



ZACD GROUP LTD.

杰地集团有限公司\*

(A company incorporated in Singapore with limited liability)  
Stock Code: 8313



**2022**

Interim Report

\* for identification purpose only

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

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

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Chi Mo  
Dato' Dr. Sim Mong Keang  
Mr. Lim Boon Yew

### NON-EXECUTIVE DIRECTOR

Mr. Chew Hong Ngaiap, Ken

### AUDIT COMMITTEE

Mr. Kong Chi Mo (*Chairman*)  
Dato' Dr. Sim Mong Keang  
Mr. Lim Boon Yew

### REMUNERATION COMMITTEE

Dato' Dr. Sim Mong Keang (*Chairman*)  
Ms. Sim Kain Kain  
Mr. Kong Chi Mo  
Mr. Lim Boon Yew

### NOMINATION COMMITTEE

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

### AUTHORISED REPRESENTATIVES

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

### JOINT COMPANY SECRETARIES

#### **As to Hong Kong Law**

Mr. Ip Pui Sum

#### **As to Singapore Law**

Mr. Tan Kim Swee Bernard

### COMPLIANCE OFFICER

Mr. Patrick Chin Meng Liong (*CLO*)

### COMPLIANCE ADVISER

Innovax Capital Limited

### AUDITOR

Ernst & Young LLP

### REGISTERED OFFICE

2 Bukit Merah Central #22-00  
Singapore 159835

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

2 Bukit Merah Central #22-00  
Singapore 159835

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### PRINCIPAL BANK

United Overseas Bank  
UOB Plaza  
80 Raffles Place  
Singapore 048624

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

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

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

8313

### COMPANY'S WEBSITE

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

# INTERIM FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2022

- The revenue of the Group increased by 7.2% or approximately S\$133,000 from approximately S\$1.9 million for the six months ended 30 June 2021 (the “**Previous Period**”) to approximately S\$2.0 million for the six months ended 30 June 2022 (the “**Review Period**”). The increase was mainly attributable to the acquisition fee income following the completion of the acquisition of the La Ville site in end June 2022, partially offset by the decrease in dividend income from the SPV investment management business segment and decrease in financial advisory fees.
- Other income and gains increased from approximately S\$399,000 for the Previous Period to approximately S\$596,000 for the Review Period, representing an increase of approximately S\$197,000 or 49.4%. The increase was mainly due to short-term corporate services provided to external corporate clients and interest income derived from the bridging loans extended to the fund structures managed by the Group, partially offset by the decrease in government grants.
- Total staff costs decreased from approximately S\$2.3 million for the Previous Period to approximately S\$2.0 million for the Review Period, representing a decrease of approximately S\$282,000 or 12.3%. As at the end of Review Period, the Group had 31 employees as compared to 44 as at the end of Previous Period.
- The Group reported a net loss of approximately S\$533,000 for the Review Period as compared with a net loss of approximately S\$1.2 million for the Previous Period, representing a decrease in net loss of approximately S\$629,000 or 54.1%. The improvement was mainly attributable to the increase in revenue by S\$133,000, the decrease in staff costs by approximately S\$282,000 and the increase in other income and gains by approximately S\$197,000.
- No dividend was paid or proposed by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).
- Basic and diluted loss per share during the six months ended 30 June 2022 was approximately S\$0.03 cents (six months ended 30 June 2021: loss of S\$0.06 cents).

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

## INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of ZACD Group Ltd. (the “**Company**”) and its subsidiary companies (collectively, the “**Group**”) which comprise the interim condensed consolidated statement of financial position as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## SCOPE OF REVIEW

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

## CONCLUSION

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

## **Ernst & Young LLP**

*Public Accountants and Chartered Accountants*  
Singapore

4 August 2022

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative unaudited figures for the six months ended 30 June 2021:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

|                                                                  |      | <b>Six months ended</b> |             |
|------------------------------------------------------------------|------|-------------------------|-------------|
|                                                                  | Note | <b>30 June</b>          |             |
|                                                                  |      | <b>2022</b>             | 2021        |
|                                                                  |      | <b>S\$'000</b>          | S\$'000     |
|                                                                  |      | <b>(unaudited)</b>      | (unaudited) |
| Revenue                                                          | 4    | <b>1,988</b>            | 1,855       |
| Other income and gains                                           | 4    | <b>596</b>              | 399         |
| Staff costs                                                      |      | <b>(2,004)</b>          | (2,286)     |
| Depreciation                                                     |      | <b>(45)</b>             | (62)        |
| Amortisation of right-of-use asset                               |      | <b>–</b>                | (117)       |
| Amortisation of capitalised contract costs                       |      | <b>(49)</b>             | (48)        |
| Impairment losses on financial assets                            | 5    | <b>(177)</b>            | (107)       |
| Marketing expenses                                               |      | <b>(23)</b>             | (9)         |
| Other expenses, net                                              |      | <b>(777)</b>            | (740)       |
| Interest expense                                                 |      | <b>(42)</b>             | (47)        |
| <b>Loss before tax</b>                                           | 5    | <b>(533)</b>            | (1,162)     |
| Income tax expense                                               | 6    | <b>–</b>                | –           |
| <b>Loss for the period attributable to owners of the Company</b> |      | <b>(533)</b>            | (1,162)     |
| <b>Loss per share attributable to owners of the Company</b>      | 7    |                         |             |
| — Basic (cents)                                                  |      | <b>(0.03)</b>           | (0.06)      |
| — Diluted (cents)                                                |      | <b>(0.03)</b>           | (0.06)      |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

| Note                                                                                 | Six months ended<br>30 June    |                                |
|--------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                      | 2022<br>S\$'000<br>(unaudited) | 2021<br>S\$'000<br>(unaudited) |
| <b>Loss for the period</b>                                                           | <b>(533)</b>                   | (1,162)                        |
| <b>Other comprehensive income/(loss):</b>                                            |                                |                                |
| <u>Items that will not be reclassified to profit or loss:</u>                        |                                |                                |
| Fair value changes on investment in equity securities                                | <b>34</b>                      | (415)                          |
| <u>Items that may be reclassified subsequently to profit or loss:</u>                |                                |                                |
| Exchange differences on translation of foreign operations                            | <b>(43)</b>                    | (32)                           |
| Other comprehensive loss for the period                                              | <b>(9)</b>                     | (447)                          |
| <b>Total comprehensive loss for the period attributable to owners of the Company</b> | <b>(542)</b>                   | (1,609)                        |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                              | Note | 30 June<br>2022<br>\$'000<br>(unaudited) | 31 December<br>2021<br>\$'000<br>(audited) |
|----------------------------------------------|------|------------------------------------------|--------------------------------------------|
| <b>Non-current assets</b>                    |      |                                          |                                            |
| Property, plant and equipment                | 9    | 186                                      | 229                                        |
| Investment in equity securities              | 10   | 1,222                                    | 1,188                                      |
| Investment in fund entities                  |      | 9                                        | 9                                          |
| Prepayments, deposits and other receivables  |      | 248                                      | 259                                        |
| Loans and related receivables                | 13   | 816                                      | 816                                        |
| <b>Total non-current assets</b>              |      | <b>2,481</b>                             | 2,501                                      |
| <b>Current assets</b>                        |      |                                          |                                            |
| Trade receivables                            | 11   | 4,249                                    | 3,246                                      |
| Amounts due from related parties (non-trade) |      | 1,263                                    | 1,703                                      |
| Prepayments, deposits and other receivables  |      | 279                                      | 392                                        |
| Capitalised contract costs                   | 12   | 191                                      | 240                                        |
| Loans and related receivables                | 13   | 11,269                                   | 14,342                                     |
| Cash and cash equivalents                    | 14   | 7,647                                    | 5,892                                      |
| <b>Total current assets</b>                  |      | <b>24,898</b>                            | 25,815                                     |
| <b>Current liabilities</b>                   |      |                                          |                                            |
| Trade payables, other payables and accruals  |      | 1,426                                    | 1,348                                      |
| Amount due to ultimate holding company       |      | –                                        | 23                                         |
| Amounts due to related parties (non-trade)   |      | 170                                      | 251                                        |
| Bank borrowing                               | 15   | 733                                      | 711                                        |
| Income tax payable                           |      | 51                                       | 53                                         |
| <b>Total current liabilities</b>             |      | <b>2,380</b>                             | 2,386                                      |
| <b>Net current assets</b>                    |      | <b>22,518</b>                            | 23,429                                     |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                      | Note | <b>30 June<br/>2022<br/>\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>\$'000<br>(audited) |
|--------------------------------------|------|----------------------------------------------------|--------------------------------------------|
| <b>Non-current liabilities</b>       |      |                                                    |                                            |
| Other payables                       |      | <b>9</b>                                           | 17                                         |
| Bank borrowing                       | 15   | <b>1,736</b>                                       | 2,117                                      |
| Deferred tax liabilities             |      | <b>66</b>                                          | 66                                         |
| <b>Total non-current liabilities</b> |      | <b>1,811</b>                                       | 2,200                                      |
| <b>Net assets</b>                    |      | <b>23,188</b>                                      | 23,730                                     |
| <b>Equity</b>                        |      |                                                    |                                            |
| Share capital                        | 16   | <b>29,866</b>                                      | 29,866                                     |
| Reserves                             |      | <b>(6,678)</b>                                     | (6,136)                                    |
| <b>Total equity</b>                  |      | <b>23,188</b>                                      | 23,730                                     |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

| Group                                                     | Share capital<br>(Note 16)<br>S\$'000 | Investment<br>in equity<br>securities<br>revaluation<br>reserve<br>S\$'000 | Exchange<br>fluctuation<br>reserve<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Accumulated<br>losses<br>S\$'000 | Total equity<br>S\$'000 |
|-----------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <b>Six months ended 30 June 2022</b>                      |                                       |                                                                            |                                               |                               |                                  |                         |
| At 1 January 2022 (audited)                               | 29,866                                | 1,188*                                                                     | 23*                                           | 1,491*                        | (8,838)*                         | 23,730                  |
| Loss for the period                                       | -                                     | -                                                                          | -                                             | -                             | (533)                            | (533)                   |
| Other comprehensive (loss)/income for the period:         |                                       |                                                                            |                                               |                               |                                  |                         |
| Exchange differences on translation of foreign operations | -                                     | -                                                                          | (43)                                          | -                             | -                                | (43)                    |
| Fair value changes on investment in equity securities     | -                                     | 34                                                                         | -                                             | -                             | -                                | 34                      |
| Total comprehensive income/(loss) for the period          | -                                     | 34                                                                         | (43)                                          | -                             | (533)                            | (542)                   |
| At 30 June 2022 (unaudited)                               | 29,866                                | 1,222*                                                                     | (20)*                                         | 1,491*                        | (9,371)*                         | 23,188                  |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

| Group                                                        | Share capital<br>(Note 16)<br>S\$'000 | Investment<br>in equity<br>securities<br>revaluation<br>reserve<br>S\$'000 | Exchange<br>fluctuation<br>reserve<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Accumulated<br>losses<br>S\$'000 | Total equity<br>S\$'000 |
|--------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <b>Six months ended 30 June 2021</b>                         |                                       |                                                                            |                                               |                               |                                  |                         |
| At 1 January 2021 (audited)                                  | 29,866                                | 1,469*                                                                     | 64*                                           | 1,491*                        | (16,299)*                        | 16,591                  |
| Loss for the period                                          | -                                     | -                                                                          | -                                             | -                             | (1,162)                          | (1,162)                 |
| Other comprehensive loss for the period:                     |                                       |                                                                            |                                               |                               |                                  |                         |
| Exchange differences on translation<br>of foreign operations | -                                     | -                                                                          | (32)                                          | -                             | -                                | (32)                    |
| Fair value changes on investment in<br>equity securities     | -                                     | (415)                                                                      | -                                             | -                             | -                                | (415)                   |
| Total comprehensive loss for the period                      | -                                     | (415)                                                                      | (32)                                          | -                             | (1,162)                          | (1,609)                 |
| At 30 June 2021 (unaudited)                                  | 29,866                                | 1,054*                                                                     | 32*                                           | 1,491*                        | (17,461)*                        | 14,982                  |

\* These reserve accounts comprise the consolidated reserves of (S\$13,275,000) and (S\$14,884,000) in the interim condensed consolidated statements of financial position as at 31 December 2020 and 30 June 2021 respectively.

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

|                                                                    | <b>Six months ended</b> |             |
|--------------------------------------------------------------------|-------------------------|-------------|
|                                                                    | <b>30 June</b>          |             |
|                                                                    | <b>2022</b>             | 2021        |
|                                                                    | <b>S\$'000</b>          | S\$'000     |
|                                                                    | <b>(unaudited)</b>      | (unaudited) |
| <b>Cash flows from operating activities</b>                        |                         |             |
| Loss before tax                                                    | <b>(533)</b>            | (1,162)     |
| Adjustments for:                                                   |                         |             |
| Depreciation                                                       | <b>45</b>               | 62          |
| Amortisation of right-of-use asset                                 | <b>–</b>                | 117         |
| Amortisation of capitalised contract costs                         | <b>49</b>               | 48          |
| Bad debt written off                                               | <b>–</b>                | 3           |
| Impairment loss on trade receivables, net                          | <b>177</b>              | 107         |
| Gain on disposal of motor vehicle                                  | <b>(11)</b>             | –           |
| Interest income                                                    | <b>(295)</b>            | (74)        |
| Interest expense                                                   | <b>42</b>               | 47          |
| Unrealised foreign exchange gains                                  | <b>(34)</b>             | (27)        |
| <b>Operating cash flows before changes in working capital</b>      | <b>(560)</b>            | (879)       |
| Changes in working capital:                                        |                         |             |
| Increase in trade receivables                                      | <b>(1,181)</b>          | (28)        |
| Decrease in prepayments, deposits and other receivables            | <b>125</b>              | 133         |
| Increase in capitalised contract costs                             | <b>–</b>                | (60)        |
| Decrease/(increase) in trade payables, other payables and accruals | <b>91</b>               | (84)        |
| <b>Cash used in operations</b>                                     | <b>(1,525)</b>          | (918)       |
| Income tax paid                                                    | <b>(2)</b>              | –           |
| Interest received                                                  | <b>–</b>                | 1           |
| Interest paid                                                      | <b>(40)</b>             | (46)        |
| <b>Net cash flows used in operating activities</b>                 | <b>(1,567)</b>          | (963)       |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

|                                                                     | <b>Six months ended</b> |             |
|---------------------------------------------------------------------|-------------------------|-------------|
|                                                                     | <b>30 June</b>          |             |
|                                                                     | <b>2022</b>             | 2021        |
|                                                                     | <b>S\$'000</b>          | S\$'000     |
|                                                                     | <b>(unaudited)</b>      | (unaudited) |
| <b>Cash flows from investing activities</b>                         |                         |             |
| Purchase of items of property, plant and equipment                  | <b>(48)</b>             | –           |
| Investment in fund entities                                         | –                       | (1,743)     |
| Decrease/(increase) in amounts due from related parties             | <b>440</b>              | (327)       |
| Loans granted to related parties                                    | –                       | (4,404)     |
| Proceeds from disposal of motor vehicle                             | <b>55</b>               | –           |
| Repayment from bridging loans and related interest receivables      | <b>3,367</b>            | –           |
|                                                                     | <b>3,814</b>            | (6,474)     |
| <b>Net cash flows generated from/(used in) investing activities</b> |                         |             |
|                                                                     | <b>3,814</b>            | (6,474)     |
| <b>Cash flows from financing activities</b>                         |                         |             |
| Decrease in amount due to ultimate holding company                  | <b>(23)</b>             | (1)         |
| Decrease in amounts due to related parties                          | <b>(81)</b>             | (110)       |
| Repayment of obligation under finance leases                        | <b>(23)</b>             | (10)        |
| Repayment of lease liabilities                                      | –                       | (121)       |
| Repayment of bank borrowing                                         | <b>(358)</b>            | –           |
|                                                                     | <b>(485)</b>            | (242)       |
| <b>Net cash flows used in financing activities</b>                  |                         |             |
|                                                                     | <b>(485)</b>            | (242)       |
| Net increase/(decrease) in cash and cash equivalents                | <b>1,762</b>            | (7,679)     |
| Cash and cash equivalents at beginning of period                    | <b>5,892</b>            | 12,664      |
| Effect of foreign exchange rate changes, net                        | <b>(7)</b>              | (5)         |
|                                                                     | <b>7,647</b>            | 4,980       |
| Cash and cash equivalents at end of period                          | <b>7,647</b>            | 4,980       |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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 2 Bukit Merah Central #22-00, Singapore 159835.

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2021.

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These applications do not have a material impact on the Interim Results of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 3. OPERATING SEGMENT INFORMATION

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

### (a) Investment management

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

#### (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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

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

#### (ii) *Fund management*

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

### (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 loss before tax except that unallocated other income and gains as well as head office and corporate expenses are excluded from such measurement.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

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.

| Six months ended<br>30 June 2022 (unaudited) | Investment management                      |                               |                                                       | Property<br>management<br>and tenancy<br>management<br>\$S'000 | Financial<br>advisory<br>\$S'000 | Total<br>\$S'000 |
|----------------------------------------------|--------------------------------------------|-------------------------------|-------------------------------------------------------|----------------------------------------------------------------|----------------------------------|------------------|
|                                              | SPV<br>investment<br>management<br>\$S'000 | Fund<br>management<br>\$S'000 | Acquisitions<br>and projects<br>management<br>\$S'000 |                                                                |                                  |                  |
| <b>Segment revenue</b>                       |                                            |                               |                                                       |                                                                |                                  |                  |
| External customers                           | 186                                        | 536                           | 1,247                                                 | 19                                                             | -                                | 1,988            |
| <b>Segment results</b>                       | 78                                         | 34                            | 596                                                   | -                                                              | (268)                            | 440              |
| <i>Reconciliation:</i>                       |                                            |                               |                                                       |                                                                |                                  |                  |
| Other income and gains                       |                                            |                               |                                                       |                                                                |                                  | 596              |
| Corporate and unallocated expenses           |                                            |                               |                                                       |                                                                |                                  | (1,569)          |
| Loss before tax                              |                                            |                               |                                                       |                                                                |                                  | (533)            |
| <b>Segment assets</b>                        | 1,492                                      | 1,711                         | 3,789                                                 | 85                                                             | 504                              | 7,581            |
| <i>Reconciliation:</i>                       |                                            |                               |                                                       |                                                                |                                  |                  |
| Corporate and unallocated assets             |                                            |                               |                                                       |                                                                |                                  | 19,798           |
| Total assets                                 |                                            |                               |                                                       |                                                                |                                  | 27,379           |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| Six months ended<br>30 June 2022 (unaudited)               | Investment management                      |                               |                                                       | Property<br>management<br>and tenancy<br>management<br>S\$'000 | Financial<br>advisory<br>S\$'000 | Total<br>S\$'000 |
|------------------------------------------------------------|--------------------------------------------|-------------------------------|-------------------------------------------------------|----------------------------------------------------------------|----------------------------------|------------------|
|                                                            | SPV<br>investment<br>management<br>S\$'000 | Fund<br>management<br>S\$'000 | Acquisitions<br>and projects<br>management<br>S\$'000 |                                                                |                                  |                  |
| <b>Segment liabilities</b>                                 | 32                                         | 644                           | 215                                                   | 122                                                            | 226                              | 1,239            |
| <i>Reconciliation:</i>                                     |                                            |                               |                                                       |                                                                |                                  |                  |
| Corporate and unallocated liabilities                      |                                            |                               |                                                       |                                                                |                                  | 2,952            |
| Total liabilities                                          |                                            |                               |                                                       |                                                                |                                  | 4,191            |
| <b>Other segment information:</b>                          |                                            |                               |                                                       |                                                                |                                  |                  |
| Depreciation and amortisation of capitalised contract cost | 2                                          | 52                            | 36                                                    | 4                                                              | -                                | 94               |
| Capital expenditure *                                      | 2                                          | 9                             | 11                                                    | -                                                              | -                                | 22               |
| Corporate and unallocated capital expenditure*             |                                            |                               |                                                       |                                                                |                                  | 26               |
| Total capital expenditure*                                 |                                            |                               |                                                       |                                                                |                                  | 48               |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| Six months ended<br>30 June 2021 (unaudited) | Investment management                     |                              |                                                      | Property<br>management<br>and tenancy<br>management<br>SS'000 | Financial<br>advisory<br>SS'000 | Total<br>SS'000 |
|----------------------------------------------|-------------------------------------------|------------------------------|------------------------------------------------------|---------------------------------------------------------------|---------------------------------|-----------------|
|                                              | SPV<br>investment<br>management<br>SS'000 | Fund<br>management<br>SS'000 | Acquisitions<br>and projects<br>management<br>SS'000 |                                                               |                                 |                 |
| <b>Segment revenue</b>                       |                                           |                              |                                                      |                                                               |                                 |                 |
| External customers                           | 765                                       | 543                          | 425                                                  | 19                                                            | 103                             | 1,855           |
| <b>Segment results</b>                       | 424                                       | 73                           | 158                                                  | (6)                                                           | (597)                           | 52              |
| <i>Reconciliation:</i>                       |                                           |                              |                                                      |                                                               |                                 |                 |
| Other income and gains                       |                                           |                              |                                                      |                                                               |                                 | 399             |
| Corporate and unallocated<br>expenses        |                                           |                              |                                                      |                                                               |                                 | (1,613)         |
| Loss before tax                              |                                           |                              |                                                      |                                                               |                                 | (1,162)         |
| <b>Segment assets</b>                        | 3,259                                     | 1,370                        | 1,812                                                | 315                                                           | 2,843                           | 9,599           |
| <i>Reconciliation:</i>                       |                                           |                              |                                                      |                                                               |                                 |                 |
| Corporate and unallocated<br>assets          |                                           |                              |                                                      |                                                               |                                 | 10,066          |
| Total assets                                 |                                           |                              |                                                      |                                                               |                                 | 19,665          |
| <b>Segment liabilities</b>                   | 5                                         | 733                          | 3                                                    | 168                                                           | 223                             | 1,132           |
| <i>Reconciliation:</i>                       |                                           |                              |                                                      |                                                               |                                 |                 |
| Corporate and unallocated<br>liabilities     |                                           |                              |                                                      |                                                               |                                 | 3,551           |
| Total liabilities                            |                                           |                              |                                                      |                                                               |                                 | 4,683           |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| Six months ended<br>30 June 2021 (unaudited)                                                | Investment management                     |                              |                                                      | Property<br>management<br>and tenancy<br>management<br>SS'000 | Financial<br>advisory<br>SS'000 | Total<br>SS'000 |
|---------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------|------------------------------------------------------|---------------------------------------------------------------|---------------------------------|-----------------|
|                                                                                             | SPV<br>investment<br>management<br>SS'000 | Fund<br>management<br>SS'000 | Acquisitions<br>and projects<br>management<br>SS'000 |                                                               |                                 |                 |
| <b>Other segment information:</b>                                                           |                                           |                              |                                                      |                                                               |                                 |                 |
| Depreciation, amortisation of<br>ROU and amortisation of<br>capitalised contract cost       | 16                                        | 61                           | 25                                                   | 6                                                             | 2                               | 110             |
| <i>Reconciliation:</i>                                                                      |                                           |                              |                                                      |                                                               |                                 |                 |
| Corporate and unallocated<br>expenses                                                       |                                           |                              |                                                      |                                                               |                                 | 116             |
| Total depreciation, amortisation<br>of ROU and amortisation of<br>capitalised contract cost |                                           |                              |                                                      |                                                               |                                 | 226             |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

### Geographical information

#### (a) Revenue from external customers

|                               | Six months ended<br>30 June    |                                |
|-------------------------------|--------------------------------|--------------------------------|
|                               | 2022<br>S\$'000<br>(unaudited) | 2021<br>S\$'000<br>(unaudited) |
| Singapore                     | 1,709                          | 1,688                          |
| Malaysia                      | 19                             | 19                             |
| Australia                     | 40                             | 45                             |
| British Virgin Islands        | 220                            | 88                             |
| Other countries/jurisdictions | –                              | 15                             |
|                               | <b>1,988</b>                   | <b>1,855</b>                   |

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

#### (b) Non-current assets

|                               | 30 June<br>2022<br>S\$'000<br>(unaudited) | 31 December<br>2021<br>S\$'000<br>(audited) |
|-------------------------------|-------------------------------------------|---------------------------------------------|
|                               | Singapore                                 | 155                                         |
| Other countries/jurisdictions | 31                                        | 48                                          |
|                               | <b>186</b>                                | <b>229</b>                                  |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 4. REVENUE, AND OTHER INCOME AND GAINS

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| Six months ended<br>30 June 2021 (unaudited) | Investment management                     |                              |                                                      | Property<br>management<br>and tenancy<br>management<br>SS'000 | Financial<br>advisory<br>SS'000 | Total revenue<br>SS'000 |
|----------------------------------------------|-------------------------------------------|------------------------------|------------------------------------------------------|---------------------------------------------------------------|---------------------------------|-------------------------|
|                                              | SPV<br>investment<br>management<br>SS'000 | Fund<br>management<br>SS'000 | Acquisitions<br>and projects<br>management<br>SS'000 |                                                               |                                 |                         |
| <b>Primary geographical markets</b>          |                                           |                              |                                                      |                                                               |                                 |                         |
| Singapore                                    | 765                                       | 543                          | 380                                                  | -                                                             | -                               | 1,688                   |
| Malaysia                                     | -                                         | -                            | -                                                    | 19                                                            | -                               | 19                      |
| Australia                                    | -                                         | -                            | 45                                                   | -                                                             | -                               | 45                      |
| British Virgin Islands                       | -                                         | -                            | -                                                    | -                                                             | 88                              | 88                      |
| Other countries/jurisdictions                | -                                         | -                            | -                                                    | -                                                             | 15                              | 15                      |
|                                              | 765                                       | 543                          | 425                                                  | 19                                                            | 103                             | 1,855                   |
| <b>Timing of services</b>                    |                                           |                              |                                                      |                                                               |                                 |                         |
| At a point in time                           | 723                                       | 178                          | 380                                                  | -                                                             | -                               | 1,281                   |
| Over time                                    | 42                                        | 365                          | 45                                                   | 19                                                            | 103                             | 574                     |
|                                              | 765                                       | 543                          | 425                                                  | 19                                                            | 103                             | 1,855                   |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

|                                                 | <b>Six months ended</b> |             |
|-------------------------------------------------|-------------------------|-------------|
|                                                 | <b>30 June</b>          |             |
|                                                 | <b>2022</b>             | 2021        |
|                                                 | <b>S\$'000</b>          | S\$'000     |
|                                                 | <b>(unaudited)</b>      | (unaudited) |
| <b>Revenue</b>                                  |                         |             |
| Investment management                           |                         |             |
| — SPV investment management fees                | <b>186</b>              | 765         |
| — Fund management fees                          | <b>536</b>              | 543         |
| Acquisitions and projects management fees       | <b>1,247</b>            | 425         |
| Property management and tenancy management fees | <b>19</b>               | 19          |
| Financial advisory fees                         | <b>–</b>                | 103         |
|                                                 | <b>1,988</b>            | 1,855       |
| <b>Other income and gains</b>                   |                         |             |
| Government grants (Note (i))                    | <b>9</b>                | 288         |
| Interest income from bridging loans             | <b>295</b>              | 74          |
| Foreign exchange differences, net               | <b>34</b>               | 27          |
| Corporate business service fees (Note (ii))     | <b>247</b>              | –           |
| Others                                          | <b>11</b>               | 10          |
|                                                 | <b>596</b>              | 399         |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 5. LOSS BEFORE TAX

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

|                                                                                             | <b>Six months ended<br/>30 June</b> |             |
|---------------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                             | <b>2022</b>                         | 2021        |
|                                                                                             | <b>S\$'000</b>                      | S\$'000     |
|                                                                                             | <b>(unaudited)</b>                  | (unaudited) |
| Auditor's remuneration                                                                      | <b>103</b>                          | 100         |
| Dividend income from the establishment shares<br>included in SPV investment management fees | <b>(153)</b>                        | (548)       |
| Foreign exchange differences, net                                                           | <b>(34)</b>                         | (27)        |
| Professional fees                                                                           | <b>36</b>                           | 120         |
| Impairment loss on trade receivables, net (Note 11)                                         | <b>177</b>                          | 107         |
| Rental expense for short-term leases                                                        | <b>188</b>                          | 100         |

## 6. INCOME TAX EXPENSE

No provision for Singapore profits tax has been made for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). 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 for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

|                                                                                                                                  | Six months ended<br>30 June |               |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------|
|                                                                                                                                  | 2022                        | 2021          |
|                                                                                                                                  | S\$'000                     | S\$'000       |
|                                                                                                                                  | (unaudited)                 | (unaudited)   |
| <b>Loss</b>                                                                                                                      |                             |               |
| Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company) | (533)                       | (1,162)       |
| <b>Number of shares</b>                                                                                                          |                             |               |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share                       | 2,000,000,000               | 2,000,000,000 |

## 8. DIVIDENDS

No dividend was paid or proposed by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with aggregate cost of S\$48,000 (six months ended 30 June 2021: Nil) and disposed assets with net book value of S\$44,000 (six months ended 30 June 2021: Nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 10. INVESTMENT IN EQUITY SECURITIES

|                                                                  | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| At fair value through other comprehensive income                 |                                                     |                                             |
| Unlisted equity shares, at fair value                            | <b>835</b>                                          | 800                                         |
| Contractual rights over unlisted equity shares,<br>at fair value | <b>387</b>                                          | 388                                         |
|                                                                  | <b>1,222</b>                                        | 1,188                                       |

During the six months ended 30 June 2022, the fair value change in respect of the Group's investment in equity securities recognised in other comprehensive income amounted to a gain of S\$34,000 (six months ended 30 June 2021: loss of S\$415,000).

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

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

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

## 11. TRADE RECEIVABLES

|                                       | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|---------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Trade receivables                     | <b>4,757</b>                                        | 3,577                                       |
| Less: allowance for impairment losses | <b>(508)</b>                                        | (331)                                       |
|                                       | <b>4,249</b>                                        | 3,246                                       |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. TRADE RECEIVABLES (cont'd)

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

|                                                   | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|---------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| At beginning of reporting period/year             | <b>331</b>                                          | 3,867                                       |
| Allowance for impairment losses (Note 5)          | <b>177</b>                                          | 251                                         |
| Reverse of impairment losses no longer applicable | –                                                   | (94)                                        |
| Written off allowance for impairment losses       | –                                                   | (3,693)                                     |
| At end of reporting period/year                   | <b>508</b>                                          | 331                                         |

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. TRADE RECEIVABLES (cont'd)

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

|                | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|----------------|-----------------------------------------------------|---------------------------------------------|
| Within 1 month | <b>1,550</b>                                        | 342                                         |
| 1 to 2 months  | <b>14</b>                                           | 19                                          |
| 2 to 3 months  | <b>22</b>                                           | 15                                          |
| Over 3 months  | <b>2,663</b>                                        | 2,795                                       |
|                | <b>4,249</b>                                        | 3,171                                       |

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

|                               | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|-------------------------------|-----------------------------------------------------|---------------------------------------------|
| Dividend receivables          | –                                                   | 75                                          |
| Neither past due nor impaired | <b>1,550</b>                                        | 342                                         |
| Less than 1 month past due    | <b>14</b>                                           | 19                                          |
| 1 to 3 months past due        | <b>2,685</b>                                        | 2,810                                       |
|                               | <b>4,249</b>                                        | 3,246                                       |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. TRADE RECEIVABLES (cont'd)

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

As at 30 June 2022 and 31 December 2021, the Group had the following trade receivables from related parties which are repayable on credit terms similar to those offered to major customers of the Group.

|                  | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------|-----------------------------------------------------|---------------------------------------------|
| Related parties* | <b>3,536</b>                                        | 2,503                                       |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. TRADE RECEIVABLES (cont'd)

|                                               | <b>30 June</b>     | 31 December |
|-----------------------------------------------|--------------------|-------------|
|                                               | <b>2022</b>        | 2021        |
|                                               | <b>S\$'000</b>     | S\$'000     |
|                                               | <b>(unaudited)</b> | (audited)   |
| Landmark JV Pte. Ltd.                         | <b>1,185</b>       | 1,185       |
| Mandai 7 JV Pte. Ltd.                         | <b>200</b>         | 200         |
| ZACD (Punggol Central) Pte. Ltd.              | –                  | 26          |
| ZACD (Pasir Ris) Pte. Ltd.                    | –                  | 49          |
| ZACD (Development2) Ltd.                      | <b>562</b>         | 431         |
| ZACD (Anchorvale) Pte. Ltd.                   | <b>2</b>           | –           |
| ZACD (Kaki Bukit) Pte. Ltd.                   | <b>2</b>           | –           |
| ZACD (Woodlands3) Pte. Ltd.                   | <b>1</b>           | –           |
| ZACD LV Development Pte. Ltd.                 | <b>1,207</b>       | –           |
| ZACD Property Pte. Ltd.                       | <b>180</b>         | 180         |
| Kurnia Rezeki Utama Sdn. Bhd.                 | –                  | 13          |
| ZACD (BBW6) Ltd.                              | –                  | 222         |
| ZACD Mount Emily Residential Development Fund | <b>197</b>         | 197         |
|                                               | <b>3,536</b>       | 2,503       |

Relationships of the above related companies with the Group are set out in Note 17.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 12. CAPITALISED CONTRACT COSTS

|                                                      | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Capitalised incremental costs of obtaining contracts |                                                     |                                             |
| — commission costs paid to agents                    |                                                     |                                             |
| At beginning of reporting period/year                | <b>240</b>                                          | 275                                         |
| Additions                                            | –                                                   | 62                                          |
| Amortisation                                         | <b>(49)</b>                                         | (97)                                        |
| At end of reporting period/year                      | <b>191</b>                                          | 240                                         |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 13. LOANS AND RELATED RECEIVABLES

|                                               | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|-----------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| <b>Current</b>                                |                                                     |                                             |
| Bridging loans funded to:                     |                                                     |                                             |
| ZACD (Development4) Ltd.                      | <b>4,711</b>                                        | 4,711                                       |
| ZACD Mount Emily Residential Development Fund | –                                                   | 1,005                                       |
| ZACD (Development2) Ltd.                      | <b>1,590</b>                                        | 1,590                                       |
| ZACD LV Development Pte. Ltd.                 | –                                                   | 11,610                                      |
| ZACD LV Development Fund                      | <b>9,421</b>                                        | –                                           |
| Interest receivables on loan to:              |                                                     |                                             |
| ZACD Mount Emily Residential Development Fund | –                                                   | 123                                         |
| ZACD (Development2) Ltd.                      | <b>61</b>                                           | 14                                          |
| ZACD LV Development Fund                      | <b>197</b>                                          | –                                           |
| Less: allowance for impairment losses         | <b>(4,711)</b>                                      | (4,711)                                     |
|                                               | <b>11,269</b>                                       | 14,342                                      |
| <b>Non-current</b>                            |                                                     |                                             |
| Bridging loan funded to:                      |                                                     |                                             |
| ZACD (Development4) Ltd.                      | <b>816</b>                                          | 816                                         |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

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

|                                                            | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| At beginning of reporting period/year                      | <b>4,711</b>                                        | 12,337                                      |
| Transfer to impairment loss on Investment in fund entities | –                                                   | (52)                                        |
| Reversal of impairment losses no longer applicable         | –                                                   | (7,574)                                     |
| At end of reporting period/year                            | <b>4,711</b>                                        | 4,711                                       |

*Bridging facility to ZACD (Development4) Ltd.*

Pursuant 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**”) made by the Company and as mentioned in the Company’s annual report for the year ended 31 December 2021, 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 approximately S\$7,574,000 was reversed by the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

### *Bridging facility to ZACD Mount Emily Residential Development Fund*

On 26 February 2021, the Company entered into a S\$5,000,000 short term bridging facility agreement (the "**Facility**") with ZACD Mount Emily Residential Development Fund (the "**Borrower**"), a sub-fund registered under ZACD Capital Partners VCC. The Borrower is a single-purpose closed-ended real estate private equity fund set up in connection with a residential redevelopment project located at 2, 2A and 2B Mount Emily Road Singapore 228484, 4, 4A and 4B Mount Emily Road Singapore 228486 and 6, 6A and 6B Mount Emily Road Singapore 228487 (collectively the "**Mount Emily Properties**"). The Company will be the sponsor of the fund by way of indirectly holding the nominal share capital of ZACD Capital Partners VCC, being the corporate entity of the fund. The fund will be managed by ZACD Capital Pte. Ltd..

The Company 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 tenders or sales on the Mount Emily Properties and matters related and ancillary thereto. Any drawdown on the Facility is subject to an interest rate of six percent (6%) per annum or such other rate as agreed between the parties taking into account the then prevailing market rate of similar facilities arrangement. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

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

As at 30 June 2022, the loan and related receivables extended by the Group to the fund had been fully repaid.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

*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**"). 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 30 June 2022, S\$1,590,000 has been drawn down on the Facility by the Borrower which bears interest at 6% per annum.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

*Advances to ZACD LV Development Pte. Ltd. and Bridging facility to ZACD LV Development Fund*

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

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

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

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

As at 30 June 2022, S\$9,421,000 has been drawdown on the Facility by the Borrower which bears interest at 6% per annum.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 14. CASH AND CASH EQUIVALENTS

|                        | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------|-----------------------------------------------------|---------------------------------------------|
| Cash and bank balances | <b>7,647</b>                                        | 5,892                                       |

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

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

|                        | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------|-----------------------------------------------------|---------------------------------------------|
| Hong Kong dollar (HKD) | <b>259</b>                                          | 147                                         |
| Australia dollar (AUD) | <b>238</b>                                          | 111                                         |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 15. BANK BORROWING

|                               | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|-------------------------------|-----------------------------------------------------|---------------------------------------------|
| <b>Current</b>                |                                                     |                                             |
| Interest payable on bank loan | 4                                                   | 5                                           |
| Temporary bridging loan       | <b>729</b>                                          | 706                                         |
|                               | <b>733</b>                                          | 711                                         |
| <b>Non-current</b>            |                                                     |                                             |
| Temporary bridging loan       | <b>1,736</b>                                        | 2,117                                       |
| Total bank borrowing          | <b>2,469</b>                                        | 2,828                                       |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 16. SHARE CAPITAL

|                                                              | <b>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | 31 December<br>2021<br>S\$'000<br>(audited) |
|--------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Issued and paid up capital:<br>2,000,000,000 ordinary shares | <b>29,866</b>                                       | 29,866                                      |

A summary of the Group's issued share capital during the six months ended 30 June 2022 and the year ended 31 December 2021 is as follows:

|                                                                                                                                | <b>Number of<br/>ordinary<br/>shares</b> | <b>Nominal value<br/>of ordinary<br/>shares<br/>S\$'000</b> |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------|
| <b>Issued and fully paid:</b><br>At 1 January 2021, 31 December 2021 (audited), 1 January 2022<br>and 30 June 2022 (unaudited) | <b>2,000,000,000</b>                     | 29,866                                                      |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 17. RELATED PARTY TRANSACTIONS

| <b>Name of related companies</b>                        | <b>Relationship with the Company or the Group</b>                         |
|---------------------------------------------------------|---------------------------------------------------------------------------|
| <b>Investment SPVs:</b>                                 |                                                                           |
| ZACD (Woodlands12) Pte. Ltd.<br>("Woodlands12")         | Woodlands12 is 19.6% owned by the ultimate holding company.               |
| ZACD (Woodlands) Pte. Ltd.<br>("Woodlands")             | Woodlands is a 24.0%-owned associate of the ultimate holding company.     |
| ZACD (Pasir Ris) Pte. Ltd.<br>("Pasir Ris")             | Pasir Ris is 17.3% owned by the ultimate holding company.                 |
| ZACD (CCK) Pte. Ltd.<br>("CCK")                         | CCK is a 22.0%-owned associate of the ultimate holding company.           |
| ZACD (Sengkang) Pte. Ltd.<br>("Sengkang")               | Sengkang is 13.9% owned by the ultimate holding company.                  |
| ZACD (Punggol Central) Pte. Ltd.<br>("Punggol Central") | Punggol Central is 17.3% owned by the Group.                              |
| ZACD (Anchorvale) Pte. Ltd.<br>("Anchorvale")           | Anchorvale is 12.7% owned by the ultimate holding company.                |
| ZACD (Punggol Field) Pte. Ltd.<br>("Punggol Field")     | Punggol Field is a 21.8%-owned associate of the ultimate holding company. |
| ZACD (Woodlands3) Pte. Ltd.<br>("Woodlands3")           | Woodlands3 is 15.2% owned by the ultimate holding company.                |
| ZACD (Kaki Bukit) Pte. Ltd.<br>("Kaki Bukit")           | Kaki Bukit is 21.8%-owned associate of the ultimate holding company.      |
| ZACD (Punggol Drive) Pte. Ltd.<br>("Punggol Drive")     | Punggol Drive is 18.2% owned by the ultimate holding company.             |
| ZACD (Sennett) Pte. Ltd.<br>("Sennett")                 | Sennett is a 29.9%-owned associate of the ultimate holding company.       |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| <b>Name of related companies</b> | <b>Relationship with the Company or the Group</b> |
|----------------------------------|---------------------------------------------------|
|----------------------------------|---------------------------------------------------|

### **Development SPVs:**

|                                              |                                                                                                                                                                                     |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ZACD LV Development Pte. Ltd.<br>("ZACD LV") | ZACD LV is 75.0% owned by ZACD LV Fund. One of the key management personnel of the Group is a key management personnel of ZACD LV.                                                  |
| Landmark JV Pte. Ltd.<br>("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.<br>("Mandai JV")       | Mandai JV is 60.0% owned by Mandai. One of the key management personnel of the Group is a key management personnel of Mandai JV.                                                    |
| ZACD Property Pte. Ltd.<br>("ZACD Property") | ZACD Property is wholly owned by ZACD Mount Emily Residential Development Fund and one of the key management personnel of the Group is a key management personnel of ZACD Property. |

### **Private funds managed by the Group:**

|                                              |                                                                                                                                          |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| ZACD (BBW6) Ltd.<br>("BBW6")                 | BBW6 is managed by the Group and the Controlling Shareholders are key management personnel of BBW6.                                      |
| ZACD (Shunfu) Ltd.<br>("Shunfu")             | Shunfu is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu.                          |
| ZACD (Shunfu2) Ltd.<br>("Shunfu2")           | Shunfu2 is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu2.                        |
| ZACD (Development2) Ltd.<br>("Development2") | Development2 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development2. |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

| <b>Name of related companies</b> | <b>Relationship with the Company or the Group</b> |
|----------------------------------|---------------------------------------------------|
|----------------------------------|---------------------------------------------------|

**Private funds managed by the Group:**

|                                                                       |                                                                                                                                                                                                         |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ZACD (Mandai) Ltd.<br>("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 (Development4) Ltd.<br>("Development4")                          | Development4 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development4.                                                                |
| ZACD LV Development Fund<br>("ZACD LV Fund")                          | ZACD LV Fund is a registered sub-fund of ZACD Capital Partners VCC ("ZACD VCC") is managed by the Group and one of the key management personnel of the Group is a key management personnel of ZACD VCC. |
| ZACD Mount Emily Residential Development Fund<br>("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.                           |

**Common control of the Controlling Shareholders:**

|                                            |                                                                                                       |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Creo Adworld Pte. Ltd.<br>("Creo Adworld") | Creo Adworld is controlled by the Controlling Shareholders who are also the directors of the Company. |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------|

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2021 and 2022:

|                                                  | Notes | Six months ended<br>30 June    |                                |
|--------------------------------------------------|-------|--------------------------------|--------------------------------|
|                                                  |       | 2022<br>S\$'000<br>(unaudited) | 2021<br>S\$'000<br>(unaudited) |
| Investment management                            |       |                                |                                |
| — dividend income:                               | (i)   |                                |                                |
| ZACD (Woodlands12) Pte. Ltd.                     |       | 153                            | —                              |
| ZACD (Woodlands) Pte. Ltd.                       |       | —                              | 181                            |
| ZACD (Punggol Drive) Pte. Ltd.                   |       | —                              | 40                             |
| ZACD (Pasir Ris) Pte. Ltd.                       |       | —                              | 29                             |
| ZACD (Sennett) Pte. Ltd.                         |       | —                              | 28                             |
| ZACD (Sengkang) Pte. Ltd.                        |       | —                              | 27                             |
| ZACD (CCK) Pte. Ltd.                             |       | —                              | 196                            |
| ZACD (Punggol Field) Pte. Ltd.                   |       | —                              | 47                             |
|                                                  |       | <b>153</b>                     | <b>548</b>                     |
| Investment management                            |       |                                |                                |
| — performance fee:                               | (ii)  |                                |                                |
| ZACD Investments Pte. Ltd.                       | (1)   | —                              | 94                             |
| Investment management                            |       |                                |                                |
| — fund management fees:                          | (iii) |                                |                                |
| ZACD (Shunfu) Ltd.                               |       | —                              | 19                             |
| ZACD (Shunfu2) Ltd.                              |       | —                              | 19                             |
| ZACD (Development2) Ltd.                         |       | 61                             | 61                             |
| ZACD (Mandai) Ltd.                               |       | 85                             | 85                             |
| ZACD Mount Emily Residential<br>Development Fund |       | —                              | 178                            |
|                                                  |       | <b>146</b>                     | <b>362</b>                     |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2021 and 2022 (cont'd):

|                                            | Notes | Six months ended<br>30 June    |                                |
|--------------------------------------------|-------|--------------------------------|--------------------------------|
|                                            |       | 2022<br>S\$'000<br>(unaudited) | 2021<br>S\$'000<br>(unaudited) |
| Acquisitions and projects management fees: |       |                                |                                |
| ZACD Property Pte. Ltd.                    | (iv)  | –                              | 180                            |
| Mandai 7 JV Pte. Ltd.                      |       | –                              | 200                            |
| ZACD LV Development Pte. Ltd.              |       | <b>1,207</b>                   | –                              |
|                                            |       | <b>1,207</b>                   | 380                            |
| Staff cost expenses:                       | (v)   |                                |                                |
| ZACD Investments Pte. Ltd.                 | (1)   | <b>38</b>                      | –                              |
| Marketing expenses:                        | (vi)  |                                |                                |
| Creo Adworld Pte. Ltd.                     | (1)   | <b>18</b>                      | 3                              |
| Office and transport expenses:             | (vii) |                                |                                |
| ZACD Investments Pte. Ltd.                 | (1)   | <b>30</b>                      | 5                              |

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Notes: (cont'd)

- (ii) The performance fee income derived from the ultimate holding company was related to the Group's right to receive payment when dividends were derived by the ultimate holding company from the Investment SPV under the trust structure adopted by the Group.
- (iii) The fund management income included fund establishment fee and fund management fees and was related to the fund management services rendered by the Group. The fees were determined at terms stipulated in the respective service contracts.
- (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 these related party transactions were conducted in the ordinary course of business of the Group.

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 18. COMMITMENTS

At the end of the financial period, the Group had no significant commitments.

## 19. 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 are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 19. FINANCIAL GUARANTEES (cont'd)

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 19. FINANCIAL GUARANTEES (cont'd)

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

On 16 January 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$152,800,000 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential real estate project located at Shunfu Road in Singapore (the "**Shunfu Development**"). This amount represents 20.0% of the total liabilities of the underlying Development SPV under a facility agreement in proportion of the shareholding of ZACD (Shunfu) Ltd. and ZACD (Shunfu2) Ltd.'s (the "**Shunfu Funds**") in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the Shunfu Funds by way of indirectly holding the nominal share capital of the corporate entity of the Shunfu Funds, 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 Shunfu Development. Shunfu Funds are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 20. 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 30 June 2022. As at 30 June 2022, legal fees incurred in relation to legal actions taken against the Defendants and iProsperity Group amounted to S\$1,055,000 where S\$976,000 had been borne by ZACD Australia Hospitality Fund, S\$2,000 is held as deposit by the Company’s lawyer for ongoing filing fees and disbursements and S\$77,000 had been expensed off.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 20. CONTINGENT LIABILITIES (cont'd)

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

## 21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2022 and 31 December 2021 are as follows:

### 30 June 2022 (unaudited)

#### *Financial assets*

|                                                                | Fair value<br>through other<br>comprehensive<br>income<br>S\$'000 | Financial<br>assets at<br>amortised<br>cost<br>S\$'000 | Total<br>S\$'000 |
|----------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|------------------|
| Investment in equity securities                                | 1,222                                                             | –                                                      | 1,222            |
| Investment in fund entities                                    | 9                                                                 | –                                                      | 9                |
| Loans and related receivables                                  | –                                                                 | 12,085                                                 | 12,085           |
| Trade receivables                                              | –                                                                 | 4,249                                                  | 4,249            |
| Financial assets included in deposits<br>and other receivables | –                                                                 | 366                                                    | 366              |
| Amounts due from related parties                               | –                                                                 | 1,263                                                  | 1,263            |
| Cash and cash equivalents                                      | –                                                                 | 7,647                                                  | 7,647            |
|                                                                | <b>1,231</b>                                                      | <b>25,610</b>                                          | <b>26,841</b>    |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

**30 June 2022 (unaudited)** (cont'd)

### *Financial liabilities*

|                                                                                  | <b>Financial liabilities at amortised cost<br/>S\$'000</b> |
|----------------------------------------------------------------------------------|------------------------------------------------------------|
| Financial liabilities included in trade payables,<br>other payables and accruals | <b>1,323</b>                                               |
| Amounts due to related parties                                                   | <b>170</b>                                                 |
| Bank borrowing                                                                   | <b>2,469</b>                                               |
|                                                                                  | <b>3,962</b>                                               |

**31 December 2021 (audited)**

### *Financial assets*

|                                                                                | Fair value<br>through other<br>comprehensive<br>income<br>S\$'000 | Financial<br>assets at<br>amortised<br>cost<br>S\$'000 | Total<br>S\$'000 |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|------------------|
| Investment in equity securities                                                | 1,188                                                             | –                                                      | 1,188            |
| Investment in fund entities                                                    | 9                                                                 | –                                                      | 9                |
| Trade receivables                                                              | –                                                                 | 3,246                                                  | 3,246            |
| Financial assets included in<br>prepayments, deposits and other<br>receivables | –                                                                 | 445                                                    | 445              |
| Amounts due from related parties                                               | –                                                                 | 1,703                                                  | 1,703            |
| Loans and related receivables                                                  | –                                                                 | 15,158                                                 | 15,158           |
| Cash and cash equivalents                                                      | –                                                                 | 5,892                                                  | 5,892            |
|                                                                                | <b>1,197</b>                                                      | <b>26,444</b>                                          | <b>27,641</b>    |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

**31 December 2021 (audited)** (cont'd)

### **Financial liabilities**

|                                                               | Financial<br>liabilities at<br>amortised<br>cost<br>S\$'000 |
|---------------------------------------------------------------|-------------------------------------------------------------|
| Financial liabilities included in other payables and accruals | 1,314                                                       |
| Amount due to ultimate holding company                        | 23                                                          |
| Amounts due to related parties                                | 251                                                         |
| Bank borrowing                                                | 2,828                                                       |
|                                                               | 4,416                                                       |

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

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

|                                 | Carrying amounts                         |                                            | Fair values                              |                                            |
|---------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
|                                 | 30 June<br>2022<br>\$'000<br>(unaudited) | 31 December<br>2021<br>\$'000<br>(audited) | 30 June<br>2022<br>\$'000<br>(unaudited) | 31 December<br>2021<br>\$'000<br>(audited) |
| <b>Financial assets</b>         |                                          |                                            |                                          |                                            |
| Investment in equity securities | 1,222                                    | 1,188                                      | 1,222                                    | 1,188                                      |
| Investment in fund entities     | 9                                        | 9                                          | 9                                        | 9                                          |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Management has assessed that the fair values of trade receivables, loans and related receivables, balances with the ultimate holding company and related parties, cash and cash equivalents, the financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in trade payables, other payables and accruals, and balances with subsidiaries, included in the interim condensed statement of financial position, approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair values of non-current financial assets and financial liabilities 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.

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

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

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

The fair value of the unlisted investment in equity securities has been estimated based on the revalued net asset value ("**RNAV**") and is classified under Level 3 of the fair value hierarchy. The key inputs used in determining the revalued net assets includes recent market transacted price.

The fair value changes of the unlisted the investment in equity securities and fund entities were dealt with in the investment in equity securities revaluation reserve.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

### Fair value hierarchy

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

#### Assets measured at fair value:

#### 30 June 2022 (unaudited)

|                                 | Fair value measurement using                                     |                                                             |                                                               | Total<br>S\$'000 |
|---------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|------------------|
|                                 | Quoted<br>prices<br>in active<br>markets<br>(Level 1)<br>S\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>S\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>S\$'000 |                  |
| Investment in equity securities | -                                                                | -                                                           | 1,222                                                         | 1,222            |
| Investment in fund entities     | -                                                                | -                                                           | 9                                                             | 9                |

#### 31 December 2021 (audited)

|                                 | Fair value measurement using                                     |                                                             |                                                               | Total<br>S\$'000 |
|---------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|------------------|
|                                 | Quoted<br>prices<br>in active<br>markets<br>(Level 1)<br>S\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>S\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>S\$'000 |                  |
| Investment in equity securities | -                                                                | -                                                           | 1,188                                                         | 1,188            |
| Investment in fund entities     | -                                                                | -                                                           | 9                                                             | 9                |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

The movements in fair value measurements within Level 3 during the reporting periods ended 31 December 2021 and 30 June 2022 are as follows:

|                                                                        | <b>Group</b>       |             |
|------------------------------------------------------------------------|--------------------|-------------|
|                                                                        | <b>30 June</b>     | 31 December |
|                                                                        | <b>2022</b>        | 2021        |
|                                                                        | <b>S\$'000</b>     | S\$'000     |
|                                                                        | <b>(unaudited)</b> | (audited)   |
| Investment in equity securities — unlisted:                            |                    |             |
| At beginning of reporting period/year                                  | <b>1,188</b>       | 1,469       |
| Total income/(loss) recognised in other<br>comprehensive income/(loss) | <b>34</b>          | (281)       |
| At end of reporting period/year                                        | <b>1,222</b>       | 1,188       |
| Investment in fund entities — unlisted:                                |                    |             |
| At beginning of reporting period/year                                  | <b>9</b>           | –           |
| Additions                                                              | <b>–</b>           | 9           |
| At end of reporting period/year                                        | <b>9</b>           | 9           |
|                                                                        | <b>1,231</b>       | 1,197       |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021 and 30 June 2022:

### At 30 June 2022 (unaudited)

|                                          | Valuation technique         | Significant unobservable input                  | Range of uncertainty discount | Sensitivity of fair value to the input                                                                                                                                  |
|------------------------------------------|-----------------------------|-------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unlisted investment in equity securities | Discounted cash flow method | Input base uncertainty for projected cash flows | 68% – 96%                     | Decrease by 10 percentage points would not result in changes in fair value.<br><br>Increase by 18 percentage points would result in decrease in fair value by S\$45,000 |

### At 31 December 2021 (audited)

|                                          | Valuation technique         | Significant unobservable input                  | Range of uncertainty discount | Sensitivity of fair value to the input                                                                                                                                  |
|------------------------------------------|-----------------------------|-------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unlisted investment in equity securities | Discounted cash flow method | Input base uncertainty for projected cash flows | 68% – 96%                     | Decrease by 10 percentage points would not result in changes in fair value.<br><br>Increase by 18 percentage points would result in decrease in fair value by S\$45,000 |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

The Group did not have any financial liabilities measured at fair value as at 31 December 2021 and 30 June 2022.

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

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

The interim condensed consolidated financial statements for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors passed on 4 August 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the six months ended 30 June 2022 (the “**Review Period**”). 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; and
- (3) Business Outlook

## EXECUTIVE OVERVIEW

The Group managed a total of 31 investment structures under the PE structures and fund structures over 30 real estate projects and assets in Singapore, Malaysia, Indonesia, Australia and Hong Kong. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is currently providing corporate support and fund administration services to a family office with an assets-under-management of approximately USD100 million.

## FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss of approximately S\$533,000 for the six months ended 30 June 2022 as compared to a net loss of approximately S\$1.2 million for the six months ended 30 June 2021 (the “**Previous Period**”), representing a decrease in net loss of approximately S\$629,000 or 54.1%. The decrease in net loss was mainly attributable to the increase in revenue by approximately S\$133,000, the increase in other income and gains by approximately S\$197,000 and the decrease in staff costs by approximately S\$282,000.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue

The unaudited revenue of the Group increased by 7.2% or approximately S\$133,000 from approximately S\$1.9 million for the Previous Period to approximately S\$2.0 million for the Review Period. The increase was mainly attributable to the acquisition fee income following the completion of the acquisition of the La Ville site in end June 2022. This was partially offset by the decrease in dividend and performance fee income from the SPV investment management business segment and decrease in financial advisory fees.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

| Period ended                       | Investment management     |                 | Acquisitions and projects management | Property management and tenancy management | Financial advisory | Total   |
|------------------------------------|---------------------------|-----------------|--------------------------------------|--------------------------------------------|--------------------|---------|
|                                    | SPV investment management | Fund management |                                      |                                            |                    |         |
| 30 June 2021 (unaudited)           | S\$'000                   | S\$'000         | S\$'000                              | S\$'000                                    | S\$'000            | S\$'000 |
| <b>Segment revenue</b>             |                           |                 |                                      |                                            |                    |         |
| External customers                 | 765                       | 543             | 425                                  | 19                                         | 103                | 1,855   |
| <b>Segment results</b>             | 424                       | 73              | 158                                  | (6)                                        | (597)              | 52      |
| <i>Reconciliation:</i>             |                           |                 |                                      |                                            |                    |         |
| Other income and gains             |                           |                 |                                      |                                            |                    | 399     |
| Corporate and unallocated expenses |                           |                 |                                      |                                            |                    | (1,613) |
| Loss before tax                    |                           |                 |                                      |                                            |                    | (1,162) |

### (a) **Investment Management Services**

#### i) *SPV investment management*

The unaudited revenue decreased from approximately S\$765,000 for the Previous Period to approximately S\$186,000 for the Review Period, representing a decrease of approximately S\$579,000 or 75.7%. The decrease was mainly due to lower dividend income as dividend was derived from one investment SPV for the Review Period as compared to seven investment SPVs for the Previous Period. The reduced dividend income had also led to the decrease in performance fees. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *ii) Fund management*

The unaudited revenue decreased slightly from approximately S\$543,000 for the Previous Period to approximately S\$536,000 for the Review Period, representing a decrease of approximately S\$7,000 or 1.3%. During the Review Period, the Group was appointed to perform fund administration and corporate services for a family office client and derived fees of S\$220,000. The Group did not derive subscription or establishment fee income as there was no new investment fund closed during the Review Period as compared to establishment fee of approximately S\$178,000 was realised from Mount Emily Residential Development Fund which was established during the Previous Period. The Group derived lower management fees of approximately S\$49,000 for the Review Period as compared to the Previous Period mainly as a result of management fees from two fund structures which were established during 2017 had ceased in the second half of 2021.

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

The unaudited revenue increased from approximately S\$425,000 for the Previous Period to approximately S\$1.2 million for the Review Period, representing an increase of approximately S\$822,000 or 193.4%. The increase was mainly attributable to the Group derived acquisition fee of approximately S\$1.2 million from the developer SPV of ZACD LV Development Fund following its efforts to secure and complete the acquisition of the freehold site in La Ville Singapore for residential development in end June 2022. During the Previous Period, the Group derived an acquisition fee of approximately S\$180,000 from the developer SPV of Mount Emily Residential Development Fund following its efforts to secure and complete the acquisition of the freehold site in Mount Emily Singapore for residential development and project management fee of approximately S\$200,000 from the developer SPV of Mandai Fund following its sales launch in March 2021. There was no further project management fee derived in the Review Period from the projects currently managed by the Group as the development of the projects is ongoing.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The unaudited revenue level at approximately S\$19,000 for the Previous Period and the Review Period. 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 increased from approximately S\$399,000 for the Previous Period to approximately S\$596,000 for the Review Period, representing an increase of approximately S\$197,000 or 49.4%. The increase was mainly due to short-term corporate services provided to two external corporate clients and interest income derived from the bridging loans extended to the fund structures managed by the Group which are mainly ZACD LV Development Fund and BBEC Fund during the Review Period. This was partially offset by the decrease in government grants in relation to the payout of Jobs Support Scheme announced by the Singapore Government and JobKeeper Payment Scheme announced by the Australia Government to provide cashflow support to businesses during the period of economic uncertainty affected by COVID-19 pandemic as they were paid out by 2021.

## **Staff costs**

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs decreased from approximately S\$2.3 million for the Previous Period to approximately S\$2.0 million for the Review Period, representing a decrease of approximately S\$282,000 or 12.3%.

As at the end of Review Period, the Group had 31 employees as compared to 44 as at the end of the Previous Period. Staff costs remains the biggest cost element of the Group. After the outbreak of COVID-19, the Group further streamlined its operations to control this cost element, thus resulting in the reduction in the headcount. While headcount had decreased, the Group continues to recruit professional staff to expand its business segments for growth though remaining cautious in the implementation of its business expansion plan. 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Impairment losses on financial assets**

During the Review Period, the Group recorded allowance for impairment loss of approximately S\$177,000 on the Group's trade receivable in respect of the financial advisory fees. Management has reassessed and made necessary impairment loss for irrecoverable amounts.

## **Other expenses, net**

Other expenses, net increased by approximately S\$37,000 or 5.0% from approximately S\$740,000 for the Previous Period to approximately S\$777,000 for the Review Period. The increase was mainly due to the rental expenses from short-term lease of the Singapore office property, partially offset by the decrease in professional fees.

## **Income tax expense**

No provision for Singapore profits tax has been made for the Review Period. 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 for the Review Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent financial management approach towards its treasury policy to ensure that the Group is positioned to achieve its business objectives and strategies and this maintained a healthy liquidity position throughout the financial period.

Trade receivables that were past due but not impaired relate to a number of customers that have sizable business operations, 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 borrowings

As at 30 June 2022, the Group had bank borrowings amounted to approximately S\$2.5 million (31 December 2021: S\$2.8 million). The bank borrowing is 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. As at 30 June 2022, the gearing ratio of the Group, calculated based on the Group’s total bank borrowings divided by total equity was approximately 0.1: 1.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Cash and cash equivalents**

Cash and cash equivalents amounted to approximately S\$7.6 million and approximately S\$5.9 million as at 30 June 2022 and 31 December 2021 respectively, which were placed with major banks in Singapore, Hong Kong and Australia. The increase was mainly attributable to the repayment of the bridging advances extended to ZACD Mount Emily Residential Development Fund of approximately S\$1.1 million and ZACD LV Development Pte. Ltd. of approximately S\$2.2 million during the Review Period. This was partially offset by cash used in operations mainly on staff costs and repayment of bank borrowings of approximately S\$359,000. The cash balance is 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.

During the Review Period, the Group's operations were financed principally by the available bank balances and cash. The Directors will continue to closely monitor the development of the COVID-19 pandemic and assess its impact on the financial position and operational results of the Group. We believed that the Group's ongoing liquidity requirements will be satisfied by using funds from the available cash and a combination of generated cash from its businesses and the repayment from the bridging advances.

## **Investment in equity securities**

The establishment shares were accounted for as investments in equity securities and were measured at fair value. The investments in equity securities with respect to the establishment shares amounted to approximately S\$1.2 million as at 30 June 2022 and 31 December 2021. 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Trade receivables**

Trade receivables amounted to approximately S\$4.2 million and approximately S\$3.2 million as at 30 June 2022 and 31 December 2021 respectively. It comprises of trade receivables of approximately S\$4.2 million as at 30 June 2022 as compared to trade receivables of approximately S\$3.2 million and dividends receivables of approximately S\$75,000 as at 31 December 2021.

Trade receivables increased from approximately S\$3.2 million as at 31 December 2021 to approximately S\$4.2 million as at 30 June 2022, was mainly contributed by the acquisition fee income of approximately S\$1.2 million realised in end June 2022.

## **Charges on assets**

As at 30 June 2022, the Group did not have any charges on assets.

## **Financial guarantees**

Please refer to note 19 Financial guarantees in the notes to the interim condensed consolidated financial statements.

## **Contingent liabilities**

Please refer to note 20 Contingent liabilities in the notes to the interim condensed consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Commitments

At the end of the financial period, the Group had no significant commitments.

## Dividends

No dividend was paid or proposed by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 30 June 2022.

## EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in this report, no significant event that would materially affect the Group’s operating and financial performance took place subsequent to 30 June 2022 and up to the date of this report.

## BUSINESS OUTLOOK

Operational efficiency and increase in revenue growth will continue to be priorities for the Group for 2022. Our prospects can be summarised into three major thrusts, with a clear alignment with the bigger strategic landscape of government policies and the global environment.

- Streamlining of existing business to free up resources to focus on core revenue streams. The Group continues working cautiously to expand its assets under management and will continue to source and identify growth opportunities from assets with attractive returns and distressed assets with redevelopment/turnaround potential when an attractive opportunity arises, focusing in Singapore and surrounds to create a pipeline of assets for acquisition for both investment management, and acquisitions and projects management businesses.

## MANAGEMENT DISCUSSION AND ANALYSIS

At the same time, we will not cease efforts to adopt various lean management measures to manage costs and increase efficiency, while optimizing the management structure, standardising the operation process and strengthening the working team so as to improve the operation and management efficiency. The Group will also continue to monitor the situation of the prolonged COVID-19 pandemic and make adjustments to its operations and business strategies as and when required.

- With the post COVID-19 recovery underway, there is a resurgence of real estate development opportunities in Singapore, our home market. We are confident that we have the home-grown advantage and expertise to capture the growth potential of Singapore's real estate market.
- Singapore is working to enhance the family office ecosystem through partnerships with the public and private sectors. We see the prospect of growing this business segment in family office management, particularly family offices located in the Southeast Asia region.

The collective sale of La Ville, a freehold residential development at Tanjong Rhu, Singapore, secured by the Group in end November 2021, had successfully completed the legal acquisition in end June 2022. The project is currently in planning stage and construction is expected to commence in early 2023.

The development of Jadescape, a private residential project invested by Shunfu Funds is slated to complete in the second half of 2022. With the project fully sold, the Group is looking forward to receive a portion of the performance fees towards the end of 2022.

The sales of Foodfab@Mandai, the freehold industrial project acquired by Mandai Fund, continues to perform well since the launch in March 2021 with total sales attained over 82%. This momentum is expected to continue with demand for food factories remain strong, fuelled by the demand for food delivery services. The development of this project is also slated to complete towards the end of 2022.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2022 and up to the date of this report, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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

At 30 June 2022, the interests and long positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

| Name of Director | Name of corporation        | Nature of interest and capacity      | Number of shares held         | Percentage of total issued shares | Number of underlying shares interested | Percentage of total issued shares |
|------------------|----------------------------|--------------------------------------|-------------------------------|-----------------------------------|----------------------------------------|-----------------------------------|
| Mr. Yeo          | Our Company (Note 1)       | Interest in a controlled corporation | 1,298,600,000 ordinary shares | 64.93%                            | —                                      | —                                 |
| Ms. Sim          | Our Company (Note 1)       | Interest in a controlled corporation | 1,298,600,000 ordinary shares | 64.93%                            | —                                      | —                                 |
| Mr. Chin         | Our Company (Note 2)       | Beneficial owner                     | 30,000 ordinary shares        | 0.00% (Note 3)                    | —                                      | —                                 |
| Ms. Yong         | Our Company (Note 4)       | Beneficial owner                     | 30,000 ordinary shares        | 0.00% (Note 3)                    | —                                      | —                                 |
| Mr. Yeo          | ZACD Investments Pte. Ltd. | Beneficial owner                     | 867,000 ordinary shares       | 51%                               | —                                      | —                                 |

## CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of Director | Name of corporation                     | Nature of interest and capacity      | Number of shares held   | Percentage of total issued shares | Number of underlying shares interested | Percentage of total issued shares |
|------------------|-----------------------------------------|--------------------------------------|-------------------------|-----------------------------------|----------------------------------------|-----------------------------------|
| Ms. Sim          | ZACD Investments Pte. Ltd.              | Beneficial owner                     | 833,000 ordinary shares | 49%                               | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | ZACD CRF (Woodlands) Pte. Ltd. (Note 5) | Interest in a controlled corporation | 1,530 ordinary shares   | 51%                               | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | ZACD (Neew) Pte. Ltd. (Note 6)          | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | 168 ordinary shares                    | 8,400%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Tuas Bay) Pte. Ltd. (Note 7)      | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | 105 ordinary shares                    | 5,250%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Gambas) Pte. Ltd. (Note 8)        | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | ZACD (Neew2) Pte. Ltd. (Note 9)         | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | 61 ordinary shares                     | 3,050%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Jurong) Pte. Ltd. (Note 10)       | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | 148 ordinary shares                    | 7,400%                            |
| Mr. Yeo/Ms. Sim  | ZACD Development Sdn. Bhd. (Note 11)    | Interest in a controlled corporation | 100 ordinary shares     | 100%                              | —                                      | —                                 |

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Notes:

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

8. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Gambas) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
9. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 August 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew2) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew2) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 7.00% of the enlarged issued capital of ZACD (Neew2) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew2) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew2) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew2) Pte. Ltd. by virtue of the SFO.
10. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 13 February 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Jurong) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Jurong) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$3,830,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 17.10% of the enlarged issued capital of ZACD (Jurong) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Jurong) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in the shares of ZACD (Jurong) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Jurong) Pte. Ltd. by virtue of the SFO.
11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the shares of ZACD Development Sdn. Bhd. held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

At 30 June 2022, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Interest:

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments Pte. Ltd. respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Rachman Sastra is the ultimate shareholder of Harmonious Tidings Limited. As such, he is deemed to be interested in the shares held by Harmonious Tidings Limited.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## **INTERESTS OF THE COMPLIANCE ADVISER**

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive directors, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the interim results of the Group for the six months ended 30 June 2022.

By Order of the Board

**ZACD Group Ltd.**

**Sim Kain Kain**

*Chairman and Executive Director*

Singapore, 4 August 2022

*As at the date of this report, the Board of the Company comprises five (5) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Mark Oh Keng Kwan, Mr. Patrick Chin Meng Liong and Ms. Yong Sze Wan, Cheryl; three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew; and one (1) non-executive director, namely Mr. Chew Hong Ngiap, Ken.*