style="list-style-type: none"> Organising CSR programmes Contributing through corporate sponsorship and donations

Reporting principles

Materiality

Our approach to sustainability centers around the management of environmental, social and economic impacts of our business operations and their potential effect on our stakeholders. Our strategy is to manage our most significant sustainability, risks and opportunities with an aim to create long-term value for all stakeholders.

The ESG factors were thoughtfully selected through an internal materiality analysis undertaken by us. The first step entailed identifying potential material topics, with feedback garnered from relevant stakeholders. After which, the feedback was then prioritised with regards to their Environmental and Social impact to ZACD Group Ltd. and its stakeholders.

Quantitative

Statistical standards, methods, assumptions and/or calculation tools for quantitative and qualitative key performance indicators herein and source of conversion factors are all explained in the definitions of the Report.

Consistency

The statistical methodologies applied to the data disclosed in this ESG Report shall be consistent.

ASSESSMENT OF MAJOR ISSUES

The following sets forth the ESG issues that were important to the Group during the Reporting Period based on the assessment conducted by Board.

ENVIRONMENTAL

We are committed to minimising the environmental impact of our business through reduction of carbon footprint, resource efficiency and conservation through reusing and recycling waste.

ASPECT A1: Emissions

With the nature of our operations and the existing measures spearheaded by the Singapore government agencies to protect the environment, there are limited actions within our control that could effectively and meaningfully improve the environment, nevertheless we acknowledge the importance of reducing emissions and uphold the green standards inculcated into our society. The impact of emissions from our operations is minimal, arising mainly from office electricity consumption, office waste and staff business travel. During the year of review, we are of the opinion that our actions have met our environmental sustainability objectives.

In 2023, The Concourse, although having awarded the BCA Green Mark Platinum Award, continues to further its efforts in reducing its emissions through practices that will reduce power consumption. Such practices involves turning off all air-conditioning after working hours & changing of LED lights to for more power efficiency in all offices alongside innovative green features are in-line with the habits of the Group's in lowering emissions.

Based on the average annual electricity consumption, the greenhouse gas emission ("**GHG**") is approximately 8.81 metric tonnes, a reduction of 61% from our GHG emission of 22.9 metric tonnes in 2023. The significant reduction in GHG emission is a testament to the Group's resolute to the environment and its commitment to a greener environment.

By end of 2024, we further predict that our carbon footprint will be 5–10% lower by virtue of our relocation to much smaller and energy efficient premises. In addition, we target to reduce GHG emission a further 5%–10% by ways of implementing energy saving measures such as (i) maintaining office room temperature at an optimal 25.5 degree Celsius; (ii) switch off all idle appliances and unnecessary lightings upon leaving the office; (iii) purchase office equipment with high energy efficiency on the replacement of old equipment; (iv) performs daily checking over the air-conditioning system, lighting, and other appliances in offices to ensure energy consumption performance; (v) encourage the use of products with energy efficiency labels; and (vi) reduce unnecessary business travels and to encourage the use of online meeting platforms; (vii) if available, to prefer flights that are direct & with higher efficiency.

INTERNATIONAL

The Group has physical office premises only in Singapore. Our employees in Australia and Hong Kong are adopting a partial work from home model and will continue to do so for the year 2024.

Hence, we record emissions only from our headquarters in Singapore where we have rented office premises.

ASPECT A2: Use of Resources

Energy consumption

The Group generally does not require the usage of large amounts of resources for the day-to-day office operations. The Group has established energy and water saving initiatives in our daily operations. These include ensuring electrical appliances are switched off when they are not in use, automatic power-off of the air-conditioning systems after office hours and switching off all lights at the end of the working day. In our office, we have no control over the source of electricity generation and thus we do not monitor GHG emission as a KPI. Instead, we monitor our electricity consumption by kWh. The electricity consumed by the Group through our staff is as follows:

Month	Consumption (kwh)
Jan	1,759
Feb	1,902
Mar	1,627
Apr	1,839
May	1,768
Jun	1,888
Jul	1,963
Aug	1,938
Sep	1,898
Oct	2,035
Nov	1,835
Dec	1,995

Total electricity consumption in 2023 was 60% lower than 2022 at 22,447 kwh. The average monthly electricity consumption at the office premises is 1,871kwh compared to 2,117kwh, for the year 2023. This represents a drastic reduction of approximately 20% on average in our energy consumption needs on a monthly basis.

Our continued adoption of flexible work arrangement policies also helps to reduce the overall fuel consumption for staff who frequently drive to work.

Water consumption

While we do not consume a significant amount of water for it to be a material issue, we are nonetheless mindful of its value as a resource. Employees are encouraged to reduce water wastage by turning off taps promptly and to use water efficiently. We also utilize a water filtration system at our main office, which obviates the need for externally purchased and wasteful bottled water. Signages are provided within the office premises, reminding all staff to turn off the taps promptly after use to avoid any possible wastage. The water consumption of Group for 2023 is as follows:

Month	Cu M
Jan	0.72
Feb	0.72
Mar	0.55
Apr	0.65
May	0.55
Jun	0.60
Jul	1.05
Aug	0.85
Sep	0.60
Oct	0.75
Nov	0.65
Dec	0.75

Waste management

Hazardous waste

The Group's operations do not produce hazardous waste.

Non-hazardous waste

General waste from daily activities is cleared by our in-house personnel and collected by the building's outsourced contractor. As such, no KPI is available.

ASPECT A3: The Environment and Natural Resources

To reduce our carbon footprint, in addition to company initiatives of efficient usage use of resources listed above, we also endeavour to reduce, reuse and recycle office waste. Our staff are reminded to prioritise email correspondences, to reduce printing and avoid paper wastage by utilizing both sides of the paper as well as proportionally maintained an optimised electricity consumption as employees started to return back to office in staggered arrangements.

Fuel consumption

In view of the accessible location of the office, the Group's number of season parking lots have also reduced from a total of 3 lots at the start of the year to 2 lots by December 2023, a reduction of approximately 33%. Our location at The Concourse is well served by public transport, being located within 100m of the Nicoll Highway MRT station on the Circle Line and within 50m of surrounding bus stops. It is convenient to get to the CBD and surroundings for meetings with various stakeholders. Staff are also encouraged to be mindful of their personal carbon footprint by considering carpooling and the use of public transportation in their daily commute to work and meetings.

Office resources consumption table

Consumption of paper in 2023 was marginally less compared to 2022. Average monthly paper usage was about 10 reams. Average monthly cost of printing was approximately S\$200 per month, details of costs are provided below.

Month	Total Printing Costs
Jan	260.27
Feb	67.86
Mar	899.84
Apr	144.96
May	124.32
Jun	236.09
Jul	158.90
Aug	113.80
Sep	85.05
Oct	85.05
Nov	113.00
Dec	113.00

ASPECT A4: Climate Change

Apart from the measures mentioned on energy conservation, waste management and efficient resource consumption, we do not have other significant climate change issues that have direct or indirect impact on the business.

SOCIAL

ASPECT B1: EMPLOYMENT AND LABOUR PRACTICES

Our people are our most important asset and form the core of our organization. Our top priorities are to attract, recruit, retain, and develop our human resources which is particularly crucial given the strong, ongoing competition for talent globally.

We adopt a holistic view towards both recruitment and retention that looks beyond the provision of competitive financial rewards. We aim to provide professional and personal development, meaningful career growth paths, and work-life balance and to inculcate an inclusive culture that allows our people to develop fulfilling, long-term careers with us.

We have 27 employees as of 31 December 2023 of whom 44% were female and 56% were male. Our workforce is made up of 100% full-time employees. Employees aged 31–50 years old accounted for 44% of the staff strength, with staff under 30 years old and above 50 years old both accounting for 26% and 30% respectively.

Summary of Employee Profile

Gender	
Male	15
Female	12
Age Distribution	
Under 30	7
31–50	12
Above 50	8
Employment Category	
Senior	12
Middle	8
Junior	12
Geographical	
Singapore	27

Diversity and Inclusion

ZACD Group believes in Equal Employment Opportunities. Our human resource policies and procedures ensure equal opportunities and fairness in employment decisions. We do not discriminate based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, or marital status.

Furthermore, we recognize the value a diverse workforce can potentially bring in terms of creativity, dynamism, and the provision of new perspectives which are critical in the delivery of our products and services to meet the evolving needs of our global clientele.

During the reporting period, the Group did not receive any complaints of discriminatory practices.

Welfare and Benefits

We offer a comprehensive compensation and benefits package to our employees. Employees are entitled to annual leave as well as sick and hospitalization leave in accordance with prevailing regulations. On top of these, full-time staff members including new hires, are eligible for other employment benefits such as birthday, marriage and family care leave as well as flexible work arrangements to encourage work-life balance. Staff are also entitled to examination leave to allow them to pursue further studies and encourage life-long learning for personal and professional growth.

With the implementation of the Flexible Work Arrangement ("**FWA**") scheme for our employees who were offered the option of working at alternative work locations such as in the comforts of their homes. All these welfare benefits aim to boost employee work-life satisfaction, motivation, and productivity at work.

For 2024, HR aims to introduce new retention strategies as well as expand on the ones we currently have. We continue to explore medical specialist claims, at a tiered capped amount across different compensation levels, for all our employees as we have received employee feedback that it is essential. Having an attractive benefits package will elevate our employer brand.

FY 2023 saw the continued successful implementation of a new appraisal formula (Business Performance Index x Employee Performance Index) to compute the bonus entitlement. This improved formula supports the overall alignment of business and employee performance for a fairer allotment of bonuses across the Group. In 2024, we will further explore issuing Employee Stock Options ("**ESOP's**") as part of employee compensation packages.

In 2024, we are looking to continue leveraging HR events to expand our knowledge of creative HR strategies and HR best practices. This will also aid in gaining exposure to what other leading local and regional employer brands are doing in terms of progressive HR strategies.

An area that we will continue to improve on is the adoption of HR digitalization and systems. HR continues to maximize digitalization through the introduction of online employee feedback surveys periodically in the year, as well utilization of online payroll management platforms to reduce the time taken to process employees' salaries.

HR aligns with the Group's goal of achieving a performance-driven culture. We prioritize the sustainability of the business by constantly reviewing internal processes and moving towards a leaner workforce, with 100% on full-time payroll. This prepares us for more efficient manpower planning in the event of another worldwide pandemic or during an unforeseen low period for the business.

With the removal of all COVID measures, we have resumed periodic physical meetings and lunches with all our staff to update them on company performance and address any concerns they may have. Since 2022, we also resumed our tradition of celebrating festivals, Christmas events, and external meetups as a way for staff to relax and connect outside of the workplace. In 2023, our commitment to fostering a vibrant and inclusive workplace culture was exemplified through a series of engaging events. Our staff-exclusive BBQ parties served as a delightful opportunity for team members to unwind, connect, and forge stronger bonds outside the typical work setting. These occasions not only celebrated camaraderie but also contributed to a positive and collaborative atmosphere within our organization.

Expanding our cultural celebrations, the Chinese New Year and Mid-Autumn Festival events were extended to include both our dedicated staff and valued clients. These festivities showcased our dedication to embracing diversity and fostering a sense of unity that transcends professional boundaries. By providing a shared platform for staff and clients, we aimed to create lasting connections and a sense of belonging that goes beyond the typical business relationship.

Additionally, recognizing the significance of individual milestones, we reinstated our monthly birthday celebrations. These moments not only allowed us to honor and appreciate each team member but also served as a reminder of the unique contributions each person makes to our collective success.

As we reflect on the past year's events, it is evident that these initiatives have played a crucial role in strengthening the fabric of our organizational culture. We are proud to continue creating an environment where individuals are not only valued for their professional expertise but also celebrated for their diverse backgrounds and personal achievements.

Looking ahead, we remain committed to fostering a workplace that champions inclusivity, embraces cultural richness, and recognizes the importance of every individual within our organization. These initiatives are integral to our ongoing commitment to creating a positive and collaborative work environment that drives our collective success.

Recruitment for 2024

With regards to our recruitment strategy for 2024, we will be looking to expand our coverage to include more regional recruitment sites and partners. This is in line with our business strategy for 2024 talent acquisition — to expand our regional portfolio. In order to do so, we will need employees who are knowledgeable about the real estate industry in the select countries as well as having a substantial regional network.

The countries in focus for 2024 are — Singapore, Hong Kong, Indonesia and Australia. Our recruitment plan for 2024 will continue to create additional revenue models to complement the existing revenue employees — with our newly formed Regional Business Development team, they have plans to expand the team in the countries of focus and work closely with the HQ Relationship Management team in Singapore to share knowledge, expertise and networks.

HR continues to spearhead the ZACD Youth Ventures initiative and will focus on hiring more graduates as part of our forward talent recruitment strategy. This includes active involvement in recruitment fairs, both locally and across the border.

Summary of Employee Turnover

Employee Turnover by Gender	
Male	30%
Female	70%
Employee Turnover by Age Group	
Under 30	39%
31–50	52%
Above 50	9%



ZACD/SLP Dialogue on 17 October 2023

Employee Engagement

ZACD advocates employee engagement and we demonstrate this through numerous ways. Town Hall sessions are held annually for our Board of Directors to announce the Company’s directions and financial performance to all employees. Our staff members are given the opportunity to voice out concerns directly to the BODs during the open dialogue session.

HR Dialogue sessions are held bi-annually to announce new initiatives or amendments to existing company policies, as well as to provide a platform for colleagues to voice out concerns or suggestions about employee benefits. Employee engagement is a two-way process and this process must be consistently measured to highlight potential gaps in employee retention. ZACD addresses this through the implementation of online Employee Happiness Index Surveys periodically to gather feedback

on their working experiences, company policies, processes, and events. In 2023, our commitment to open communication and continuous improvement was exemplified through the successful implementation of Dialogue Sessions within our company. These sessions served as a crucial platform for fostering a stronger bond among our team members and creating an environment where employees felt empowered to voice their opinions for the betterment of the organization.

The Group places great emphasis on building team spirit through encouraging staff participation in corporate and festive celebratory events. Monthly birthday celebrations are held across departments, often on the respective department head’s initiative. Monthly team bonding budgets are set aside to encourage inter-department bonding sessions.

With the easing of COVID restrictions, staff was encouraged to participate in weekly mixed workout sessions organized at studios. A walk to Gardens By The Bay was organized for all employees in June 2023 and office events (e.g. badminton and gym at FireFIT resumed selectively with adequate health and safety measures in place. There was a mid-autumn mooncake festival held at PARKROYAL on Beach Road, as well as a Christmas party at the office to boost employee morale and slowly ease back to pre-COVID practices.



Annual Dinner & Dance (Mid-Autumn Festival) on 28 September 2023

ASPECT B2: Health and Safety

The Group recognises the importance of providing all our employees, sub-contractors and visitors with a safe and healthy work environment, and to prevent workplace injuries and illnesses. We undertake various measures to comply with all statutory health and safety requirements. The Group is open to adopting all other reasonably practicable means to reduce or eliminate terror threats, hazards and the risk of injury to its employees and others (such as visitors, contractors, workers and member of public) and the risk of damage to its property.

The objectives of the Security & Workplace safety and Health Policy aim to:

- prevent injury or illness in the workplace;
- ensure compliance with regulatory requirements;
- continually improve the standard of health, safety and security within the workplace;
- do everything reasonably practicable to protect the physical property both of the Company and of staff, contractors, and all visitors to the Company; and
- integrate health, safety, and security into the Company’s management structures, systems, and strategies.

The Company’s Security and Workplace Safety & Health (“**WSH**”) performance is continually assessed through communication and performance measurement. This way, continual improvements and setting of relevant objectives and targets can be implemented.

All managers and supervisors are responsible and accountable for the safety and health of our employees, sub-contractors, and company property under their control. Managers and supervisors are responsible for ensuring compliance with all regulations, procedures, and safe work practices in all workplaces, and work sites at all times.

The Work Safety Policy for all staff highlights the need to:

- Maintain a clean and orderly work area,
- Report all injuries and work-related incidents and accidents,
- Actively participate in safety improvement activities,
- Be responsible to prevent injury to oneself as well as to colleagues,
- Work with contractors and suppliers to embrace the secure movement,
- Eliminate and minimize terror threats to our staff and the public by ensuring control measures are in place,
- Follow and comply with our Group and our client’s safety requirements and relevant Codes of Practice,
- Value the safety and security of our employees, visitors, and customers and mitigate risks, including those posed by terrorism, by preparing our employees and protecting our workplace,
- Strong safety program that protects the health, safety, and security of its staff, its property, and the public from risk of harm, including that arising from terrorism.



Walk-a-jog on 7 June 2023



ZACD/SLP Chinese New Year Celebration 2023



Staff Badminton Sessions @ Tuesday

Standard Operating Procedures

1. Risk Assessment Team: To identify and evaluate the associated Security & WSH hazards including but not limited to potential terror threats and formulate necessary control measures to minimise the identified risk to an acceptable level. (Hazard Identification — Risk Evaluation — Risk Control)
2. Brief and send employees to courses or training on our Safe Work Procedures such as, but not limited to Office Ergonomics, Electrical Safety, Use of Ladder, Use of Hand Tool, Working at Height, Painting Works, Handling of Materials on Site, Housekeeping, Heat Stress and Haze, Vehicle Safety and Contingency Response Plan for a Terror Attack (Run, Hide, Tell & Press, Tie & Tell).
3. Regular tool-box meeting is conducted during the full duration of the project by the Safety Supervisor.
4. Regular Risk Assessment check during the period of every project.
5. Basic and Sufficient Safety equipment such as, Safety Helmet, Safety Harness and Safety shoes provided for all Site-Employee. (PPE)
6. Ensuring control measures are being implemented as planned and correcting behaviour when necessary.
7. Provide on-going guidance, coaching and assistance to employees when new control measures are implemented or existing measures are changed.
8. Yearly review of Risk Management System and Risk Assessment Team.

Summary of work injury and work-related fatalities

Lost day due to work injury: Nil

Number of injuries: Nil

Number of work-related fatalities: Nil

For the year ended 31 December 2023, there were no confirmed non-compliance incidents in relation to providing a safe working environment and protecting employees from occupational hazards.

ASPECT B3: Training and Development

ZACD prioritises personal and professional development in all divisions and have enrolled our staff members in various training programs tailored to their skillsets for them to leverage on their expertise.

Training may take place either through On-the-job (OJT) training, in-house and/or public courses to enhance our staff’s skillsets.

For public courses, training budgets are set aside for each department and our employees have utilised this by attending courses namely; Fintech — Innovation and Transformation in Financial Services, Capitalisation Valuation, Investment & Valuation in Real Estate — Key Principles, to name a few. We believe in applied and continuous learning and that these courses will aid in our dynamic growth and sustainability. ZACD is currently moving towards the direction of organising and conducting in-house training by our very own staff members who are ACLP-certified.

Summary of Training and Development

Number of Employees Trained	24
By Gender	
Male:	54%
Female:	46%
By Employment Category	
Senior:	7, representing 29%
Middle:	3, representing 13%
Junior:	14, representing 58%

Career Development

Career progression is one of the key factors in promoting employee retention and ZACD adopts a merit-based performance analysis to advocate equal opportunity. Our Performance Appraisal Cycle is conducted annually in December, and moving forward HR is looking to implement mid-year reviews for staff to get more timely feedback from their supervisors. This provides more opportunities to recognise achievements and allow staff to work on areas of improvement before the year-end appraisal. ZACD has also conducted Leadership Retreats for the purpose of grooming our successors, to recognise middle management and to share our Company’s goals and directions. ZACD has executed the Management Associate Program, a fast-track approach catered to fresh graduates to groom them into managerial positions.

Summary of Training Hours

On average, each staff went through 7 hours of training through in-house and/or public courses.

Moving forward in 2024, we shall explore aligning training and development with Skills Framework as part of the Industry Transformation Map (ITM) and our efforts in ensuring that our staff's skillsets remain relevant and future-proof.

By Gender	Number of Hours
Male:	7
Female:	7
Average training hours completed per employee category	
Senior:	7
Middle:	7
Junior:	7

ASPECT B4: Labour Standards

Our recruitment policy and hiring process is based on merit and ability and is aligned with the regulations set out in the Employment Act as well as Tripartite Guidelines. Due to the nature of our business which involves investment management, financial advisory, project consultancy services and property management services, the competency and background of our candidates are vital. In addition to having the relevant skills and experience, our candidates also undergo a screening process and previous employment reference checks.

We abide by the local Employment Act, Tripartite Guidelines and internationally accepted labour and human rights principles which advocate freely-chosen employment, child labour avoidance, compliance with labour laws regarding working hours, wages and benefits, humane treatment, non-discrimination and freedom of association.

Our Legal & Compliance division, headed by our Chief Legal Officer, work closely with our Human Resources division and the Ministry of Manpower on the steps to manage and resolve workplace and labour conflicts, if any.

There were no incidents of human rights violations, forced labour or child labour in the reporting period.

Separately, our property management arm follows a set of SOPs that are compliant with the Managing Agent agreement. Any other procurements that fall outside the Managing Agent Agreement adheres to the Group's Handbook for Business Conduct.

ASPECT B5: Product Responsibility

Product Responsibility for the Group refers to the provision of accurate and comprehensive marketing materials that enable our Customers/Investors to make well-informed decisions. Product responsibility also refers to having proper documentation control, regular updates as well as good investor relation practices for all for our services.

Health and Safety: As a provider of real estate investment products, financial advisory and management services, we do not manufacture products which have material health and safety impact and implications.

Marketing/Advertising: The Group respects Customers/Investors and Shareholders rights and is committed to providing accurate and timely information for their consideration to aid them in their investment decisions. The Group works with both external and internal legal counsel to conduct due diligence checks and careful review of all marketing collateral.

Labelling: In view of the Group's business nature, there were no products produced that required any labelling.

In the financial year under review, we had no complaints concerning breaches of customer privacy and information.

Regular Updates: The Group provides quarterly updates to our customers/Investors and Shareholders with accurate information on their returns and project updates.

Investor Relations: We have in place a dedicated Relationship Manager team of company representatives to address Customers/Investors and Shareholders queries and concerns.

Domain name: The IT Head is responsible for monitoring the registration and processing renewal of the Group 's domain name. Domain name purchase and renewals are processed via a vendor (usonyx.net). Two months prior to expiry of the domain name, an automated domain name renewal notification email from the vendor will be received by the IT department.

Trademarks: The Legal department is responsible for monitoring the registration of the Group 's trademark in Singapore and Hong Kong. Registration of any new trademarks are processed internally by the Legal department directly with the authorities. Prior to submission of registration, the management and board will approve the trademark design prepared by the marketing department. The trademark application will then be signed by a director (i.e., an authorised signatory of the trademark owner).

The Group was not involved in any material dispute or infringement of intellectual property rights (intellectual property owned by the Group or third parties). In the event of identification of such infringement of intellectual property rights, the Group may consult external lawyers, and the appropriate legal remedies, depending on the nature of the infringement, will be taken.

Prevention of infringement: A disclaimer page regarding the content and trademarks used and displayed is put up on the Group's website. Forms and documents bearing the Group's trademarks (e.g., letterheads) are standardised and reviewed by the Legal department regularly to ensure that trademarks are used in accordance with the trademark registration records.

Consumer Data Protection and Privacy Policies: The Group has a Data Protection Policy (including the Telemarketing Policy on compliance with the Do Not Call Provisions) that is available on the Group's official website. In addition, the Legal department provides regulatory updates to HODs and the consent form for data collection for business units, where needed.

ASPECT B6: Anti-corruption

We adopt a zero-tolerance approach to corruption and are committed to acting with integrity in all our business dealings and relationships.

Our corporate governance policies cover areas of Fraud, Whistle-Blowing, Money Laundering, Document Retention, and Conflict of Interest to facilitate the development of controls that will aid in the detection and prevention of any fraud, misappropriations and other irregularities. The Group prohibits employees from receiving any advantages offered by customers, suppliers, colleagues or any other parties, while they are performing duties under the Group.

All new employees are required to read, understand and be assessed on these policies during the orientation programme. We communicate our zero-tolerance towards corruption approach to all suppliers, sub-contractors and other service providers at the outset of our business relationship.

There was a training conducted by Compliance Asia Consulting Pte. Ltd. in October 2020 on Anti-money Laundering & Compliance for the representatives/employees of ZACD Capital and ZACD Financial (total 29 attendees). This training covers:

- Compliance Obligations including Gifts and Entertainment, Personal Share Dealing, Personal Share Dealing, Transactions with Connected Parties, and Outside Activities of Employees
- Capital Markets License and Fund Management
- CMS Licensing Process & Requirements
- Key Compliance Obligations
- Insider Information
- Anti Money Laundering/Counter-Financing of Terrorism
- Cyber Security
- MAS
- Recent Regulatory Changes
- Q&A

In the financial year under review, there were no confirmed incidents or cases of suspected corruption.

44 REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of ZACD Group Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the financial year ended 31 December 2023 (the “**Financial Year**”).

OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 18 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including a fair review of the Company’s business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Financial Year and an indication of likely future development in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 11 to 23 of this Annual Report. This discussion forms part of this Report of the Directors. There is no material differences in the Group’s business objectives as stated in the prospectus and the actual business progress in the Financial Year.

RESULTS AND APPROPRIATIONS

The Group’s financial performance for the year ended 31 December 2023 is set out in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income on pages 77 to 78 of this report and the financial position of the Group as at 31 December 2023 is set out in the Consolidated Statement of Financial Position on pages 79 to 80 of this report.

DIVIDENDS POLICY

The Board has adopted a dividend policy on 13 December 2017, which was ratified on 31 December 2018. In proposing any dividend pay-out, the Board shall take into account the following factors:

the Group's

- operations;
- earnings;
- financial condition;
- cash requirements and availability;
- capital expenditure;
- future development requirements; and
- other factors that the Board deems relevant.

The recommendation of the payment of dividends is subject to the absolute discretion of the Board, and any declaration of final dividends for the year will be subject to the approval of the Company's Shareholders.

No final dividend was paid or proposed by the Company for the financial year ended 31 December 2023.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends for the Financial Year.

SHARE CAPITAL

Details of movements of the share capital of the Group for the Financial Year are set out in Note 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Financial Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's constitution or the Singapore Company Law which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no distributable reserve calculated under the Singapore Companies Act 1967.

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, sales to the Group's five (5) largest customers accounted for 87.6% of the total sales and sales to the largest customer included therein amounted to 30.4% of the total sales. Due to the nature of the business, the Group has no major suppliers as the major cost mainly comprised of staff costs, professional and compliance fees.

Saved as disclosed in Note 4 to the consolidated financial statements of this Annual Report, none of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five (5) largest customers.

DIRECTORS

The Directors of the Company during the Financial Year and up to the date of this Annual Report were as follows:

Executive Directors

Ms. Sim Kain Kain (<i>Chairman</i>)	(appointed on 8 November 2016)
Mr. Yeo Choon Guan (Yao Junyuan)	(appointed on 8 November 2016)
Mr. Mark Oh Keng Kwan	(appointed on 22 April 2022)
Mr. Patrick Chin Meng Liong	(appointed on 11 March 2021)
Ms. Yong Sze Wan, Cheryl	(appointed on 22 April 2022 and resigned w.e.f. 7 April 2023)

Independent Non-executive Directors

Mr. Kong Chi Mo	(appointed on 13 December 2017)
Dato' Dr. Sim Mong Keang	(appointed on 13 December 2017)
Mr. Lim Boon Yew	(appointed on 31 January 2019 and retired w.e.f. 14 June 2023)
Mr. Eugene Lim Chin Hon	(appointed on 14 June 2023)

Non-executive Directors

Mr. Chew Hong Ngiap, Ken	(appointed on 31 January 2019 and retired w.e.f. 14 June 2023)
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Pursuant to the Article 112 of the Constitution of the Company, one-third (1/3) of the Directors selected in accordance with Article 113 shall retire from office by rotation at each Annual General Meeting ("**AGM**") of the Company. However, a retiring Director shall be eligible for re-election.

Pursuant to Article 113, Mr. Kong Chi Mo and Dato' Dr. Sim Mong Keang being the independent non-executive directors, have decided not to offer themselves for election, they will retire at the conclusion of the AGM.

The Company proposed to appoint Mr. Lau Kin Chung Alex and Mr. Ma Yue Leong, Benjamin as the new independent non-executive Directors in the forthcoming AGM.

Whereas Mr. Patrick Chin Meng Liong ("**Mr. Chin**") will retire from office as Director and being eligible, Mr. Chin offer himself for re-election at the forthcoming AGM in accordance with Articles 112 and 113.

The Company has received annual confirmations of independence from all Independent Non-executive Directors, and as at the date of this report still considers them to be independent pursuant to Rule 5.09 of the GEM Listing Rules.

Further details of the Directors' profile are set out on pages 24 to 28 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

Each of the Executive Directors has entered into a service contract with the Company for a fixed term of three (3) years which may be terminated before the expiration of the term by not less than three (3) months' notice in writing served by either party on the other.

Each of the Independent Non-executive Directors has signed an appointment letter with the Company for a term of three (3) years, which may be terminated before the expiration of the term by not less than two (2) months' notice in writing served by either party on the other. Their appointments are subject to the provisions of retirement and rotation of Directors under the Constitution.

The Non-executive Director has signed an appointment letter with the Company for a term of three (3) years, which may be terminated before the expiration of the term by not less than two (2) months' notice in writing served by either party on the other. His appointment is subject to the provisions of retirement and rotation of Directors under the Constitution.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one (1) year without payment of compensation other than statutory compensation).

EMOLUMENT POLICY

The emolument policy of the Group is set on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors are reviewed by the remuneration committee, with consideration to the Group's operation results and individual performance.

The Company's share option scheme was adopted pursuant to a Shareholders' resolution in writing passed on 13 December 2017 (the "**Scheme**") for the primary purpose of providing incentives or rewards to eligible persons as defined in the Scheme for their contribution or potential contribution to the Group. The Scheme took effect on 16 January 2018 and will expire on 15 January 2028. Under the Scheme, the Board may, at its discretion, offer to any eligible persons options to subscribe for shares of the company subject to the terms and conditions stipulated in the Scheme.

PERMITTED INDEMNITY PROVISION

Pursuant to the Article 191 of the Company's Constitution, every Director, Auditor, Secretary and other officer for the time being of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, none of the Directors or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the Financial Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTOR'S INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the Financial Year, had, according to the register of Directors' shareholdings required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of Directors	Direct interest		Deemed interest	
	At the beginning of Financial Year	At the end of Financial Year	At the beginning of Financial Year	At the end of Financial Year
Ordinary shares of the ultimate holding company				
Yeo Choon Guan				
(Yao Junyuan)	867,000	833,000	833,000	833,000
Sim Kain Kain	833,000	833,000	867,000	833,000
Ordinary shares of the Company				
Yeo Choon Guan				
(Yao Junyuan)	–	–	1,298,600,000	1,298,600,000
Sim Kain Kain	–	–	1,298,600,000	1,298,600,000
Patrick Chin Meng Liong	30,000	30,000	–	–
Yong Sze Wan, Cheryl [#]	30,000	–	–	–

Note:

[#] Resigned w.e.f. 7 April 2023

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the Financial Year.

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

At 31 December 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%	-	-
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%

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 (i) 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.
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 31 December 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.

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.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a Shareholders' resolution in writing passed on 13 December 2017 (the "**Scheme**") for the primary purpose of providing incentives or rewards to eligible persons as defined in the Scheme for their contribution or potential contribution to the Group.

The Scheme took effect on 16 January 2018 and will expire on 15 January 2028. Under the Scheme, the Board may, at its discretion, offer to any eligible persons options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Scheme.

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the eligible persons with the opportunity to acquire proprietary interests in our Company and to encourage them to work towards enhancing the value of our Company and our shares for the benefit of our Company and our shareholders as a whole. The Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible persons.

(b) Participants of the Scheme

Pursuant to the Scheme, the Board may at its absolute discretion grant options to any eligible directors (including executive directors, non-executive directors and independent non-executive directors) and full-time/part-time employees of any member of our Group and any advisers, consultants, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group.

(c) Total number of shares available for issue under the Scheme

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of our Company must not exceed 30% of the shares in issue from time to time. The shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of our Company shall not exceed 200,000,000 shares, representing 10% of the aggregate of our shares in issue on the date the shares commence trading on the Stock Exchange (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As at 31 December 2023, no option has been granted or agreed to be granted under the Scheme.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of our shares in issue, unless approved by the shareholders of the Company in the manner as stipulated in the Scheme.

(e) Option period

The period within which the shares must be taken up under an option shall be the period of time to be notified by the Board to each grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed ten (10) years from the date of grant of the relevant option.

The Scheme is subject to the provisions for early termination as set out in the Scheme thereof. No minimum period for which the option must be held before it can be exercised as specified in the Scheme.

(f) Subscription price

The subscription price per share in respect of an option granted under the Scheme is such price as determined by the Board of the Company at the time of the grant of the options, but in any case the subscription price shall be no less than the highest of:

- (i) the closing price of our shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and
- (ii) the average closing price of our shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) business days immediately preceding the date of grant.

(g) Payment on acceptance of option offer

An offer shall remain open for acceptance by the participant concerned for a period of fourteen (14) days from the date on which the letter containing an offer for the grant of an option is delivered to that participant, provided that no such offer shall be open for acceptance after the tenth (10th) anniversary of the date of adoption of the Scheme. S\$1.00 is payable by the grantee to our Company on acceptance of the offer of the option.

(h) Remaining life of the Scheme

The Scheme will expire on 15 January 2028 and no further options may be granted but the provisions of the Scheme shall in all other respects remain in force and effect and options which are granted during the life of the Scheme may continue to exercise in accordance with their respective terms of grant.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the Financial Year.

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

At 31 December 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:

Name	Capacity/Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
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 Pte. Ltd.	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%

Notes:

- 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.
- 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 31 December 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.

CONNECTED TRANSACTIONS

Continuing connected transactions

Certain of the related party transactions for the Financial Year as disclosed in Note 32 to the consolidated financial statements also constituted continuing connected transactions under the GEM Listing Rules, which are required to be disclosed in this report in accordance with Rule 18.09 of the GEM Listing Rules. Details of such continuing connected transactions (including continuing connected transactions under agreements signed in previous years) are set out below in accordance with the disclosure requirements of Rule 20.69 of the GEM Listing Rules:

- (1) the transaction date;
- (2) the parties to the transaction and a description of their connected relationship;
- (3) a brief description of the transaction and its purpose;
- (4) the total consideration and terms; and
- (5) the nature of the connected person's interest in the transaction.

Details of the above mentioned transaction were also disclosed in the prospectus of the Company dated 28 December 2017.

No.	Brief description of transaction	Transaction tenure	Name of connected person and relationship with the Group	Total consideration and terms (\$)	Nature of the connected person's interest in the transaction
1	Rental of warehouse storage	From 23 September 2023 and ending 22 September 2024	SLP International Property Consultants Pte. Ltd. (wholly-owned by the Controlling Shareholders)	16,000	Payment of rental of warehouse expense
2	Provision of office administrative and transportation services	From 1 June 2023 and ending on 31 May 2024	ZACD Investments Pte. Ltd. (Ultimate holding company)	60,000	Receiving service fee income
3	Provision of marketing and communications services	From 1 June 2023 and ending on 31 August 2023	Creo Adworld Pte. Ltd. (wholly-owned by the Controlling Shareholders)	24,000	Receiving service fee income
4	Rental of office premise	From 16 October 2023 and ending 15 October 2024	SLP International Property Consultants Pte. Ltd. (wholly-owned by the Controlling Shareholders)	88,000	Receiving office rental income
5	Commission	Non-recurring	ZACD Investments Pte. Ltd. (Ultimate holding company)	77,000	Payment of service fee expenses

The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has received confirmation from Ernst & Young LLP, the Company's Auditors in respect of the continuing connected transactions:

- a. nothing has come to the Auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the Auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the Auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions set out in the above list of continuing connected transactions, nothing has come to the Auditor's attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares capital were held by the public as required under the GEM Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 31 December 2023.

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this annual report, neither Innovax Capital Limited, the compliance adviser of the Company, nor any of its directors, employees and associates had any interest in relation to 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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 March 2024, TGL had entered into a Deed of Novation to transfer its convertible loan interests in La Ville Development Fund to its wholly owned subsidiary, Jaunty City Pte. Ltd.

Save as disclosed elsewhere in this report, no other significant event that would materially affect the Group's operating and financial performance took place subsequent to 31 December 2023 and up to the date of this report.

AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Kong Chi Mo	(Chairman, Independent Non-executive Director)
Sim Mong Keang	(Independent Non-executive Director)
Eugene Lim Chin Hon	(Independent Non-executive Director)

The Audit Committee reviews the Group's statutory consolidated financial statements, and the Independent Auditor's Report thereon, with the Auditor.

The Audit Committee may examine any aspect of the Group's financial affairs it deems appropriate and also reviews the Group's internal controls over its internal and external exposures to risks including operational, credit, market, legal and regulatory risks. It will keep under review the Group's system of accounting and internal financial controls, for which the Directors and the Management, individually and collectively, are responsible.

The Audit Committee has full access to, and the co-operation of, the Group's management and has full discretion to invite any Director or Executive Officer to its meetings. The Executive Directors including the Financial Controller/Financial Consultant will normally attend meetings and the Auditor will have unrestricted access to the Audit Committee. The Audit Committee has reasonable resources available to enable it to discharge its functions properly and may require the Company to appoint third parties to undertake independent audits of specific areas as it deems appropriate.

AUDITOR

The consolidated financial statements have been audited by Ernst & Young LLP, who retire and, being eligible, offer themselves for re-appointment in the forthcoming AGM. Ernst & Young LLP have expressed their willingness to accept re-appointment as Auditor.

ON BEHALF OF THE BOARD

Sim Kain Kain
Chairman

Singapore, 25 March 2024

CORPORATE GOVERNANCE PRACTICES

ZACD Group Ltd. (the “**Company**”) and the Board of Directors (the “**Board**”) recognise the importance of incorporating elements of good corporate governance within the Group through, where it is applicable and practical to the Group, adopting the “Corporate Governance Code and Corporate Governance Report” (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules. The Board and Management are committed to establish and maintain a higher standard of corporate governance to protect the interests of the Shareholders so as to achieve effective accountability.

In the opinion of the Board, the Company has complied with the CG Code during the financial year ended 31 December 2023. Details of the Group’s corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 59 to 70 of this report.

1. BOARD OF DIRECTORS

1.1 Composition of the Board

As at the date of this Annual Report, the Board consists of seven (7) Directors comprising four (4) Executive Directors and three (3) Independent Non-executive Directors (the “**INEDs**”). Details are as follows:

Executive Directors

Mr. Yeo Choon Guan (Yao Junyuan) (appointed on 8 November 2016)
Ms. Sim Kain Kain (*Chairman*) (appointed on 8 November 2016)
Mr. Mark Oh Keng Kwan (appointed on 22 April 2022)
Mr. Patrick Chin Meng Liong (appointed on 11 March 2021)
Ms. Yong Sze Wan, Cheryl (appointed on 22 April 2022 and resigned w.e.f. 7 April 2023)

Independent Non-executive Directors

Mr. Kong Chi Mo (appointed on 13 December 2017)
Dato’ Dr. Sim Mong Keang (appointed on 13 December 2017)
Mr. Lim Boon Yew (appointed on 31 January 2019 and retired w.e.f. 14 June 2023)
Mr. Eugene Lim Chin Hon (appointed on 14 June 2023)

Non-executive Director

Mr. Chew Hong Ngiap, Ken (appointed on 31 January 2019 and retired w.e.f. 14 June 2023)

Biographical details of the Directors are set out in the section headed “Directors’ Profile” of this Annual Report.

For the year ended 31 December 2023 and up to the date of this Annual Report, the Board has complied with the requirement of the GEM Listing Rules on appointment of at least three (3) INEDs, who shall jointly account for at least one third (1/3) of members of the Board and at least one of whom must have appropriate professional qualifications or accounting or relevant financial management expertise. The qualifications of the three (3) INEDs of the Company fully comply with Rules 5.05 (1) and (2) of the GEM Listing Rules.

None of the INEDs of the Company has any business or financial interests in the Company and its subsidiaries, nor do they hold any executive positions in the Company, which effectively guaranteed their independence. The Company has received from each of the INEDs an annual confirmation of their independence as per Rule 5.09 of the GEM Listing Rules. As at the date of this Annual Report, the Company is of the opinion that all the INEDs are independent in accordance with Rule 5.09 of the GEM Listing Rules.

Formal service agreements or appointment letters have been entered into with the Executive Directors, Non-executive Director and the INEDs. Each of the Executive Directors has entered into a service contract with the Company for a fixed term of three (3) years, which may be terminated before the expiration of the term by not less than three (3) months' notice in writing served by either party on the other. Each of the INEDs has signed an appointment letter with the Company for a term of three (3) years, which may be terminated before the expiration of the term by not less than two (2) months' notice in writing served by either party on the other. The Non-executive Director has signed an appointment letter with the Company for a term of three (3) years, which may be terminated before the expiration of the term by not less than two (2) months' notice in writing served by either party on the other.

CG Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Sim Kain Kain ("**Ms. Sim**") is the Chairman of the Board while her husband, Mr. Yeo Choon Guan (Yao Junyuan) ("**Mr. Yeo**"), is the Chief Executive Officer. In view of Ms. Sim and Mr. Yeo being founders of the Group and having been operating and managing the Group since 2011, the Board believes that the vesting of the roles of Chairman and Chief Executive Officer in Ms. Sim and Mr. Yeo, respectively, is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider appointing Directors who are not related to other Board members for the roles of Chairman of the Board and Chief Executive Officer of the Company, respectively, at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Saved as disclosed above, other members of the Board do not have any relations between each other (including financial, business, family or other material or related relations). The Board is well-balanced in structure and each of its members is knowledgeable, richly experienced and talented in the business operation and development of the Company. All the Directors understand their joint and several responsibilities towards shareholders of the Company.

1.2 Board Meetings

The Board shall hold Board meetings regularly, at least four (4) meetings in each year on quarterly basis, involving active participating, either in person or through electronic means of communication, of a majority of Directors. A notice of a regular Board meeting shall be delivered to all the Directors at least fourteen (14) days in advance for them to arrange the attendance for the meeting, with the matters to be discussed specified in agenda of the meeting. Board papers together with all appropriate, complete and reliable information are delivered to all Directors at least three (3) days before the regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting. The Board has held four (4) Board meetings during the financial year ended 31 December 2023.

1.3 Functions and powers exercised by the Board and the Management

The rights and duties of the Board and the Management are specified in the Constitution, so as to guarantee an adequate balance and restriction mechanism for the excellent governance and internal control of the Company.

An Investment Committee has been established and is responsible for all investment and divestment decisions within the investment management services business segment. The Investment Committee consists of the Executive Directors and the Chief Investment Officer.

The Board shall be responsible for determining the Company's operation plans and investment programs and the setting of its internal management organisations, formulating basic management system of the Company, receiving the regular or other timely working reports of the Company's general manager or entrusted senior management, and approving the general manager's working reports.

The Board admits that it is the common responsibility of all the Directors to perform the duty of corporate governance, including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (c) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company's Directors and employees; and
- (d) to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report.

1.4 Directors' Appointment and Re-election

Pursuant to the Article 112 of the Constitution of the Company, one-third (1/3) of the Directors selected in accordance with Article 113 shall retire from office by rotation at each Annual General Meeting (“AGM”) of the Company. However, a retiring Director shall be eligible for re-election.

Pursuant to Article 113, Mr. Kong Chi Mo and Dato’ Dr. Sim Mong Keang being the independent non-executive directors, have decided not to offer themselves for election, they will retire at the conclusion of the AGM.

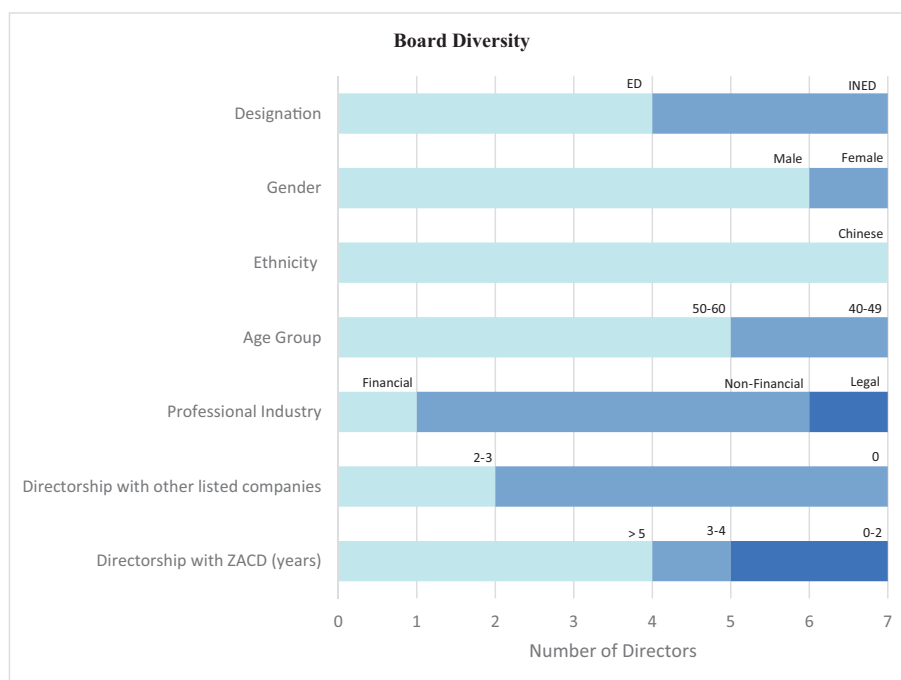
The Company proposed to appoint Mr. Lau Kin Chung Alex and Mr. Ma Yue Leong, Benjamin as the new independent non-executive Directors in the forthcoming AGM.

Whereas Mr. Patrick Chin Meng Liong (“**Mr. Chin**”) will retire from office as Director and being eligible, Mr. Chin offer himself for re-election at the forthcoming AGM in accordance with Articles 112 and 113.

1.5 Board Diversity Policy

The Board has adopted the Board Diversity Policy. The Nomination Committee shall review, at its discretion, the Board Diversity Policy of the Company. For designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. All Board members’ appointment will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, culture, race and educational background, professional experience, knowledge, skills and length of service.

The following chart shows the diversity profile of the Board as at the date of this report:



1.6 Nomination Policy

The Nomination Committee (“**NC**”) shall identify candidates who are qualified/suitable to become a member of the Company’s Board and make recommendations to the Board on the selection of candidates nominated for directorships with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

In assessing the suitability of a proposed candidate, the NC may make reference to certain criteria such as Company’s need, reputation for integrity, experience in principal business of the Company, balance of skills, knowledge and experience on the Board, the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities and, in case of INEDs, the independence requirements set out in the GEM Listing Rules (as amended from time to time), and take into account various aspects set out in the Board Diversity Policy of the Company, number of directorship in other listed/public companies and in case of INED, number of years he/she has already served.

1.7 Training for Directors

The Company provides, as appropriate, the latest developments in the GEM Listing Rules and other applicable regulatory requirements and reading material on relevant topics will be issued to directors where appropriate. All directors of the Company are encouraged to attend relevant training courses at the Company’s expenses.

Board Members	Attending Training/Seminar/ Reading Regulatory Updates on Corporate Governance
<i>Executive Directors</i>	
Ms. Sim Kain Kain	✓
Mr. Yeo Choon Guan (Yao Junyuan)	✓
Mr. Mark Oh Keng Kwan	✓
Mr. Patrick Chin Meng Liong	✓
<i>Independent Non-executive Directors</i>	
Mr. Kong Chi Mo	✓
Dato’ Dr. Sim Mong Keang	✓
Mr. Eugene Lim Chin Hon	✓

1.8 Directors’ Insurance

The Company has arranged appropriate insurance cover in respect of legal litigation against its Directors.

2. BOARD COMMITTEES

There are three (3) committees under the Board namely Audit Committee, Nomination Committee and Remuneration Committee.

2.1 Audit Committee

The Audit Committee ("**AC**") was established pursuant to a resolution of the Board 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 CG Code. The primary duties of the AC include (i) making recommendations to the Board on the appointment and removal of External Auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control and risk management procedures and corporate governance of the Company; (iv) supervising internal control systems of the Group; and (v) monitoring continuing connected transactions (if any).

The AC currently consists of all three (3) of the INEDs. The members of the AC are currently Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon and the Chairman is Mr. Kong Chi Mo.

The following tasks have been taken up by the AC during the year ended 31 December 2023:

- (a) reviewed the consolidated financial statements of the Group for the year ended 31 December 2023 including the audit findings report from External Auditors, Quarterly Results, Interim Results and Annual Results announcements, Quarterly Reports, Interim Report and Annual Report;
- (b) reviewed the continuing connected transactions of the Company for the year ended 31 December 2023 and considered the exceeding annual cap. Opinions from the AC and INEDs are set out in the section headed "Report of the Directors";
- (c) reviewed the internal audit report, review adequacy and effectiveness of Group's internal controls including financial, operational and compliance controls and risk management; and
- (d) considered the re-appointment of the External Auditors.

2.2 Nomination Committee

The NC was established pursuant to a resolution of the Board passed on 13 December 2017 with written terms of reference in compliance with the CG Code. The primary duties of the NC are to (i) review the structure, size, composition and diversity of the Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of INEDs; (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to the Board regarding the candidates to fill vacancies on the Board. The NC seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The NC has held one (1) NC meetings during the financial year ended 31 December 2023.

The NC currently consists of one (1) Executive Director, Mr. Yeo, and all three (3) INEDs, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon and is currently chaired by Mr. Eugene Lim Chin Hon.

2.3 Remuneration Committee

The Remuneration Committee ("**RC**") was established pursuant to a resolution of the Board Directors passed on 13 December 2017 in compliance with Rule 5.34 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the RC include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration and (iv) assessing performance of executive directors. The RC would make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The RC has held one (1) RC meeting during the financial year ended 31 December 2023.

The RC currently consists of one (1) Executive Director, Ms. Sim, and all three (3) INEDs, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon. It is currently chaired by Dato' Dr. Sim Mong Keang, an INED.

2.4 Attendance Record of Directors and Committee Members

During the year ended 31 December 2023, the attendance of each member of the above committee meetings and the Board meetings are recorded as below:

Name of Directors	Board Meeting	Number of meetings attended/Number of meetings held			Annual General Meeting
		Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	
<i>Executive Directors:</i>					
Mr. Yeo Choon Guan (Yao Junyuan)	4/4	N/A	N/A	1/1	1/1
Ms. Sim Kain Kain	4/4	N/A	2/2	N/A	1/1
Mr. Mark Oh Keng Kwan	4/4	N/A	N/A	N/A	1/1
Mr. Patrick Chin Meng Liong	4/4	N/A	N/A	N/A	1/1
Ms. Yong Sze Wan, Cheryl*	1/1	N/A	N/A	N/A	N/A
<i>Independent Non-executive Directors:</i>					
Mr. Kong Chi Mo	4/4	4/4	2/2	1/1	1/1
Dato' Dr. Sim Mong Keang	4/4	4/4	2/2	1/1	1/1
Mr. Lim Boon Yew#	4/4	4/4	2/2	1/1	1/1
Mr. Eugene Lim Chin Hon®	2/2	2/2	1/1	N/A	1/1
<i>Non-executive Director:</i>					
Mr. Chew Hong Ngiap, Ken#	0/2	N/A	N/A	N/A	0/1

Notes: * Resigned w.e.f. 7 April 2023
Retired w.e.f. 14 June 2023
® Appointed on 14 June 2023

3. DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board has confirmed its responsibility for preparing annual financial statements of the Company as of 31 December 2023.

The Board is responsible for submitting a well-defined assessment on the quarterly, interim and annual reports, share price sensitive information, and other matters that need to be disclosed according to the GEM Listing Rules and other regulatory provisions. The Management has provided relevant and necessary explanation and information to the Board so that the Board could make informed assessment on the financial data and position of the Company for examination and approval.

The Company does not have any significant uncertainty in any areas likely to give rise to the significant doubt of the Company's capability of sustained operations.

The responsibility of the Company's External Auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this Annual Report.

4. CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2023.

5. JOINT COMPANY SECRETARIES

To maintain good corporate governance practices and compliance with the GEM Listing Rules and applicable laws, the Company appointed the followings as the joint Company Secretaries:

As to Hong Kong Law

Mr. Ip Pui Sum (葉沛森) ("**Mr. Ip**"), was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. Mr. Ip has been the founding partner of Sum, Arthur & Co., Certified Public Accountants since 1993 whose scope of services includes the provision of financial statement audit, accounting and company secretary services. Mr. Ip has been appointed as the company secretary of various companies listed on the Main Board. Mr. Ip obtained a higher diploma in accountancy from the Hong Kong Polytechnic University in November 1982 and a master's degree in business administration from Henley Management College in Brunel University in May 1997. Mr. Ip is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and an associate member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, the Chartered Governance Institute and the Hong Kong Chartered Governance Institute (formerly the Hong Kong Institute of Chartered Secretaries).

As to Singapore Law

Mr. Tan Kim Swee Bernard ("**Mr. Tan**"), aged 48, was appointed as one of the joint company secretaries of the Company in Singapore on 8 November 2016. He is a practising solicitor in Singapore. Mr. Tan has over twenty-three (23) years of experiences in legal practice including the professional secretarial services sector in Singapore. He obtained a Bachelor of Laws degree from the National University of Singapore in August 2000.

Mr. Ip provides joint company secretarial support and assists the key personnels so as to enable them to acquire the requisite knowledge and experience (as required under Rule 5.14 of the GEM Listing Rules). During the Financial Year, Mr. Ip communicated with the key personnels on a regular basis regarding matters in relation to corporate governance, the GEM Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of the Company.

6. RISK MANAGEMENT AND INTERNAL CONTROL

The Directors of the Company understand that the Board is responsible for establishing and maintaining appropriate and effective risk management and internal control systems and this primarily to safeguard the investment of shareholders and assets of the Company. The Board has examined the effectiveness of the existing internal control system of the Company, and the Company confirms that the internal control system is satisfactory. In this regard, the Compliance and Internal Audit departments have put in place a Risk Register identifying specific risk areas. The Compliance Workplan will be to ensure specific risk areas will be reviewed on a regular basis over a number of years to ascertain that procedures and internal controls in-place are sufficient and properly enforced. These areas include, but are not limited to, Anti Money Laundering, Fund Management, Financial Advisory, Business Community Management, and Outsourcing. Any reviews will be based on the risk value indicator allocated to that particular risk area. Thus, the higher the risk the more frequent a review of that area would be conducted — the frequency ranging from annual reviews to review every two (2) to three (3) years. In addition to the Internal Audit function the Company has in place an effective and tried Whistle Blowing policy for internal and external parties.

7. REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 December 2023 are set out in Note 9 to the consolidated financial statements of this Annual Report.

The Directors believe that employees are the Group's largest assets, hence emphasizing the importance of a fair and competitive remuneration policy that essentially creates growth and profitability. The Group's remuneration policy is structured based on position title, individual's performance, years of relevant working experience and prevailing salary levels in the market.

8. AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the External Auditor and reviewing any non-audit functions performed by the External Auditor, including whether such non-audit functions could give rise to any actual or potential material adverse effect on the Company. During the financial year ended 31 December 2023, the remuneration paid or payable to the External Auditor for audit and non-audit services are set out as follows:

Services rendered	Fee paid/payable S\$'000
Statutory annual audit service	181
Review of interim results	23

9. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

9.1 Shareholders' Right to Requisite a Meeting

As one of the measures to safeguard Shareholders' interest and rights, it is proposed that separate resolutions can be tabled at Shareholders' meetings on each substantial issue, including the election of individual Directors. The voting results will be posted on the websites of the Stock Exchange and the Company after the Shareholder's meeting.

Procedures for Shareholders to convene an Extraordinary General Meeting (the "EGM")

The following procedures for shareholders to convene an EGM are subject to the Constitution (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules:

- (a) Any one or more member(s) holding at the date of the deposit of the requisition not less than ten percent (10%) of the total number of paid-up shares carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**"), shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition;
- (b) The Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**"), signed by the Eligible Shareholder(s) concerned to the Board or Company Secretary at the Company's principal place of business in Hong Kong at 20/F, Winbase Centre, 208 Queen's Road Central, Sheung Wan, Hong Kong;
- (c) The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda;
- (d) The Company will check the Requisition and will be verified with the Company's share registrar in Hong Kong. If the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Constitution to all the registered shareholders, and such meeting shall be held within two (2) months after the deposit of the Requisition. On the contrary, if the request has been verified as not being in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, an EGM will not be convened as requested;
- (e) If within twenty-one (21) days from the date of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed by the Company to the Eligible Shareholder(s) concerned.

9.2 Inquiry and Communication of Shareholders

The Company releases its announcements, financial data and other relevant data on its website www.zacdgroup.com, which serves as a channel facilitating effective communication. Shareholders may send any inquiry in writing to the Company's principal place of business in Hong Kong. The Company will properly handle all inquiries in due course.

The Board welcomes suggestions from shareholders, and encourages shareholders to attend general meetings to directly raise any issues that they may have to the Board and the Management. Usually, the Chairman of the Board and the Chairman of respective committees would attend AGM and other general meetings to answer questions put forward by shareholders.

Detailed voting procedures and all resolutions voted on shall be set out in circulars to shareholders.

For put forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company, details are as follow:

Hong Kong

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

10. CONSTITUTIONAL DOCUMENTS

During the financial year ended 31 December 2023, the Company did not make any changes to the Constitution. The latest Constitution of the Company is available on the GEM's website and the Company's website.

11. DEED OF NON-COMPETITION BY THE CONTROLLING SHAREHOLDERS

Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus of the Company dated 28 December 2017 and there is no change thereon up to the date of this report. The INEDs have reviewed the status of compliance by each of the controlling shareholders with the undertakings and as far as the INEDs can ascertain, there is no breach of any of the undertakings in the Deed of Non-competition.

INDEPENDENT AUDITOR'S REPORT

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**Building a better
working world**

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For the year ended 31 December 2023

Independent Auditor's Report to the Members of ZACD Group Ltd. Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ZACD Group Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**"), International Financial Reporting Standards ("**IFRSs**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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To the Members of ZACD Group Ltd.

Key Audit Matters (cont'd)

Valuation of investment in equity securities and fund entities

Investment in equity securities and fund entities relate to equity interests presently held or to be received by the Group in Investment Special Purpose Vehicles (“**SPVs**”) and fund entities that undertake investments in real estate development projects. In determining their classification as investment in equity securities and fund entities held at fair value through other comprehensive income, management is required to exercise judgement and consider factors such as the contractual characteristics of the assets, the Group's intended plan for these assets, and whether the assets convey any right to the holder with respect to fixed or determinable payments.

Investment in equity securities and fund entities are measured at fair value with the corresponding fair value change recognised in other comprehensive income. These assets accounted for approximately 7.6% of the Group's total assets as at 31 December 2023.

The fair value of these assets, which are not traded in an active market, is determined through the application of a valuation technique. This technique involves the use of assumptions and estimates determined by management using their judgement. Estimation uncertainty exists for such assets given that they are not traded in an active market and the internal modelling technique adopted by management uses significant unobservable inputs. Accordingly, the investment in equity securities and fund entities are classified as level 3 financial instruments under the fair value hierarchy.

The valuation of the investment in equity securities and fund entities was considered a key audit matter given the degree of complexity involved in valuing these financial instruments and the significance of the judgements and estimates made by the management.

In Notes 3 and 37 to the Group's financial statements, the management has described the key sources of estimation involved in determining the fair value.

In the course of the audit, we assessed the appropriateness of the classification of these investment in equity securities and fund entities held at fair value through other comprehensive income. We involved our internal valuation specialist to review the appropriateness of the valuation model and reasonableness of management's assumptions used to value the investment in equity securities and fund entities. Key assumptions used in the valuation includes future dividend distribution cash flows expected to be received by the Group which are based on the Investment SPV's and fund entities' projected distributable profits; the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the underlying real estate project's development and its sales progress; as well as the discount rates which are assessed by benchmarking them with relevant data. We held discussions with management and perused correspondences with the real estate developer partners to ascertain if there were any potential issues or events that could impact the economic outcome currently estimated by the management for key real estate projects. We also checked the arithmetic accuracy of management's fair value computation, and evaluated the adequacy of disclosures in the consolidated financial statements in Notes 15, 16 and 37.

Key Audit Matters (cont'd)

Valuation of financial derivative

The Group had granted a put option to Top Global Limited (“**TGL**”) which entitled TGL the right to exercise and require the Group to purchase all of TGL’s outstanding Convertible Loan Interest in ZACD LV Development Fund at an exercise price of \$6,000,000 (“**Put Option**”). This has been classified as a financial derivative. As at 31 December 2023, the financial derivative is carried as a financial liability and valued at \$1,629,000.

The financial derivative is measured at fair value with the corresponding fair value change recognised in profit or loss. The fair value of the financial derivative, which is not traded in an active market, is determined through the application of Black Scholes Model valuation technique. This technique necessitated significant management estimates in the inputs relating to the future earnings of the underlying residential project and volatility on the selling price of the project. Accordingly, this has been considered as a key audit matter.

In Notes 3 and 37 to the Group’s financial statements, the management has described the key sources of estimation involved in determining the fair value.

As part of our procedures, we reviewed the future earnings of the underlying residential project and the volatility on the selling price of the project determined by management. With the assistance of our internal valuation specialist, we reviewed the appropriateness of the valuation model. We held discussions with management to ascertain if there were any potential issues or events that could impact the economic outcome currently estimated by the management. We also checked the arithmetic accuracy of management’s fair value computation, and evaluated the adequacy of disclosures in the consolidated financial statements in Notes 28 and 37.

Other Information

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

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

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

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To the Members of ZACD Group Ltd.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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AUDITOR'S REPORT**

To the Members of ZACD Group Ltd.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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For the year ended 31 December 2023

		Group	
	Note	2023 S\$'000	2022 S\$'000
Revenue	5	9,906	3,983
Other income and gains	5	898	1,243
Staff costs	6	(4,750)	(3,853)
Impairment losses on financial assets	7	(733)	(205)
Depreciation	14	(99)	(103)
Amortisation of right-of-use assets	24	(245)	(96)
Amortisation of capitalised contract costs	25	(155)	(91)
Marketing expenses		(24)	(62)
Other expenses, net		(1,502)	(1,786)
Interest expense	8	(615)	(91)
Fair value loss on financial derivative	28	(267)	(1,362)
Profit/(loss) before tax	8	2,414	(2,423)
Income tax expense	11	(677)	(284)
Profit/(loss) for the year attributable to owners of the Company		1,737	(2,707)
Earnings/(loss) per share attributable to owners of the Company	12		
— Basic (cents)		0.09	(0.14)
— Diluted (cents)		0.09	(0.14)

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

78 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Group	
	Note	2023 S\$'000	2022 S\$'000
Profit/(loss) for the year		1,737	(2,707)
Other comprehensive (loss)/income:			
<u>Items that will not be reclassified to profit or loss</u>			
Fair value changes on investment in equity securities	15	(150)	(468)
Fair value changes on investment in fund entities	16	(60)	413
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations		7	(15)
Other comprehensive loss for the year		(203)	(70)
Total comprehensive income/(loss) for the year attributable to owners of the Company		1,534	(2,777)

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

STATEMENTS OF FINANCIAL POSITION

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As at 31 December 2023

		Group		Company	
	Note	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current assets					
Property, plant and equipment	14	203	235	95	172
Right-of-use assets	24	390	635	361	567
Investment in equity securities	15	570	720	–	–
Investment in fund entities	16	1,832	1,897	1,780	1,853
Investments in subsidiaries	18	–	–	11,775	11,775
Prepayments, deposits and other receivables	20	215	237	208	230
Total non-current assets		3,210	3,724	14,219	14,597
Current assets					
Trade receivables	17	4,135	3,888	36	3
Amounts due from subsidiaries	18	–	–	2,970	4,598
Amount due from ultimate holding company	19	14	4	1	–
Amounts due from related parties (non-trade)	19	621	1,252	492	551
Prepayments, deposits and other receivables	20	471	250	154	167
Capitalised contract costs	25	337	464	–	–
Loans and related receivables	21	8,203	10,211	8,203	10,211
Cash and cash equivalents	22	14,605	7,661	6,058	5,066
Total current assets		28,386	23,730	17,914	20,596
Current liabilities					
Other payables and accruals	23	2,522	1,725	601	403
Amounts due to subsidiaries	18	–	–	4,221	5,207
Amounts due to related parties (non-trade)	19	2,092	224	52	12
Lease liabilities	24	249	250	222	211
Income tax payable		1,018	341	354	229
Bank borrowing	27	769	747	769	747
Total current liabilities		6,650	3,287	6,219	6,809

80 STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
	Note	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Net current assets		21,736	20,443	11,695	13,787
Non-current liabilities					
Other payables and accruals	23	–	6	–	1
Lease liabilities	24	183	432	183	405
Bank borrowing	27	590	1,357	590	1,357
Deferred tax liabilities	26	57	57	22	22
Financial derivative	28	1,629	1,362	1,629	1,362
Total non-current liabilities		2,459	3,214	2,424	3,147
Net assets		22,487	20,953	23,490	25,237
Equity					
Share capital	29	29,866	29,866	38,853	38,853
Reserves	30	(7,379)	(8,913)	(15,363)	(13,616)
Total equity		22,487	20,953	23,490	25,237

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Group	Note	Share capital (Note 29) 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
At 1 January 2022		29,866	1,188	-	23	1,491	(8,838)	23,730
Loss for the year		-	-	-	-	-	(2,707)	(2,707)
<u>Other comprehensive (loss)/income for the year:</u>								
Exchange differences on translation of foreign operations		-	-	-	(15)	-	-	(15)
Fair value changes on investment in equity securities	15	-	(468)	-	-	-	-	(468)
Fair value changes on investment in fund entities	16	-	-	413	-	-	-	413
Total comprehensive (loss)/income for the year		-	(468)	413	(15)	-	(2,707)	(2,777)
At 31 December 2022 and 1 January 2023		29,866	720*	413*	8*	1,491*	(11,545)*	20,953
Profit for the year		-	-	-	-	-	1,737	1,737
<u>Other comprehensive income/(loss) for the year:</u>								
Exchange differences on translation of foreign operations		-	-	-	7	-	-	7
Fair value changes on investment in equity securities	15	-	(150)	-	-	-	-	(150)
Fair value changes on investment in fund entities	16	-	-	(60)	-	-	-	(60)
Total comprehensive (loss)/income for the year		-	(150)	(60)	7	-	1,737	1,534
At 31 December 2023		29,866	570*	353*	15*	1,491*	(9,808)	22,487

* These reserve accounts comprise the consolidated reserves of -\$8,913,000 and -\$7,379,000 in the consolidated statements of financial position as at 31 December 2022 and 2023 respectively.

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

82 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		Group	
	Note	2023 S\$'000	2022 S\$'000
Cash flows from operating activities			
Profit/(loss) before tax		2,414	(2,423)
Adjustments for:			
Depreciation	14	99	103
Amortisation of right-of-use assets	24	245	96
Amortisation of capitalised contract costs	25	155	91
Unrealised foreign exchange (gain)/losses		(3)	4
Gain on disposal of fixed assets		(34)	(11)
Impairment loss on trade receivables	7	733	205
Bad debts written off		–	5
Fair value loss on financial derivative		267	1,362
Interest income		(526)	(590)
Interest expense	8	615	91
Operating cash flows before changes in working capital		3,965	(1,067)
Changes in working capital:			
Increase in trade receivables		(310)	(852)
(Increase)/decrease in prepayments, deposits and other receivables		199	164
Increase in capitalised contract costs		(28)	(315)
Increase in other payables and accruals		803	391
Cash generated from/(used in) operations		4,231	(1,679)
Income tax paid		–	(5)
Interest received		110	51
Interest paid		(585)	(74)
Net cash flows generated from/(used in) operating activities		3,756	(1,707)
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(75)	(155)
Increase in amount due from ultimate holding company		(10)	(4)
Decrease in amounts due from related parties		335	451
Loans granted to related parties		(2,229)	(100)
Redemption of redeemable preference share		5	–
Investment in fund entities		–	(1,475)
Repayment from bridging loans and related interest receivables		4,279	5,585
Proceeds from disposal of fixed assets		42	59
Net cash flows generated from investing activities		2,347	4,361

		Group	
	Note	2023 S\$'000	2022 S\$'000
Cash flows from financing activities			
Decrease in amount due to ultimate holding company		–	(23)
Increase/(decrease) in amounts due to related parties		1,868	(27)
Repayment of obligations under finance leases		(14)	(28)
Repayment of bank borrowing		(745)	(724)
Repayment of leases liabilities		(278)	(63)
Net cash flows generated from/(used in) financing activities		831	(865)
Net increase in cash and cash equivalents		6,934	1,789
Cash and cash equivalents at beginning of year		7,661	5,892
Effect of foreign exchange rate changes, net		10	(20)
Cash and cash equivalents at end of year	22	14,605	7,661

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

84 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 year, 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;
- (iii) property management and tenancy management services; and
- (iv) financial advisory services.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") as issued by the Singapore Accounting Standards Council ("**ASC**").

The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies and explanatory notes below. The financial statements are presented in the Company's functional currency, Singapore Dollar ("**S\$**"), and all values are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS and SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

On 29 December 2017, the ASC issued SFRS(I), Singapore's equivalent of the IFRS which is available for application by Singapore-incorporated companies for annual periods beginning on or after 1 January 2018. Following the introduction and adoption of this new financial reporting framework, the Group has chosen to comply with both IFRS and SFRS(I).

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.2 New accounting standards effective on 1 January 2023

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 Standard issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IFRS 10 <i>Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the current year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.5 Current versus non-current classification (cont'd)

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.6 Fair value measurement

The Group measures financial instruments such as unquoted investment in equity securities and fund entities at fair value and financial derivative at the end of each reporting period. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Financial instruments (including those carried at amortised cost) (Note 36)
- Disclosures for valuation methods, significant estimates and assumptions (Note 37)
- Quantitative disclosures of fair value measurement hierarchy (Note 37)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.6 Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring fair value measurement, such as for unquoted investment in equity securities and fund entities and financial derivative.

At each reporting date, the Group's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group's management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group's management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.7 Foreign currencies

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

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.7 Foreign currencies (cont'd)

(a) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("**OCI**") or profit or loss are also recognised in OCI or profit or loss, respectively).

(b) *Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into S\$ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.8 Cash dividend distribution to owners of the Company

The Company recognises a liability to make cash distributions to owners of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. According to the corporate laws of Singapore, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.9 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Computers	3 years
Office equipment	3 years
Furniture and fittings	3 years
Renovation	Over shorter of remaining lease term and 3 years
Motor vehicles	10 years

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

The residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.10 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All purchases and sales of financial assets are recognised or derecognised on the trade date which is the date that the Group commits to purchase or sell the asset.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.10 Financial instruments — initial recognition and subsequent measurement (cont'd)

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

Subsequent measurement

Investment in debt instruments

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

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

Investment in equity securities and fund entities

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity instruments under this category.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired.

(b) **Financial liabilities**

Initial recognition and measurement

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

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Financial derivatives are initially recognised at fair value on the date a derivative contract is entered into.

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.10 Financial instruments — initial recognition and subsequent measurement (cont'd)

(b) *Financial liabilities* (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial derivatives are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.11 Impairment of financial assets (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

(a) **Simplified approach**

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(b) **General approach**

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.12 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.15 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duties.

The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

The Group provides investment management, acquisitions and projects management, property management and tenancy management services and financial advisory services as described below.

(a) SPV investment management

The Group provides investment management services to investors of real estate projects by establishing and incorporating SPV (the "**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. 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.

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(a) *SPV investment management* (cont'd)

The Group derives investment management revenue from the investors of the Investment SPV comprising: (i) fixed pre-negotiated investment management fees receivable in cash; and (ii) establishment fees receivable in the form of equity shares (the "**Establishment Shares**") in the Investment SPV, that are owned by the investors upon conversion of their convertible loans as and when the underlying real estate project is substantially complete, together with the dividend income from such Establishment Shares or performance fees from the profits made by the investors through dividend distribution received by the Group's ultimate holding company on behalf of investors under the trust structure. The Group also derives performance fee from a major investor in return for providing a priority right to this investor to participate in real estate projects. Such fee is pegged to a stipulated percentage of all dividends and/or profit distributions to be received by the investor on its investments in the real estate projects.

The Group recognises the fixed pre-negotiated investment management fee revenue on a time-apportioned basis over the estimated real estate development period, and establishment fee revenue, based on the initial fair value of its right over the entitlement to the Establishment Shares which the Group is entitled to receive upon subscription of convertible loans in the Investment SPV by the investors, when it is probable that the Group will receive the Establishment Shares. Subsequent to initial recognition, the Group's entitlement to the Establishment Shares is accounted for as investment in equity securities in accordance with Note 2.10(a) above. The Group's entitlement to the dividend from the Establishment Shares is accounted for according to the accounting policies for "**Dividends**" set out below. Performance fee from the major investor is not recognised until it is highly probable that a significant reversal of the cumulative amount of the fee revenue recognised will not occur upon resolution of any uncertainty.

(b) *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 manages 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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(b) 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 fee revenue recognised will not occur upon the resolution of any uncertainty.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the services to which the contract costs relates less the costs that relate directly to providing the services and that have not been recognised as expenses.

(c) 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.

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(d) *Property management and tenancy management*

The Group's property management services are primarily provided to real estate developers and property owners' association including property 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. Fixed pre-negotiated fees are specified in property management contracts which typically cover a one-year service period and are renewable on an annual basis. Such fees are recognised as revenue on a time-apportioned basis over the contractual service period.

The Group's tenancy management services are primarily provided to property owners and help the property owners oversee a full range of services including defect management, rental management, lease advisory services, administrative management and tenants care management. Revenue is recognised by the Group on an accrual basis in accordance with the terms of the underlying agreements.

(e) *Financial advisory services*

The Group's financial advisory services primarily relate to corporate finance advisory services and investment advisory services. Revenue is recognised by the Group as and when the services have been rendered.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Dividend income derived from the Establishment Shares under investment in equity securities is classified under SPV investment management fees.

Dividend income from investment in fund entities is classified under dividend income.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.16 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that asset is or these assets are not explicitly specified in an arrangement.

Group as a lessee

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

Right-of-use asset

The Group recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use asset is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.16 Leases (cont'd)

Group as a lessee (cont'd)

Short-term leases

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

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national/mandatory pension schemes as defined by the laws of the countries/jurisdictions in which it has operations. In particular, the Group makes contributions to the Central Provident Fund scheme in Singapore and the Mandatory Provident Fund retirement benefit scheme in Hong Kong. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related employee service is received.

At 31 December 2023, the Group had no forfeited contributions available to reduce its future contributions to the retirement benefits schemes (2022: S\$Nil).

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting date in the countries/jurisdiction where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.18 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.18 Taxes (cont'd)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.19 Deferred revenue

Deferred revenue represents advance receipts from customers for services that have yet to be rendered, and is recognised as revenue in profit or loss as and when these services are rendered.

2.20 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.20 Contingencies (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

2.22 Related parties (cont'd)

(b) (cont'd)

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.23 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 38)
- Financial risk management objectives and policies (Note 38)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation of Investment SPVs and private real estate funds

The ultimate holding company holds nominal shares in the Investment SPVs and the Group holds nominal shares in the private real estate funds. The sole purpose of these nominal shares is to facilitate the set-up of the funds, and hence do not carry rights to profits or to participate in the return on capital.

Other shareholders of the Investment SPVs and private real estate funds constitute investors who are issued shares which carry rights to profits and to participate in the return on capital.

The Group has been delegated decision-making rights to carry out activities as managers for Investment SPVs and private real estate funds for the benefit of their investors. Assessing whether the Group is making decisions as a principal or carrying out the decisions made by all the investors is a significant judgement. The Group considers the terms and conditions of the arrangement to assess whether it is an agent or a principal based on the scope of decision-making authority it has, rights held by other parties, its remuneration structure and exposure to variability of returns through other interests.

As at 31 December 2023, the Group acted as managers for 11 (2022: 16) Investment SPVs and 10 (2022: 12) private real estate funds respectively. Having considered the fact patterns surrounding each of these Investment SPVs and private real estate funds in which the Group acts as a manager, the Group considers that it does not control all these Investment SPVs and private real estate funds.

Variable consideration from performance fees

Under its SPV investment management business, the Group derives performance fee from a major investor in return for providing a priority right to this investor to participate in real estate projects. Such fee is pegged to a stipulated percentage of all dividends and/or profit distributions that will be received by the investor on its investments in the real estate projects. In addition, the Group is entitled to performance fees under its fund management business. Such fees are based on a percentage of return on equity of the fund distributed to the investor, and/or upon divestment of all investments in the fund or termination of the fund, whichever is earlier.

For the year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Judgements (cont'd)

Variable consideration from performance fees (cont'd)

The Group recognises such performance fees when, and only when, it is assessed to be highly probable that a significant reversal of the cumulative fee revenue recognised will not occur in future periods. There are uncertainties on whether the major investor will be able to receive dividends and/or profit distributions from its project investments, and whether the fund will be able to achieve positive return on equity upon divestment of all its investments or at the end of its fund life. Assessment on whether a significant reversal of the cumulative fee revenue recognised will occur in future periods hence involves significant judgement on the part of management.

Contingent liability considerations in relation to the ZACD US Fund

The Group consults with its legal counsels on matters related to litigation, and other experts within the Group with respect to matters in the ordinary course of business. As at 31 December 2023, there were no new developments with respect to the litigation.

Assessment on whether the risk of loss is remote, possible or probable requires significant judgement given the complexities involved.

The significant contingent liabilities of the Group are disclosed in Note 35.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of investment in equity securities and fund entities

The fair value of investment in equity securities and fund entities held by the Group are measured using valuation techniques including the discounted cash flow (“**DCF**”) model as these instruments do not have quoted prices in active markets. As these instruments relate to equity interests presently held or to be received by the Group in Investment SPVs and fund entities that undertake investment in real estate development projects (Note 15 and 16), management expects the fair value to be eventually realised through dividend distributions and return of capital that the Group will receive from the Investment SPVs and fund entities.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Estimates and assumptions (cont'd)

Fair value measurement of investment in equity securities and fund entities (cont'd)

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. Key estimates include considerations of inputs such as future dividend distribution cash flows expected to be received by the Group based on the Investment SPV's and fund entities' projected distributable profits, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the real estate project's development and its sale progress, as well as the discount rate. Changes in assumptions relating to these factors could affect the reported fair value of the financial instruments. See Note 37 for further disclosures.

Provision for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables as at 31 December 2023 are S\$4,135,000 (2022: S\$3,888,000).

Specific allowance for and reversal of impairment loss on financial assets in relation to the Australia Hotel Portfolio Transaction

The Group's provision for specific allowance for impairment loss is established to recognise incurred impairment losses on specific financial assets.

Specific allowances for impairment loss on financial assets are assessed on an individual basis. Individual impairment losses are determined based on the likelihood of the outcome of the legal proceedings as disclosed in Note 35.

As at 31 December 2023, the Group's specific allowance of impairment losses on financial assets at S\$5,085,000 as disclosed in Note 21 and Note 35 was inherently uncertain on the outcome of the recovery actions against iProsperity Group and its administrators to recover the remaining shortfall of the exposure by the fund.

For the year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Estimates and assumptions (cont'd)

Fair value measurement of financial derivative

The fair value of financial derivative held by the Group are measured using valuation techniques including Black Scholes model as these instruments do not have quoted prices in active markets.

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. Key estimates include considerations of inputs such as volatility, risk-free rate, dividend yield, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the real estate project's development and its sale progress. Changes in assumptions relating to these factors could affect the reported fair value of the financial instruments. See Note 37 for further disclosures.

4. 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.

(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.

4. OPERATING SEGMENT INFORMATION (cont'd)

(a) Investment management (cont'd)

(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.

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.

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For the year ended 31 December 2023

4. 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 profit/(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.

4. OPERATING SEGMENT INFORMATION (cont'd)

Year ended 31 December 2023	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	798	5,521	3,550	37	-	9,906
Segment results	471	4,209	2,369	10	(117)	6,942
<i>Reconciliation:</i>						
Other income and gains						898
Fair value profit through profit or loss						(267)
Corporate and unallocated expenses						(5,159)
Profit before tax						2,414
Segment assets	1,600	5,641	6,517	15	334	14,107
<i>Reconciliation:</i>						
Corporate and unallocated assets						17,489
Total assets						31,596
Segment liabilities	470	1,628	2,120	102	100	4,423
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						4,686
Total liabilities						9,109
Other segment information:						
Depreciation and amortisation expenses	46	202	40	5	-	293
<i>Reconciliation:</i>						
Corporate and unallocated expenses						206
Total						499
Capital expenditure*	6	39	29	-	-	74
<i>Reconciliation:</i>						
Corporate and unallocated capital expenditure						1
Total						75

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

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For the year ended 31 December 2023

4. OPERATING SEGMENT INFORMATION (cont'd)

Year ended 31 December 2022	Investment management		Acquisitions and projects 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				
Segment revenue						
External customers	706	1,854	1,386	37	-	3,983
Segment results	226	793	300	1	(276)	1,044
<i>Reconciliation:</i>						
Other income and gains						1,243
Fair value loss through profit or loss						(1,362)
Corporate and unallocated expenses						(3,348)
Loss before tax						(2,423)
Segment assets	1,422	3,060	3,640	37	405	8,564
<i>Reconciliation:</i>						
Corporate and unallocated assets						18,890
Total assets						27,454
Segment liabilities	62	1,071	188	110	193	1,624
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						4,877
Total liabilities						6,501
Other segment information:						
Depreciation and amortisation expenses	22	121	54	7	-	204
<i>Reconciliation:</i>						
Corporate and unallocated expenses						86
Total						290
Capital expenditure*	4	9	8	-	-	21
<i>Reconciliation:</i>						
Corporate and unallocated capital expenditure						134
Total						155

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

4. OPERATING SEGMENT INFORMATION (cont'd)

Geographical information

(a) Revenue from external customers

	2023	Group
	S\$'000	2022 S\$'000
Singapore	9,254	3,327
Malaysia	37	37
Australia	170	179
British Virgin Island	445	440
	9,906	3,983

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

(b) Non-current assets

	2023	Group
	S\$'000	2022 S\$'000
Singapore	523	855
Other countries/jurisdictions	70	15
	593	870

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

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4. OPERATING SEGMENT INFORMATION (cont'd)

Information about major customers

Revenue from major customers contributing to 10% or more of the Group's revenue for each of the reporting year is set out below:

	2023	Group 2022
	S\$'000	S\$'000
Customer A	3,012	1,222
Customer B	2,184	512
Customer C	1,481	424
Customer D	1,085	6
Customer E	913	-

5. 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, property management and tenancy management services, and financial advisory services. An analysis of revenue, other income and gains is as follows:

Year ended 31 December 2023	Investment management		Acquisitions and projects management	Property management and tenancy management	Financial advisory	Total revenue
	SPV investment management	Fund management				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets						
Singapore	798	5,076	3,381	-	-	9,255
Malaysia	-	-	-	37	-	37
Australia	-	-	169	-	-	169
British Virgin Island	-	445	-	-	-	445
	798	5,521	3,550	37	-	9,906
Timing of services						
At a point in time	751	4,351	3,381	-	-	8,483
Over time	47	1,170	169	37	-	1,423
	798	5,521	3,550	37	-	9,906

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

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

Year ended 31 December 2022	Investment management		Acquisitions and projects management	Property management and tenancy management	Financial advisory	Total revenue
	SPV investment management	Fund management				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets						
Singapore	706	1,414	1,207	-	-	3,327
Malaysia	-	-	-	37	-	37
Australia	-	-	179	-	-	179
British Virgin Island	-	440	-	-	-	440
	706	1,854	1,386	37	-	3,983
Timing of services						
At a point in time	640	739	1,207	-	-	2,586
Over time	66	1,115	179	37	-	1,397
	706	1,854	1,386	37	-	3,983

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

	Group	
	2023	2022
	S\$'000	S\$'000
Revenue		
Investment management		
— SPV investment management fees	798	706
— Fund management fees	5,521	1,854
Acquisitions and projects management fees	3,550	1,386
Property management and tenancy management fees	37	37
	9,906	3,983
Other income and gains		
Interest income	526	590
Government grants (Note (i))	19	23
Foreign exchange differences, net	3	(4)
Gain on disposal of fixed assets	34	11
Income from transfer of unabsorbed capital allowances, losses and donations (Note (ii))	—	295
Operating lease income	16	4
Corporate business service fees (Note (iii))	191	324
Others	109	—
	898	1,243

(i) Government grants were received/are receivable by certain subsidiaries and the Company in connection with employment of Singaporean and/or non-Singaporean workers under Wage Credit Scheme, Government-Paid Leave Schemes and Jobs Growth Incentive provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

(ii) Subvention payments to be received from the Group's Singapore fund entities for the unabsorbed capital allowances, losses and donations transferred under the Group Relief System in the prior year under the Singapore tax system.

(iii) 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.

6. STAFF COSTS

	2023	Group
	S\$'000	2022 S\$'000
Employee benefit expense (including directors' remuneration (Note 9)):		
Salaries, bonuses, commission and other allowances	4,432	3,578
Retirement benefit scheme contributions (defined contribution scheme)	318	275
	4,750	3,853

7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023	Group
	S\$'000	2022 S\$'000
Impairment in relation to Financial advisory (Note (a)):		
Trade receivables (Note 17)	63	177
Impairment in relation to ZACD Australia Hospitality Fund (Note (b)):		
Loans and related receivables (Note 21)	374	—
Impairment in relation to amount due from related parties	296	28
Total impairment losses for the year	733	205

(a) As at 31 December 2023, an allowance of S\$63,000 (2022: S\$177,000) was made against the financial advisory fee receivables. Management has reassessed and made necessary impairment losses for irrecoverable amounts.

(b) 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., an indirect wholly-owned special purpose fund vehicle of the Company is the fund holding entity of this Fund 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.

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7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (cont'd)

(b) (cont'd)

The Group previously recorded allowance for impairment losses on the Group's trade receivables in respect of the investment management fees amounting to S\$3,677,000 and allowance for impairment loss on the bridging advance to ZACD (Development4) Ltd. 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 according to the settlement schedule from the Defendants in September 2021. Following the settlement, a portion of the bridging advance extended by the Group to the Fund was settled with S\$816,000 to be received up to two years from the Deed of Settlement, and accordingly, the impairment loss of S\$7,574,000 was reversed by the Group. As at 31 December 2023, further allowance for impairment loss of S\$374,000 was made against the bridging advance to ZACD (Development4) Ltd.

8. PROFIT/(LOSS) BEFORE TAX

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

	Group	
	2023	2022
	S\$'000	S\$'000
Auditor's remuneration	181	162
Professional fees	142	267
Travel and entertainment	207	186
Insurance expenses	152	124
IT services	58	53
Directors' fees	79	92
Bad debts written off	–	5
Fair value loss on financial derivative (Note 28)	267	1,362
Dividend income from the Establishment Shares included in SPV investment and fund management fees	(751)	(567)
Performance fees included in fund management fees	(4,282)	—
Interest expense		
Lease (Note 24)	28	14
Interest expense on put option to an investor, Top Global Limited	480	–
Interest expense on La Ville Fund	53	–
Bank borrowings	52	74
Others	2	3
	615	91

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

During the financial year ended 31 December 2023, 10 (2022: 10) directors received remuneration from the Group for their appointment as directors of the Company or in capacity as employees of the Group. The remuneration of the directors as recorded in the financial statements is set out below:

	2023	Group
	S\$'000	2022
		S\$'000
Fees	79	92
Other emoluments:		
Salaries, allowances and benefits in kind	1,798	1,323
Retirement benefit scheme contributions (defined contribution scheme)	77	53
	1,954	1,468

(a) Non-executive directors and independent non-executive directors

Mr. Kong Chi Mo and Mr. Sim Mong Keang were appointed as independent non-executive directors with effect from 13 December 2017.

Mr. Lim Boon Yew and Mr. Chew Hong Ngiap, Ken were respectively appointed as independent non-executive director and non-executive director of the Company with effect from 31 January 2019. They both retired from their positions respectively with effect from 14 June 2023.

Mr. Eugene Lim Chin Hon is appointed as independent non-executive director with effect from 14 June 2023.

(b) Executive directors and chief executive

Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain and Mr. Siew Chen Yei were appointed as directors of the Company on 8 November 2016. Mr. Yeo Choon Guan (Yao Junyuan) was re-designated as the chief executive officer of the Company on 12 July 2017. Mr. Siew Chen Yei resigned as executive director of the Company on 6 April 2022.

Mr. Chin Meng Liong was appointed as executive director of the Company on 11 March 2021. Mr. Mark Oh Keng Kwan was appointed as executive directors of the Company with effect from 22 April 2022.

Ms. Yong Sze Wan, Cheryl was appointed as executive directors of the Company with effect from 22 April 2022 and resigned as executive director of the Company on 7 April 2023.

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (cont'd)

(b) Executive directors and chief executive (cont'd)

The remuneration of each of the directors of the Company for the years ended 31 December 2023 and 2022 is set out below:

	Fees S\$'000	Salaries, allowances and benefits in kind S\$'000	Retirement benefit scheme contributions S\$'000	Total S\$'000
Year ended 31 December 2023				
Yeo Choon Guan (Yao Junyuan)	–	598	18	616
Sim Kain Kain	–	598	15	613
Chin Meng Liong	–	250	16	266
Mark Oh Keng Kwan	–	279	18	297
Yong Sze Wan, Cheryl	–	73	10	83
Kong Chi Mo	26	–	–	26
Sim Mong Keang	26	–	–	26
Chew Hong Ngiap, Ken	1	–	–	1
Lim Boon Yew	12	–	–	12
Eugene Lim Chin Hon	14	–	–	14
	79	1,798	77	1,954
Year ended 31 December 2022				
Yeo Choon Guan (Yao Junyuan)	–	402	12	414
Sim Kain Kain	–	402	10	412
Siew Chen Yei	–	90	–	90
Chin Meng Liong	–	180	12	192
Mark Oh Keng Kwan	–	129	10	139
Yong Sze Wan, Cheryl	–	120	9	129
Kong Chi Mo	27	–	–	27
Sim Mong Keang	26	–	–	26
Chew Hong Ngiap, Ken	12	–	–	12
Lim Boon Yew	27	–	–	27
	92	1,323	53	1,468

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (cont'd)

(b) Executive directors and chief executive (cont'd)

During the years ended 31 December 2022 and 2023, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2022 and 2023.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2023 included four (2022: four) of the directors of the Company, details of whose remuneration are set out in Note 9 above.

Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive for the years are analysed as follows:

	2023	Group
	S\$'000	2022
		S\$'000
Salaries, allowances and benefits in kind	240	240

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the years ended 31 December 2022 and 2023 is as follows:

	2023	Group
		2022
HKD1,000,001 to HKD1,500,000	1	1

11. INCOME TAX EXPENSE

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current year. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the years ended 31 December 2022 and 2023.

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11. INCOME TAX EXPENSE (cont'd)

The major components of the income tax expense during the year are as follows:

	2023	Group
	S\$'000	2022 S\$'000
Current:		
— Provision for current year	677	293
Deferred taxation:		
— Origination and reversal of temporary differences	—	(9)
Total tax expense for the year	677	284

A reconciliation of the profit/(loss) before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the Group's effective tax rates is as follows:

Year ended 31 December 2023

	Singapore		Hong Kong		Australia		Total
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000
Profit before tax	2,399		68		(53)		2,414
Tax at the statutory tax rate	408	17	11	16.5	(16)	30	403
Expenses not deductible for tax	476		—		16		492
Income not subject to tax	(178)		(11)		—		(189)
Effect of partial tax exemption	(52)		—		—		(52)
Others	23		—		—		23
Tax expense at the Group's effective rate	677		—		—		677

11. INCOME TAX EXPENSE (cont'd)**Year ended 31 December 2022**

	Singapore		Hong Kong		Australia		Total
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000
Loss before tax	(2,050)		(308)		(65)		(2,423)
Tax at the statutory tax rate	(349)	17	(51)	16.5	(20)	30	(420)
Expenses not deductible for tax	558		-		20		578
Income not subject to tax	(88)		-		-		(88)
Effect of partial tax exemption	(17)		-		-		(17)
Deferred tax asset not recognised	180		51		-		231
Tax expense at the Group's effective rate	284		-		-		284

12. 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:

	2023	2022
	S\$'000	S\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share profit/(loss) for the year attributable to owners of the Company	1,737	(2,707)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	2,000,000,000	2,000,000,000

13. DIVIDENDS

No dividend was paid or proposed by the Company for the financial year ended 31 December 2023 (31 December 2022: Nil).

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Computers S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Total S\$'000
Cost:						
At 1 January 2022	429	51	93	170	274	1,017
Additions	52	-	2	101	-	155
Disposal	-	-	-	(170)	(72)	(242)
Exchange differences	-	-	-	-	(10)	(10)
At 31 December 2022 and 1 January 2023	481	51	95	101	192	920
Additions	39	1	-	-	35	75
Disposal	-	-	-	-	(144)	(144)
At 31 December 2023	520	52	95	101	83	851
Accumulated depreciation:						
At 1 January 2022	331	47	93	170	147	788
Charge for the year	51	3	-	11	38	103
Disposal	-	-	-	(170)	(27)	(197)
Exchange differences	-	-	-	-	(9)	(9)
At 31 December 2022 and 1 January 2023	382	50	93	11	149	685
Charge for the year	52	1	-	34	12	99
Disposal	-	-	-	-	(136)	(136)
At 31 December 2023	434	51	93	45	25	648
Net carrying amount:						
At 31 December 2022	99	1	2	90	43	235
At 31 December 2023	86	1	2	56	58	203

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The motor vehicle and copiers are pledged as security for the related finance lease liabilities. The carrying amount of motor vehicles and copiers held under finance leases at the end of the reporting year was S\$24,000 (2022: S\$28,000).

Company	Computers S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Renovation S\$'000	Total S\$'000
Cost:					
At 1 January 2022	123	21	74	169	387
Additions	31	–	2	101	134
Disposal	–	–	–	(169)	(169)
At 31 December 2022 and 1 January 2023	154	21	76	101	352
Additions	–	1	–	–	1
At 31 December 2023	154	22	76	101	353
Accumulated depreciation:					
At 1 January 2022	27	17	74	169	287
Charge for the year	48	3	–	11	62
Disposal	–	–	–	(169)	(169)
At 31 December 2022 and 1 January 2023	75	20	74	11	180
Charge for the year	43	1	–	34	78
At 31 December 2023	118	21	74	45	258
Net carrying amount:					
At 31 December 2022	79	1	2	90	172
At 31 December 2023	36	1	2	56	95

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15. INVESTMENT IN EQUITY SECURITIES

	2023	Group
	S\$'000	2022 S\$'000
At fair value through other comprehensive income		
Unlisted equity shares, at fair value	570	522
Contractual rights over unlisted equity shares, at fair value	–	198
	570	720

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting year is as follows:

	2023	Group
	S\$'000	2022 S\$'000
At fair value through other comprehensive income Unlisted equity shares, at fair value		
ZACD (Woodlands) Pte. Ltd.	–	1
ZACD (Punggol Field) Pte. Ltd.	–	4
ZACD (Woodlands2) Pte. Ltd.	–	7
ZACD (Woodlands12) Pte. Ltd.	569	493
ZACD (CCK) Pte. Ltd.	1	17
	570	522
Contractual rights over unlisted equity shares, at fair value ZACD (Jurong) Pte. Ltd.	–	198
	570	720

During the year ended 31 December 2023, the fair value change in respect of the Group's investment in equity securities recognised in other comprehensive income amounted to a loss of S\$150,000 (2022: S\$468,000).

The above financial assets were designated as investment in equity securities and have no fixed maturity date or coupon rate.

15. INVESTMENT IN EQUITY SECURITIES (cont'd)

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.

The Group receives dividend distributions from the Investment SPVs through the Establishment Shares it has received from the investors and as and when declared by the Investment SPVs. Such dividend distributions are included in revenue under SPV investment management fees (Note 5).

As at 31 December 2023, the Group held approximately between 9% and 18% equity shares in each of 10 investment SPVs (2022: between 9% and 18% equity shares in each of 12 investment SPVs). In addition, the Group also had contractual rights over the Establishment Shares to be awarded by the investors in 1 (2022: 1) Investment SPVs, which upon conversion, represent no more than 17% (2022: 17%) in the enlarged share capital of the respective Investment SPVs as at 31 December 2023.

16. INVESTMENT IN FUND ENTITIES

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
At fair value through other comprehensive income				
Unlisted equity shares, at fair value	1,832	1,897	1,780	1,853

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16. INVESTMENT IN FUND ENTITIES (cont'd)

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting year is as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
At fair value through other comprehensive income		
Unlisted equity shares, at fair value		
ZACD Mount Emily Residential Development Fund	1,054	1,161
ZACD (BBEC) Pte. Ltd.	774	727
ZACD (Development4) Ltd.	4	9
	1,832	1,897

	Company	
	2023	2022
	S\$'000	S\$'000
At fair value through other comprehensive income		
Unlisted equity shares, at fair value		
ZACD Mount Emily Residential Development Fund	1,022	1,134
ZACD (BBEC) Pte. Ltd.	754	710
ZACD (Development4) Ltd.	4	9
	1,780	1,853

During the year ended 31 December 2021, the Company invested in ZACD (Development4) Ltd. with an equity interest of 0.46%.

During the year ended 31 December 2022, the Company invested in two development funds managed by the Group, ZACD Mount Emily Residential Development Fund and ZACD (BBEC) Pte. Ltd. The respective subscription by the Company to the two development funds constitute 9.28% in ZACD Mount Emily Residential Development Fund and 5% in ZACD (BBEC) Pte. Ltd.

During the year ended 31 December 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\$60,000 (2022: S\$413,000).

During the year ended 31 December 2023, there was a redemption on redeemable preference share from ZACD (Development4) Ltd. of S\$5,000 (2022: Nil)

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.

17. TRADE RECEIVABLES

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Trade receivables	4,361	4,396	36	3
Less: allowance for impairment losses	(226)	(508)	–	–
	4,135	3,888	36	3

The movement in the impairment allowances for trade receivables during the year is as follow:

	Group	
	2023 S\$'000	2022 S\$'000
At beginning of the year	508	331
Allowance for impairment losses (Note 7)	63	177
Written off allowance for impairment losses	(345)	–
	226	508

Management had reassessed the allowance for impairment loss of S\$345,000 in respect of the Group's financial advisory fee receivables previously recognised to be irrecoverable and accordingly written off these debts in the year ended 31 December 2023.

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.

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17. TRADE RECEIVABLES (cont'd)

An aged analysis of the trade receivables (net of allowance), other than receivables not yet invoiced and dividend receivables, as at the end of each of the year, based on the invoice date, is as follows:

	2023	Group
	S\$'000	2022 S\$'000
Within 1 month	476	668
1 to 2 months	16	19
2 to 3 months	656	1
Over 3 months	2,987	3,200
	4,135	3,888

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

	2023	Group
	S\$'000	2022 S\$'000
Neither past due nor impaired	476	668
Less than 1 month past due	16	19
1 to 3 months past due	3,643	3,201
	4,135	3,888

Trade receivables that were neither past due nor impaired relate to a number of 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.

17. TRADE RECEIVABLES (cont'd)

As at 31 December 2022 and 2023, 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.

	2023	Group
	S\$'000	2022 S\$'000
Related parties*	3,432	3,427

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

	2023	Group
	S\$'000	2022 S\$'000
Landmark JV Pte. Ltd.	1,185	1,185
ZACD (Development2) Ltd.	705	566
ZACD Mount Emily Residential Development Fund	96	45
Kurnia Rezeki Utama Sdn Bhd	9	–
ZACD LV Development Pte. Ltd.	1,207	1,207
ZACD LV Development Fund	230	424
	3,432	3,427

Relationships of the above related companies with the Company or the Group are set out in Note 32 to the financial statements.

18. INVESTMENTS IN SUBSIDIARIES

	2023	Company
	S\$'000	2022 S\$'000
Unlisted shares, at cost:		
At beginning of reporting year	19,202	19,202
Less: allowance for impairment	(7,427)	(7,427)
At end of reporting year	11,775	11,775

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18. INVESTMENTS IN SUBSIDIARIES (cont'd)

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Singapore, have substantially similar characteristics to a private company incorporated in Singapore), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2023	2022	
<i>Held by the Company:</i>					
ZACD International Pte. Ltd. ¹	Singapore 28 January 2011	S\$1,500,000	100%	100%	Investment management, acquisitions and projects management and property management services
ZACD Capital Pte. Ltd. ¹	Singapore 25 October 2011	S\$4,580,000	100%	100%	Investment management and fund management services
ZACD Financial Group Limited ²	Hong Kong 7 October 2015	HKD23,650,000	100%	100%	Financial advisory services
ZACD Group Holdings Limited ²	Hong Kong 7 October 2015	HKD10,000	100%	100%	Investment management services
ZACD POSH Pte. Ltd. ¹	Singapore 17 November 2016	S\$10,000	100%	100%	Property management and tenancy management services
ZACD (Australia) Pty Ltd. ³	Australia 23 November 2016	AUD2	100%	100%	Business consulting services
ZACD Fund Holdings Pte. Ltd. ¹	Singapore 15 March 2017	S\$2	100%	100%	Fund holding
<i>Held through ZACD Fund Holdings Pte. Ltd.:</i>					
ARO II (Australia) Pty Ltd ³	Australia 9 December 2020	AUD10	100%	100%	Trustee
ARO II (Bay Road) Pty Ltd ³	Australia 9 December 2020	AUD120	100%	100%	Trustee
ARO II (Murray Street) Pty Ltd ³	Australia 9 December 2020	AUD10	100%	100%	Trustee

18. INVESTMENTS IN SUBSIDIARIES (cont'd)

- 1 The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.
- 2 The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared under Hong Kong Financial Reporting Standards were audited by Alliance & Associates Certified Public Accountants
- 3 The statutory financial statements of these entities for the year ended 31 December 2022 and 2023 prepared under Australian Financial Reporting Standards were audited by Independent Audit Services Pty. Ltd.

As at 31 December 2023, the amounts due from subsidiaries of S\$2,970,000 (2022: S\$4,598,000), included in the current assets of the Company, are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2023, the amounts due to subsidiaries of S\$4,221,000 (2022: S\$5,207,000), included in the current liabilities of the Company, are unsecured, non-interest bearing and repayable on demand.

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19. BALANCES WITH ULTIMATE HOLDING COMPANY AND RELATED PARTIES

The balances with ultimate holding company and related parties are unsecured, non-interest bearing and repayable on demand.

Particulars of the amounts due from the related parties of the Group and Company are as follows:

Group

31 December 2023

	31 December 2023 S\$'000	31 December 2022 S\$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	14	4
Due from related parties		
ZACD (Neew) Pte. Ltd.	6	6
SLP International Property Consultants Pte. Ltd.	172	150
ZACD LV Development Fund	74	–
Remarkable Reach International Limited	66	–
ZACD Property Pte. Ltd.	100	–
Laserblue Holdings Pte. Ltd.	–	12
Prime Compass Pte. Ltd.	–	11
ZACD LV Holdings Pte. Ltd.	–	12
ZACD (MCF1) Ltd.	–	32
ZACD Mount Emily Residential Development Fund	56	–
VP-ZACD Fund Holdings Pte. Ltd.	–	10
ZACD Tampines Industrial Fund	3	–
SLP Scotia Pte. Ltd.	–	27
Neew Pte. Ltd.	–	13
ARO II (Murray Street) Trust	27	–
ARO II (Australia) Trust	17	17
ZACD Capital (Australia) Pty Ltd	5	–
ARO II (Bay Road) Trust	43	5
ZACD (AMK) Pte. Ltd.	–	619
ZACD (Tribe) Pte. Ltd.	–	33
ZACD (MSPIF) Pte. Ltd.	5	67
Prosperous Decade Sdn. Bhd.	–	24
Mandai 7 JV Pte. Ltd.	–	4
ZACD Capital Partners VCC	–	26
ZACD (Development4) Ltd.	47	184
	621	1,252

19. BALANCES WITH ULTIMATE HOLDING COMPANY AND RELATED PARTIES (cont'd)

Company

31 December 2023

	31 December 2023 S\$'000	31 December 2022 S\$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	1	–
Due from related parties		
SLP International Property Consultants Pte. Ltd.	115	99
ZACD (MCF1) Pte. Ltd.	–	33
SLP Scotia Pte. Ltd.	–	27
Neew Pte. Ltd.	–	13
ZACD (Tribe) Pte. Ltd.	–	33
ZACD (MSPIF) Pte. Ltd.	–	63
Remarkable Reach International Limited	67	–
ZACD Property Pte. Ltd.	100	–
ZACD Mount Emily Residential Development Fund	56	–
Laserblue Holdings Pte. Ltd.	–	12
Prime Compass Pte. Ltd.	–	11
ZACD Tampines Industrial Fund	3	–
ZACD LV Holdings Pte. Ltd.	–	12
ZACD LV Development Fund	74	–
VP-ZACD Fund Holdings Pte. Ltd.	–	10
ZACD Tampines Industrial Fund	3	–
ARO II (Murray Street) Trust	27	–
Prosperous Decade Sdn. Bhd.	–	24
Mandai 7 JV Pte. Ltd.	–	4
ZACD Capital Partners VCC	–	26
ZACD (Development4) Ltd.	47	184
	492	551

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19. BALANCES WITH ULTIMATE HOLDING COMPANY AND RELATED PARTIES (cont'd)

Particulars of the amounts due to related parties of the Group and the Company are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Due to related parties				
Magnificent Vine Group Holdings Pte. Ltd.	94	94	–	–
SLP International Property Consultants Pte. Ltd.	142	100	52	12
ARO II (Murray Street) Trust	71	30	–	–
ZACD LV Development Fund	1,785	–	–	–
	2,092	224	52	12

Relationships of the above related parties with the Company or the Group are set out in Note 32 to the financial statements.

All the balances with ultimate holding company and related parties of the Group and the Company are non-trade in nature.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments	285	170	95	107
Deposits	75	75	60	60
Interest receivable	70	–	–	–
Other receivables	256	242	208	230
	686	487	363	397
Less: amounts classified as current assets	(471)	(250)	(154)	(167)
Amounts classified as non-current assets	215	237	209	230

None of the above assets is either past due or impaired. Financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default.

21. LOANS AND RELATED RECEIVABLES

	Group and Company	
	2023	2022
	S\$'000	S\$'000
Current		
Advances/bridging loans funded to:		
ZACD (Development4) Ltd.	5,085	5,527
ZACD Mount Emily Residential Development Fund	1,850	–
ZACD (Development2) Ltd.	–	1,690
ZACD LV Development Fund	5,821	7,153
Kurnia Rezeki Utama Sdn. Bhd.	379	–
Interest receivables on loan to:		
ZACD Mount Emily Residential Development Fund	34	–
ZACD (Development2) Ltd.	–	112
ZACD LV Development Fund	112	440
Kurnia Rezeki Utama Sdn. Bhd.	7	–
Less: allowance for impairment losses	(5,085)	(4,711)
	8,203	10,211

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

	Group and Company	
	2023	2022
	S\$'000	S\$'000
At beginning of the year	4,711	4,711
Transfer to impairment loss on Investment in fund entities	374	–
	5,085	4,711

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21. LOANS AND RELATED RECEIVABLES (cont'd)

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

Pursuant to the Announcements made by the Company mentioned in Note 7(b), the loan and related receivables extended by the Group to the Fund had been repaid substantially following the receipt of the settlement proceeds by the Fund from the Defendants in September 2021 and accordingly, the impairment loss of S\$7,574,000 was reversed by the Group, the settlement proceeds in September 2021, Accordingly, the impairment loss of S\$7,574,000 was reversed by the Group in 2021. The Group has further provided an allowance for impairment loss on the bridging loan to ZACD D4 of S\$374,000 as at 31 December 2023.

(b) Bridging facility to ZACD Mount Emily Residential Development Fund

On 25 April 2023, the Company entered into a S\$1,550,000 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. On 15 September 2023, a S\$300,000 was further extended to the fund.

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 31 December 2023, S\$1,850,000 (31 December 2022: S\$Nil) has been drawn down on the Facility by the Borrower which bears interest at 6% per annum.

21. 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. 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 has agreed to grant 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 31 December 2023, the loan and related receivables extended by the Group to the fund had been full repaid.

(d) 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 re-development 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 is managed by ZACD Capital Pte. Ltd..

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21. LOANS AND RELATED RECEIVABLES (cont'd)

(d) Bridging facility to ZACD LV Development Fund (cont'd)

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 31 December 2023, S\$5,821,000 (31 December 2022: S\$7,153,000) has been drawdown on the Facility by the Borrower which bears interest at 6% per annum.

(e) Bridging facility to Kurnia Rezeki Utama Sdn Bhd

On 4 July 2023, the Company entered into a S\$205,000 short term bridging facility agreement (the "**Facility**") with Kurnia Rezeki Utama Sdn Bhd. The principal activities of the Borrower is of property investment and leasing. On 27 October 2023, a S\$174,000 was further extended to the Borrower.

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 for investment purposes. Any drawdown on the Facility is subject to an interest rate of five percent (5%) 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.

As at 31 December 2023, S\$379,000 (31 December 2022: S\$Nil) has been drawn down on the Facility by the Borrower which bears interest at 5% per annum.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and bank balances	14,605	7,661	6,058	5,066

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.

22. CASH AND CASH EQUIVALENTS (cont'd)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Hong Kong dollar (HKD)	53	207	2	149
Australia dollar (AUD)	636	360	549	204

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Other payables	1,325	19	210	41
Accruals	1,087	1,611	391	363
Deferred revenue	110	101	-	-
	2,522	1,731	601	404
Less: amounts classified as current liabilities	(2,522)	(1,725)	(601)	(403)
Amounts classified as non-current liabilities	-	6	-	1

Included in current and non-current other payables and accruals are hire purchase payables relating to finance lease of motor vehicles and copiers (Note 14) which amounted to S\$3,000 and Nil (2022: S\$9,000 and S\$6,000) respectively.

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group and Company as a lessee

The Group and Company has lease contracts for office properties. The leases of office properties generally have lease terms between 1 and 3 years. The Group's and Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group and Company also has a lease of office property with a lease term of less than 12 months. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for this lease.

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24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

Group and Company as a lessee (cont'd)

The carrying amounts of right-of-use asset and lease liabilities recognised and the movements during the year are as follows:

	Right-of-use assets S\$'000	Group Lease liabilities S\$'000
As at 1 January 2022	–	–
Addition	731	731
Amortisation	(96)	–
Interest expense	–	14
Payments	–	(63)
As at 31 December 2022 and 1 January 2023	635	682
Addition	–	–
Amortisation	(245)	–
Interest expense	–	28
Payments	–	(278)
As at 31 December 2023	390	432
	Right-of-use assets S\$'000	Company Lease liabilities S\$'000
As at 1 January 2022	–	–
Addition	653	653
Amortisation	(86)	–
Interest expense	–	13
Payments	–	(50)
As at 31 December 2022 and 1 January 2023	567	616
Amortisation	(206)	–
Interest expense	–	26
Payments	–	(237)
As at 31 December 2023	361	405

The Group recognised rental expense from short-term leases of S\$88,000 for the year ended 31 December 2023 (2022: S\$268,000).

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)**Group and Company as a lessee** (cont'd)

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Lease liabilities				
— current	249	250	222	211
— non-current	183	432	183	405
	432	682	405	616

The movements of lease liabilities during the year are disclosed in Note 31 and the maturity analysis is disclosed in Note 38.

25. CAPITALISED CONTRACT COSTS

	Group	
	2023	2022
	S\$'000	S\$'000
Capitalised incremental costs of obtaining contracts		
— commission costs paid to agents		
At beginning of reporting year	464	240
Additions	28	315
Amortisation	(155)	(91)
At end of reporting year	337	464

26. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the current year are as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
At beginning of reporting year	57	66
Deferred tax debited to the consolidated statement of profit or loss during the year (Note 11)	—	(9)
At end of reporting year	57	57

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26. DEFERRED TAX LIABILITIES (cont'd)

	Company	
	2023 S\$'000	2022 S\$'000
At beginning of reporting year	22	30
Deferred tax debited to the consolidated statement of profit or loss during the year	–	(8)
At end of reporting year	22	22

Unrecognised tax losses

The Group has no unutilised tax losses as at 31 December 2023.

There are no income tax consequences in relation to the payment of dividends by the Company to its shareholders.

27. BANK BORROWING

	Group and Company	
	2023 \$'000	2022 \$'000
Current		
Interest payable on bank loan	1	3
Temporary bridging loan	768	744
	769	747
Non-current		
Temporary bridging loan	590	1,357
Total bank borrowing	1,359	2,104

27. BANK BORROWING (cont'd)

Temporary bridging loan ("TBL")

This related to a 5-year temporary bridging loan under Enterprise Financing Scheme ("EFS") as announced at Solidarity Budget 2020. The EFS is enhanced to help SMEs with their working capital needs.

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 on September 2020. For the first 12 monthly instalments commencing one month from the date of first drawdown, 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.

28. FINANCIAL DERIVATIVE

	Group and Company	
	2023	2022
	\$'000	\$'000
Fair value of financial derivative	1,629	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 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:

- within one month from the fourth anniversary from 4 January 2023; or
- 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
- if there has been a breach by the ZACD Investments Pte. Ltd. and 2 shareholders of ZACD Investments Pte. Ltd. of their obligations and undertakings under the deed of undertaking between the Controlling Shareholders and TGL.

Following the grant of the put option by the Company, the fair value loss of S\$267,000 (2022: S\$1,362,000) was recognised as the premium price of the put option granted to TGL.

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28. FINANCIAL DERIVATIVE (cont'd)

As at 31 December 2023, the valuation of financial derivative was performed internally with reference to the independent valuation report performed on 18 October 2022 by an independent qualified professional valuer. The fair value of the financial derivative has been determined using a Black Scholes Model with the following key assumptions:

	Group and Company	
	2023	2022
Stock price (S\$)	6,349,206	6,349,206
Exercise price (S\$)	6,000,000	6,000,000
Volatility on selling price of the project	14.71%–18.71%	40%
Risk-free interest rate	2.99%	2.92%

29. SHARE CAPITAL

	Group	
	2023	2022
	S\$'000	S\$'000
Issued and paid up capital: 2,000,000,000 ordinary shares on 31 December 2023 (2022: 2,000,000,000 shares)	29,866	29,866

There was no movement in the Group's issued share capital during the period from 1 January 2022 to 31 December 2023.

30. RESERVES

The amounts of the Group's reserves and the movements therein during each of the reporting periods for the years ended 31 December 2022 and 2023 are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents the waiver of an amount due to the ultimate holding company of the Company.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those from which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	At beginning of reporting year S\$'000	Financing cash flows S\$'000	Non-cash changes		At end of reporting year S\$'000
			Initial recognition S\$'000	Interest expense S\$'000	
Year ended 31 December 2023					
Amounts due to related parties	224	1,868	-	-	2,092
Bank borrowing (Note 27)	2,104	(797)*	-	52	1,359
Obligation arise from finance lease (Note 23)	15	(14)	-	2	3
Lease liabilities (Note 24)	682	(278)	-	28	432
Year ended 31 December 2022					
Amount due to ultimate holding company	23	(23)	-	-	-
Amounts due to related parties	251	(27)	-	-	224
Bank borrowing (Note 27)	2,828	(798)*	-	74	2,104
Obligation arise from finance lease (Note 23)	40	(28)	-	3	15
Lease liabilities (Note 24)	-	(63)	731	14	682

* Includes interest paid of S\$52,000 (2022: S\$74,000)

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32. RELATED PARTY TRANSACTIONS

Name of related companies	Relationship with the Company or the Group
Investment SPVs:	
ZACD (Woodlands) Pte. Ltd. ("Woodlands")	Woodlands is a 24.0%-owned associate of the ultimate holding company and was struck off on 6 November 2023.
ZACD (Pasir Ris) Pte. Ltd. ("Pasir Ris")	Pasir Ris is 17.3% owned by the ultimate holding company and was struck off on 8 May 2023.
ZACD (CCK) Pte. Ltd. ("CCK")	CCK is a 22.0%-owned associate of the ultimate holding company.
ZACD (Anchorvale) Pte. Ltd. ("Anchorvale")	Anchorvale is 12.7% owned by the ultimate holding company.
ZACD (Canberra) Pte. Ltd. ("Canberra")	Canberra is 12.1% owned by the Group.
ZACD (Punggol Field) Pte. Ltd. ("Punggol Field")	Punggol Field is a 21.8%-owned associate of the ultimate holding company and was struck off on 7 August 2023.
ZACD (Kaki Bukit) Pte. Ltd. ("Kaki Bukit")	Kaki Bukit is a 21.8%-owned associate of the ultimate holding company and was struck off on 8 May 2023.
ZACD (Punggol Central) Pte. Ltd. ("Punggol Central")	Punggol Central is 17.3% owned by the Group.
ZACD (Woodlands2) Pte. Ltd. ("Woodlands2")	Woodlands2 is a 31.8%-owned associate of the ultimate holding company.
ZACD (Neew) Pte. Ltd. ("Neew")	Neew is a wholly-owned subsidiary of the ultimate holding company.
ZACD (AMK) Pte. Ltd. ("AMK")	AMK is 14.95%-owned by the Group.
ZACD (Woodlands12) Pte. Ltd. ("Woodlands12")	Woodlands12 is 19.6% owned by the ultimate holding company.

32. RELATED PARTY TRANSACTIONS (cont'd)

Name of related companies	Relationship with the Company or the Group
Private funds managed by the Group:	
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 (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 (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.
ZACD (Tribe) Pte. Ltd. (" Tribe ")	Tribe is managed by the Group and one of the key management personnel of the Group is a key management personnel of Tribe.
ZACD (MCF1) Ltd. (" MCF1 ")	MCF1 is managed by the Group and one of the key management personnel of the Group is a key management personnel of MCF1.
ZACD (MSPIF) Pte. Ltd. (" MSPIF ")	MSPIF is managed by the Group and one of the key management personnel of the Group is a key management personnel of MSPIF.
Prosperous Decade Sdn. Bhd. (" Prosperous Decade ")	Prosperous Decade is 50.0% owned by MSPIF and one of the key management personnel of the Group is a key management personnel of Prosperous Decade.
ZACD Capital Partners VCC (" ZACD VCC ")	ZACD VCC is an umbrella Singapore variable capital company where one of the key management personnel of the Group is a key management personnel of ZACD VCC.

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32. RELATED PARTY TRANSACTIONS (cont'd)

Name of related companies	Relationship with the Company or the Group
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.
ZACD Tampines Industrial Fund ("ZACD Tampines Fund")	ZACD Tampines Fund 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.
ZACD HK IPO Fund ("ZACD HK IPO")	ZACD HK IPO 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. ZACD HK IPO was dissolved on 22 January 2023.
ZACD LV Development Fund ("ZACD LV Fund")	ZACD LV Fund 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.
ZACD LV Holdings Pte. Ltd. ("ZACD LV Holdings")	ZACD LV Holdings is a wholly-owned subsidiary of ZACD LV Fund.
ZACD (BBEC) Pte. Ltd. ("ZACD BBEC")	ZACD BBEC is managed by the Group and one of the key management personnel of the Group is a key management personnel of ZACD BBEC. ZACD BBEC was previously known as Bridge Trust Pte. Ltd. and had re-named to ZACD (BBEC) Pte. Ltd. w.e.f. 14 Mar 2022.
Tampines 7 JV Pte. Ltd. (f.k.a Prime Compass Pte. Ltd.) ("Tampines 7 JV")	One of the key management personnel of the Group is a key management personnel of Prime Compass.

32. RELATED PARTY TRANSACTIONS (cont'd)

Name of related companies	Relationship with the Company or the Group
Development SPVs:	
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.
Mandai 7 JV Pte. Ltd. ("Mandai 7 JV")	Mandai 7 JV is 60.0% owned by Mandai.
VP-ZACD Fund Holdings Pte. Ltd. ("VP-ZACD Fund Holdings")	VP-ZACD Fund Holdings is 50.0% owned by MSPIF.
ZACD Property Pte. Ltd. ("ZACD Property")	ZACD Property is wholly-owned by ZACD Mount Emily and one of the key management personnel of the Group is a key management personnel of ZACD Property.
ZACD LV Development Pte. Ltd. ("ZACD LV")	ZACD LV is 75% owned by ZACD LV Holdings.
Common control of the Controlling Shareholders:	
Magnificent Vine Group Holdings Pte. Ltd. ("Magnificent Vine Group")	Magnificent Vine Group is controlled by the Controlling Shareholders who are also the directors of the Company.
Neew Pte. Ltd. ("Neew PL")	Neew PL is controlled by the Controlling Shareholders who are also the directors of the Company.
SLP International Property Consultants Pte. Ltd. ("SLP International")	SLP International is controlled by the Controlling Shareholders and one of the Controlling Shareholder is also the directors of the Company.
SLP Scotia Pte. Ltd. ("SLP Scotia")	SLP Scotia is a subsidiary of SLP International.
Creo Adworld Pte. Ltd. ("Creo Adworld")	Creo Adworld is a wholly-owned subsidiary of Magnificent Vine Group.
Laserblue Holdings Pte. Ltd. ("Laserblue Holdings")	Laserblue Holdings is a wholly-owned subsidiary of Magnificent Vine Group.

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32. RELATED PARTY TRANSACTIONS (cont'd)

- (a) In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the years ended 31 December 2022 and 2023:

	Notes	2023 S\$'000	Group 2022 S\$'000
Investment management — dividend income:	(i)		
ZACD (Sennett) Pte. Ltd.	(1)	–	4
ZACD (Woodlands) Pte. Ltd.		–	299
ZACD (AMK) Pte. Ltd.		25	–
ZACD (Canberra) Pte. Ltd.		9	31
ZACD (Punggol Field) Pte. Ltd.		–	52
ZACD (Woodlands12) Pte. Ltd		–	153
ZACD (Anchorvale) Pte. Ltd.		12	–
ZACD (Kaki Bukit) Pte. Ltd.		–	17
ZACD (CCK) Pte. Ltd.		21	–
ZACD (Punggol Drive) Pte. Ltd.		–	7
ZACD (Sengkang) Pte. Ltd.		–	4
ZACD (Jurong) Pte Ltd		685	–
		752	567
Investment management — performance fee:	(ii)		
ZACD Investment Pte. Ltd.	(1)	–	1

32. RELATED PARTY TRANSACTIONS (cont'd)

(a) (cont'd)

	Notes	2023 S\$'000	Group 2022 S\$'000
Investment management — fund management fees:	(iii)		
ZACD (BBW6) Ltd.		(122)	—
ZACD Income Trust		156	
ZACD (Shunfu) Ltd.		907	—
ZACD (Shunfu2) Ltd.		1,475	—
ZACD (Development2) Ltd.		123	123
ZACD LV Development Fund		146	424
ZACD (BBEC) Pte Ltd		42	285
ZACD (Mandai) Ltd.		2,178	132
ZACD Mount Emily Residential Development Fund		38	59
		4,943	1,023
Acquisitions and projects management fees:	(iv)		
ZACD Jurong Pte. Ltd.		400	—
Mandai 7 JV Pte. Ltd.		2,982	—
ZACD LV Development Pte. Ltd.		—	1,207
		3,382	1,207
Staff cost expenses:	(v)		
ZACD Investments Pte. Ltd.	(1)	77	69
Marketing expenses:	(vi)		
Creo Adworld Pte. Ltd.	(1)	24	36
Office and transport expenses:	(vii)		
ZACD Investments Pte. Ltd.	(1)	60	60

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32. RELATED PARTY TRANSACTIONS (cont'd)

(a) (cont'd)

Notes:

- (i) The dividend income was derived from the establishment shares of the Investment SPVs when the Group's right to receive payment is established. In the opinion of the directors, the Group charged an investor a higher percentage of the establishment shares compared with other investors as the Group granted the investor a priority right to participate in real estate projects. Further details were set out in Note 15 to the financial statements.
- (ii) The performance fee income derived from the ultimate holding company was related to the Group's right to receive payment when dividends were derived by the ultimate holding company from the Investment SPV under the trust structure adopted by the Group.
- (iii) The fund management income included fund establishment fee, fund management fees and performance 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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 those 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.

(b) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in Note 9 to the financial statements, is as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Short term employee benefits	1,877	1,415
Post-employment benefits	77	53
Total compensation paid to key management personnel	1,954	1,468

33. COMMITMENTS

Finance lease commitments — Group as lessee

The Group has entered into a finance lease for a motor vehicle and copiers (Note 14). Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	2023		Group		2022	
	Minimum lease payments S\$'000	Present value of payments S\$'000	Minimum lease payments S\$'000	Present value of payments S\$'000	Minimum lease payments S\$'000	Present value of payments S\$'000
Within 1 year	3	3	10	9		
After 1 year but not more than 5 years	–	–	7	6		
Total minimum lease payments	3	3	17	15		
Less: amounts representing finance charges	–	–	(2)	–		
Present value of minimum lease payments	3	3	15	15		

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. 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 total coupon payments aggregate to S\$1,920,000.

At the end of each of the reporting year, the Group had no other significant commitments.

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34. FINANCIAL GUARANTEES

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.

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 is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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.

34. FINANCIAL GUARANTEES (cont'd)

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. Upon the security agent's satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 17 October 2023 under the Previous Facility Agreement, the existing guarantee was released and discharged.

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 "**Landmark Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the Landmark 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. Landmark Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

35. CONTINGENT LIABILITIES

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.

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35. CONTINGENT LIABILITIES (cont'd)

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 million ("**ZACD US Fund**") in a US hotel acquisition led by iProsperity Group. The deposit of US\$10 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 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.

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 31 December 2023. As at 31 December 2023, cumulative legal fees incurred in relation to legal actions taken against the Defendants and iProsperity Group amounted to S\$1,527,000 (31 December 2022: S\$1,292,000) where S\$1,404,000 (31 December 2022: S\$1,210,000) had been borne by ZACD Australia Hospitality Fund, S\$123,000 (31 December 2022: S\$Nil) had been borne by Remarkable Reach International Limited and S\$Nil (31 December 2022: S\$82,000) had been charged to the profit or loss.

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

31 December 2023

Group — financial assets

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in equity securities	570	–	570
Investment in fund entities	1,832	–	1,832
Trade receivables	–	4,135	4,135
Financial assets included in prepayments, deposits and other receivables	–	401	401
Amount due from ultimate holding company	–	14	14
Amounts due from related parties	–	621	621
Loans and related receivables	–	8,203	8,203
Cash and cash equivalents	–	14,605	14,605
	2,402	27,979	30,381

Group — financial liabilities

	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000
Financial derivative	1,629	–	1,629
Financial liabilities included in other payables and accruals	–	2,412	2,412
Lease liabilities	–	432	432
Amounts due to related parties	–	2,092	2,092
Bank borrowing	–	1,359	1,359
	1,629	6,295	7,924

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For the year ended 31 December 2023

36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2023 (cont'd)

Company — financial assets

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in fund entities	1,780	–	1,780
Trade receivables	–	36	36
Financial assets included in prepayments, deposits and other receivables	–	268	268
Amounts due from related parties	–	492	492
Amounts due from subsidiaries	–	2,970	2,970
Amount due from ultimate holding company	–	1	1
Loans and related receivables	–	8,203	8,203
Cash and cash equivalents	–	6,058	6,058
	1,780	18,028	19,808

Company — financial liabilities

	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total S\$'000
Financial derivative	1,629	–	1,629
Financial liabilities included in other payables and accruals	–	601	601
Lease liabilities	–	405	405
Amounts due to related parties	–	52	52
Amounts due to subsidiaries	–	4,221	4,221
Bank borrowing	–	1,359	1,359
	1,629	6,638	8,267

36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2023 (cont'd)

The carrying amounts of each of the categories of financial instruments as at 31 December 2021 and 2022 are as follows:

31 December 2022

Group — 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

Group — 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

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36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2022 (cont'd)

Company — financial assets

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in fund entities	1,853	–	1,853
Trade receivables	–	3	3
Financial assets included in prepayments, deposits and other receivables	–	290	290
Amounts due from related parties	–	551	551
Amounts due from subsidiaries	–	4,598	4,598
Loans and related receivables	–	10,211	10,211
Cash and cash equivalents	–	5,066	5,066
	1,853	20,719	22,572

Company — 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	–	404	404
Lease liabilities	–	616	616
Amounts due to related parties	–	12	12
Amounts due to subsidiaries	–	5,207	5,207
Bank borrowing	–	2,104	2,104
	1,362	8,343	9,705

37. 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, balances with the ultimate holding company, related parties and subsidiaries, cash and cash equivalents, the current portion of financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in other payables and accruals, and balances with related parties and subsidiaries, included in the Company's statement of financial position, approximate to 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 and bank borrowing approximate fair values as the interest rate approximate market interest rate.

The fair values of the 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.

Fair value of financial instruments that are carried at fair value

The fair values of the 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 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 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.

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37. 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 unlisted investment in equity securities and fund entities, and financial derivative together with a quantitative sensitivity analysis as at 31 December 2022 and 2023:

31 December 2023	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 not result in changes in fair value
Unlisted investment in fund entities	Discounted cash flow method	Input base uncertainty for projected cash flows (Note A)	63%–88%	Decrease by 9 percentage points would result in increase in fair value by S\$23,000
				Increase by 16 percentage points would result in decrease in fair value by S\$47,000
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\$382,000.
				Increase by 10 percentage points would result in increase in fair value by S\$375,000

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

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

31 December 2022	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

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37. 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 or funds 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.

37. 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 and Company's financial instruments:

Assets measured at fair value:

Group

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2023				
Investment in equity securities	–	–	570	570
Investment in fund entities	–	–	1,832	1,832

Company

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2023				
Investment in fund entities	–	–	1,780	1,780

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

Fair value hierarchy (cont'd)

Assets measured at fair value: (cont'd)

Group

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Fair value measurement using Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2022				
Investment in equity securities	–	–	720	720
Investment in fund entities	–	–	1,897	1,897

Company

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Fair value measurement using Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2022				
Investment in fund entities	–	–	1,853	1,853

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

Fair value hierarchy (cont'd)

Assets measured at fair value: (cont'd)

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

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Investment in equity securities				
— unlisted:				
At beginning of reporting year	720	1,188	—	—
Total losses recognised in other comprehensive income	(150)	(468)	—	—
	570	720	—	—
Investment in fund entities				
— unlisted:				
At beginning of reporting year	1,897	9	1,853	9
Additions	—	1,475	—	1,431
Total (loss)/gains recognised in other comprehensive income	(60)	413	(68)	413
Redemption of redeemable preference share	(5)	—	(5)	—
	1,832	1,897	1,780	1,853
At end of reporting year	2,402	2,617	1,780	1,853

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For the year ended 31 December 2023

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

Fair value hierarchy (cont'd)

Liabilities measured at fair value:

Group

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2023				
Financial derivative	-	-	1,629	1,629

Company

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2023				
Financial derivative	-	-	1,629	1,629

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

Fair value hierarchy (cont'd)

Liabilities measured at fair value: (cont'd)

Group

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Fair value measurement using Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2022				
Financial derivative	–	–	1,362	1,362

Company

	Quoted prices in active markets (Level 1) S\$'000	Fair value measurement using Significant observable inputs (Level 2) S\$'000	Fair value measurement using Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
31 December 2022				
Financial derivative	–	–	1,362	1,362

During the reporting years, 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.

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For the year ended 31 December 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as investment in equity securities, investment in fund entities, trade receivables, financial assets included in prepayments, deposits and other receivables, balances with the ultimate holding company and related parties, and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise trade receivables, deposits and other receivables, amounts due from the ultimate holding company and related parties, a financial asset at fair value through profit or loss, and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of each reporting year, the Group had certain concentrations of credit risk with respect to trade receivables as follows:

	2023	2022
Due from the largest debtor	29%	31%
Due from the five largest debtors	84%	94%

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 17 to the financial statements.

Liquidity risk

In order to manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each reporting year, based on contractual undiscounted payments, was as follows:

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

Liquidity risk (cont'd)

Group

	On demand/ no fixed terms of repayment S\$'000	Less than 1 year S\$'000	One to five years S\$'000	Total S\$'000
31 December 2023				
Financial derivative	–	–	1,629	1,629
Financial liabilities included in other payables and accruals	–	2,409	–	2,409
Finance lease obligations	–	3	–	3
Lease liabilities	–	264	187	451
Amounts due to related parties	2,092	–	–	2,092
Bank borrowing	–	800	680	1,480
	2,092	3,476	2,496	8,064

Company

	On demand/ no fixed terms of repayment S\$'000	Less than 1 year S\$'000	One to five years S\$'000	Total S\$'000
31 December 2023				
Financial derivative	–	–	1,629	1,629
Financial liabilities included in other payables and accruals	–	600	–	600
Finance lease obligations	–	1	–	1
Lease liabilities	–	237	187	424
Amounts due to subsidiaries	4,221	–	–	4,221
Amounts due to related parties	52	–	–	52
Bank borrowing	–	800	680	1,480
	4,273	1,638	2,496	8,407

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FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

Liquidity risk (cont'd)

Group

	On demand/ no fixed terms of repayment S\$'000	Less than 1 year S\$'000	One to five years S\$'000	Total S\$'000
31 December 2022				
Financial derivative	–	–	1,362	1,362
Financial liabilities included in other payables and accruals	–	1,616	–	1,616
Finance lease obligations	–	9	6	15
Lease liabilities	–	278	452	730
Amounts due to related parties	224	–	–	224
Bank borrowing	–	800	1,400	2,200
	224	2,703	3,220	6,147

Company

	On demand/ no fixed terms of repayment S\$'000	Less than 1 year S\$'000	One to five years S\$'000	Total S\$'000
31 December 2022				
Financial derivative	–	–	1,362	1,362
Financial liabilities included in other payables and accruals	–	400	–	400
Finance lease obligations	–	3	1	4
Lease liabilities	–	237	425	662
Amounts due to subsidiaries	5,207	–	–	5,207
Amounts due to related parties	12	–	–	12
Bank borrowing	–	800	1,400	2,200
	5,219	1,440	3,188	9,847

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

Foreign currency risk

The Group and the Company hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting year, such foreign currency balances are mainly in HKD and AUD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the HKD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group		Company	
		2023 S\$'000 Profit before tax	2022 S\$'000 Loss before tax	2023 S\$'000 Profit before tax	2022 S\$'000 Loss before tax
Increase/(decrease)					
SGD/HKD	— Strengthened: 4% (2022: 4%)	(2)	8	—	6
	— Weakened: 4% (2022: 4%)	2	(8)	—	(6)
SGD/AUD	— Strengthened: 4% (2022: 4%)	(25)	14	(22)	8
	— Weakened: 4% (2022: 4%)	25	(14)	22	(8)

For the year ended 31 December 2023

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

Foreign currency risk (cont'd)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

Certain subsidiaries of the Group are regulated by the Monetary Authority of Singapore (the "**MAS**") or the Hong Kong Securities and Futures Commission (the "**SFC**") and are required to comply with certain minimum capital requirements according to the rules of the MAS or the SFC. The Group has established a legal and compliance department which is operated by experienced compliance officers and is monitored by management. The principal roles of the legal and compliance department are to monitor the daily financial status and to review internal control of the Group regularly to ensure the regulated subsidiaries are in compliance with related regulations. The regulated subsidiaries have complied with the related regulations throughout the year or since the date when the licences were granted.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

Capital of the Group comprises all components of shareholder's equity.

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 March 2024, TGL had entered into a Deed of Novation to transfer its convertible loan interests in La Ville Development Fund to its wholly owned subsidiary, Jaunty City Pte. Ltd..

Save as disclosed elsewhere in this report, no other significant event that would materially affect the Group's operating and financial performance took place subsequent to 31 December 2023 and up to the date of this report.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 25 March 2024.