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杰地集團有限公司*

(A company incorporated in the Republic of Singapore with limited liability)
(Stock code: 8313)

ANNUAL ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

This announcement, 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 announcement 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 announcement misleading.

This announcement will be published on the GEM website at www.hkgem.com and remain on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.zacdgroup.com.

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

** for identification purposes only*

ZACD GROUP LTD. AND ITS SUBSIDIARIES
ANNUAL ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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ANNUAL FINANCIAL HIGHLIGHTS

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 S\$'000	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000	2018 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 (Singapore cents)	0.09	(0.14)	0.37	(1.01)	0.23	0.05

Financial Position	At 31 December					
	2023 S\$'000	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000	2018 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 (Singapore cents)	1.12	1.05	1.19	0.83	1.88	1.75

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 0.09 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 Board of Directors (the “Board”) of the Company hereby announces the audited consolidated results of the Group for the financial year ended 31 December 2023 (the “Annual Results”), together with the comparative figures for the financial year ended 31 December 2022:

Consolidated statement of profit or loss For the year ended 31 December 2023

	Note	Group	
		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 of impairment losses 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.

**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
As at 31 December 2023

	Note	Group		Company	
		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
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 -S\$8,913,000 and -S\$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.

ZACD Group Ltd. and its Subsidiary Companies

**Consolidated statement of cash flows
For the year ended 31 December 2023**

	Note	Group 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
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)

ZACD Group Ltd. and its Subsidiary Companies

Consolidated statement of cash flows (continued)
For the year ended 31 December 2023

	Note	Group	
		2023 S\$'000	2022 S\$'000
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.

ZACD Group Ltd. and its Subsidiaries

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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

2. Material accounting policies (continued)

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</i> and IAS 28 <i>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.

2. Material accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

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.

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. Material accounting policies (continued)

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.

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

2. Material accounting policies (continued)

2.6 Fair value measurement (continued)

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.

(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).

2. Material accounting policies (continued)

2.7 Foreign currencies (continued)

(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.

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. Material accounting policies (continued)

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.

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.

2. Material accounting policies (continued)

2.10 Financial instruments — initial recognition and subsequent measurement (continued)

(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.

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. Material accounting policies (continued)

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.

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.

2. Material accounting policies (continued)

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 (continued)

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.

2. Material accounting policies (continued)

2.15 Revenue recognition (continued)

Rendering of services (continued)

(a) SPV investment management (continued)

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 (continued)

2.15 Revenue recognition (continued)

Rendering of services (continued)

(b) Fund management (continued)

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.

(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.

2. Material accounting policies (continued)

2.15 Revenue recognition (continued)

Rendering of services (continued)

(d) Property management and tenancy management (continued)

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.

2.16 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.

2. Material accounting policies (continued)

2.16 Leases (continued)

Group as a lessee (continued)

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.

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. Material accounting policies (continued)

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.

(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.

2. Material accounting policies (continued)

2.18 Taxes (continued)

(b) Deferred tax (continued)

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.

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. Material accounting policies (continued)

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.

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. Material accounting policies (continued)

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;
 - (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)

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.

3. Significant accounting judgments, estimates and assumptions (continued)

Judgements (continued)

Variable consideration from performance fees (continued)

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.

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.

3. Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

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 iProperty Group and its administrators to recover the remaining shortfall of the exposure by the fund.

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.

(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.

4. Operating segment information (continued)

(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.

(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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements
For the year ended 31 December 2023

4. Operating segment information (continued)

Year ended 31 December 2023	Investment management				Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000	Property management and tenancy 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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements
For the year ended 31 December 2023

4. Operating segment information (continued)

Year ended 31 December 2022	Investment management				Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000	Property management and tenancy 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 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.

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023**

4. Operating segment information (continued)**Geographical information****(a) Revenue from external customers**

	Group	
	2023	2022
	S\$'000	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

	Group	
	2023	2022
	S\$'000	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.

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:

	Group	
	2023	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	—

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
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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			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total revenue S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management 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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

5. Revenue, and other income and gains (continued)

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:

	<u>Investment management</u>			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total revenue S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
Year ended 31 December 2022						
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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

5. Revenue, and other income and gains (continued)

	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

	Group	
	2023	2022
	S\$'000	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

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

7. Impairment losses on financial assets

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

- (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.

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 during the year ended 31 December 2021. As at 31 December 2023, further allowance for impairment loss of S\$374,000 was made against the bridging advance to ZACD (Development4) Ltd.

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023**

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:

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023**

9. Directors' and chief executive's remuneration (continued)

	Group	
	2023	2022
	S\$'000	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.

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****8. Directors' and chief executive's remuneration (continued)****(b) Executive directors and chief executive (continued)**

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

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	S\$'000	S\$'000	S\$'000	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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

9. Directors' and chief executive's remuneration (continued)

(b) Executive directors and chief executive (continued)

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:

	Group	
	2023	2022
	S\$'000	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:

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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****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.

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

	Group	
	2023	2022
	S\$'000	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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023**

11. Income tax expense (continued)**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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

13. Dividends

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

14. Property, plant and equipment

Group	Computers	Office	Furniture	Renovation	Motor	Total
	S\$'000	equipment	and fittings	S\$'000	vehicles	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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

14. Property, plant and equipment (continued)

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).

	Computers S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Renovation S\$'000	Total S\$'000
Company					
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

	Group	
	2023	2022
	S\$'000	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:

	Group	
	2023	2022
	S\$'000	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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

15. Investment in equity securities (continued)

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

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

16. Investment in fund entities (continued)

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 S\$'000	2022 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 S\$'000	2022 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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

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.

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:

	Group	
	2023 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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****17. Trade receivables (continued)**

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

	Group	
	2023	2022
	S\$'000	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.

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.

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

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

	Group	
	2023	2022
	S\$'000	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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

18. Investments in subsidiaries

	Company	
	2023	2022
	S\$'000	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

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

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

18. Investments in subsidiaries (continued)

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 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

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.

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****19. Balances with ultimate holding company and related parties (continued)****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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****19. Balances with ultimate holding company and related parties (continued)**

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'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	2022	2023	2022
	\$'000	\$'000	\$'000	\$'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.

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****21. Loans and related receivables**

	Group and Company	
	2023	2022
	S\$'000	S\$'000
<u>Current</u>		
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	
	2022	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

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

Pursuant to the Announcements made by the Company mentioned in Note 7(a), 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.

21. Loans and related receivables (continued)

(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 has 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.

(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.

21. Loans and related receivables (continued)

(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..

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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

22. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'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.

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

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

23. Other payables and accruals

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

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.

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

	Group	
	Right-of-use assets S\$'000	Lease liabilities S\$'000
As at 1 January 2022	–	–
Addition	731	731
Amortisation	(96)	–
Interest expense (Note 8)	–	14
Payments	–	(63)
	<hr/>	<hr/>
As at 31 December 2022 and 1 January 2023	635	682
Addition	–	–
Amortisation	(245)	–
Interest expense (Note 8)	–	28
Payments	–	(278)
	<hr/>	<hr/>
As at 31 December 2023	390	432
	<hr/> <hr/>	<hr/> <hr/>

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

24. Right-of-use assets and lease liabilities (continued)

Group and Company as a lessee (continued)

	Company	
	Right-of-use assets S\$'000	Lease liabilities S\$'000
As at 1 January 2022	–	–
Addition	653	653
Amortisation	(86)	–
Interest expense	–	13
Payments	–	(50)
	567	616
As at 31 December 2022 and 1 January 2023	(206)	–
Amortisation	–	26
Interest expense	–	(237)
Payments	–	(237)
	361	405
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).

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'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 S\$'000	2022 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)
	337	464
At end of reporting year	337	464

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

26. Deferred tax liabilities

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

	Group	
	2023 S\$'000	2022 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

	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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

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

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 S\$'000	2022 S\$'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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

28. Financial derivative (continued)

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.

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
	14.71% -	
Volatility on selling price of the project	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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

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)

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

32. Related party transactions (continued)

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.

ZACD Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

32. Related party transactions (continued)

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, was 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 March 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.
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 Group Ltd. and its Subsidiaries

Notes to the Financial Statements For the year ended 31 December 2023

32. Related party transactions (continued)

Name of related companies	Relationship with the Company or the Group
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 Shareholders is also the director 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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
For the year ended 31 December 2023**

32. Related party transactions (continued)

- (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	Group	
		2023 S\$'000	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
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

ZACD Group Ltd. and its Subsidiaries**Notes to the Financial Statements
For the year ended 31 December 2023****32. Related party transactions (continued)**

	Notes	Group	
		2023 S\$'000	2022 S\$'000
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

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.

32. Related party transactions (continued)

- (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

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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:

	Group			
	2023		2022	
	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.

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.

34. Financial guarantees (continued)

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.

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.

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.

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**Notes to the Financial Statements
For the year ended 31 December 2023**

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	Financial assets at amortised cost	Total
	S\$'000	S\$'000	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	Financial liabilities at amortised cost	Total
	S\$'000	S\$'000	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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Notes to the Financial Statements
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36. Financial instruments by category (continued)

31 December 2023 (continued)

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

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Notes to the Financial Statements
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36. Financial instruments by category

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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Notes to the Financial Statements
For the year ended 31 December 2023

36. Financial instruments by category (continued)

31 December 2022 (continued)

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.

ZACD Group Ltd. and its Subsidiaries

**Notes to the Financial Statements
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37. Fair value and fair value hierarchy of financial instruments (continued)

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
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

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**Notes to the Financial Statements
For the year ended 31 December 2023**

37. Fair value and fair value hierarchy of financial instruments (continued)

31 December 2022	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
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

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.

ZACD Group Ltd. and its Subsidiaries

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37. Fair value and fair value hierarchy of financial instruments (continued)

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

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

Company

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

Group

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

ZACD Group Ltd. and its Subsidiaries

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37. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Company

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

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

Liabilities measured at fair value:

Group

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

ZACD Group Ltd. and its Subsidiaries

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37. Fair value and fair value hierarchy of financial instruments (continued)

Company

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

Group

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

Company

	Fair value measurement using			Total S\$'000
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	
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.

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.

38. Financial risk management objectives and policies (continued)

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:

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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38. Financial risk management objectives and policies

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 (continued)**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	2022 S\$'000	2023 S\$'000	2022 S\$'000
			Profit before tax	Loss before tax	Profit before tax	Loss before tax
<u>Increase/ (decrease)</u>						
SGD/HKD	- Strengthened:	4%	(2)	8	-	6
	(2022: 4%)					
	- Weakened:	4%	2	(8)	-	(6)
	(2022: 4%)					
SGD/AUD	- Strengthened:	4%	(25)	14	(22)	8
	(2022: 4%)					
	- Weakened:	4%	25	(14)	22	(8)
	(2022: 4%)					

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.

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39. Events occurring after the reporting period

Save as disclosed elsewhere in this report, 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 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 21 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the 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 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.

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

Management Discussion and Analysis

Year ended 31 December 2023	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
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			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
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.

Management Discussion and Analysis

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 2022, 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

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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\$1.9 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, partially offset by the allowance for impairment loss of S\$0.35 million in respect of the Group's financial advisory fee receivables previously recognised to be irrecoverable and accordingly written off these debts 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 was mainly due to the increase in cash and cash equivalents by approximately S\$6.94 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

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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.

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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

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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

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

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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 \$1,246 psf ppr at Slim Barracks (Parcel A) by EL Development and 1.6% lower than the winning bid of \$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 85% as of 22nd January 2024 and we are optimistic of selling down the balance units by the revised deadline.

Q1 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.

CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2023 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive Directors, namely Mr. Kong Chi Mo, Dato’ Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon and the chairman is Mr. Kong Chi Mo.

The Audit Committee with senior management have reviewed the audited consolidated results of the Group for the year ended 31 December 2023 and this announcement with the external auditor of the Company.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE EXCHANGE AND THE COMPANY

The annual report for the year ended 31 December 2023 will be despatched to the shareholders and available on the Company’s website (www.zacdgroup.com) and the designated website of the Exchange (www.hkexnews.hk) in due course.

By Order of the Board
ZACD Group Ltd.
Sim Kain Kain
Chairman and Executive Director

Singapore, 21 March 2023

Corporate Governance and other items

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