



zacd

ZACD GROUP LTD.

杰地集团有限公司*

(A company incorporated in Singapore with limited liability)

Stock Code: 8313

Interim
Report
2019

* for identification purpose only

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

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
Mr. Wee Hian Eng Cyrus (*Deputy CEO*)
Mr. Siew Chen Yei (*CFO*)
Mr. Darren Chew Yong Siang (*COO*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Mr. Chew Hong Ngiap, 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. Siew Chen Yei (*CFO*)
Mr. Ip Pui Sum

JOINT COMPANY SECRETARIES

As to Hong Kong Law

Mr. Siew Chen Yei (*CFO*)
Mr. Ip Pui Sum

As to Singapore Law

Mr. Tan Kim Swee Bernard
(Chen Jinrui Bernard)

COMPLIANCE OFFICER

Mr. Siew Chen Yei (*CFO*)

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

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Singapore 159835

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

INTERIM FINANCIAL HIGHLIGHTS

- The Group reported a net loss of approximately S\$983,000 for the six months ended 30 June 2019 (the “**Review Period**”) as compared to a net profit of approximately S\$212,000 for the six months ended 30 June 2018 (the “**Previous Period**”) representing substantial decline of approximately 563.7%. This decrease was mainly attributable to lower dividends derived from the investment management business segment, increase in staff costs and unrealised foreign exchange movement.
- The unaudited revenue of the Group decreased by approximately 22.8% from approximately S\$5.7 million for the Previous Period to approximately S\$4.4 million for the Review Period. This decrease was mainly attributable to lower dividends derived from the investment management business segment.
- Total staff costs (including remuneration of the Directors) increased from approximately S\$3.5 million for the Previous Period to approximately S\$4.0 million for the Review Period mainly due to the recruitment of additional professional staff for business expansion and the expanded size of the executive board members.
- The Board proposed an interim dividend of S\$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ending 31 December 2019 on 8 August 2019.
- Basic and diluted loss per share during the Review Period was approximately S\$0.05 cents.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2019 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young LLP

*Public Accountants and
Chartered Accountants*
Singapore

8 August 2019

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 (the “**Interim Results**”), together with the unaudited comparative figures for the six months ended 30 June 2018:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Revenue	4	4,385	5,679
Other income and gains	4	423	249
Staff costs		(4,003)	(3,474)
Depreciation		(100)	(71)
Amortisation of right-of-use asset		(257)	–
Amortisation of capitalised contract costs		(4)	–
Office rentals and related expenses		(70)	(346)
Marketing expenses		(11)	(102)
Other expenses, net		(1,328)	(1,723)
Interest expense		(18)	–
(Loss)/Profit before tax	5	(983)	212
Income tax expense	6	–	–
(Loss)/Profit for the period attributable to owners of the Company		(983)	212
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes on investment in equity securities		101	343
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		3	(23)
Other comprehensive income for the period		104	320
Total comprehensive (loss)/income for the period attributable to owners of the Company		(879)	532
(Loss)/Earnings per share attributable to owners of the Company	7		
– Basic (cents)		(0.05)	0.01
– Diluted (cents)		(0.05)	0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	30 June 2019 \$'000 (unaudited)	31 December 2018 \$'000 (audited)
Non-current assets			
Property, plant and equipment	9	528	599
Right-of-use asset	2.2	803	–
Investment in equity securities	10	3,525	3,424
Prepayments, deposits and other receivables		313	324
Deferred tax assets		234	234
Total non-current assets		5,403	4,581
Current assets			
Trade receivables		4,138	4,160
Amount due from ultimate holding company		–	89
Amounts due from related parties (non-trade)		616	542
Prepayments, deposits and other receivables		2,905	439
Capitalised contract costs	12	196	–
Loans and related receivables	11	5,942	19,968
Cash and cash equivalents	13	17,884	7,708
Total current assets		31,681	32,906
Current liabilities			
Trade payables, other payables and accruals		1,584	1,847
Amount due to ultimate holding company		–	56
Amounts due to related parties (non-trade)		297	248
Lease liabilities	2.2	511	–
Tax payable		22	22
Total current liabilities		2,414	2,173
Net current assets		29,267	30,733
Non-current liabilities			
Other payables		161	225
Lease liabilities	2.2	299	–
Total non-current liabilities		460	225
Net assets		34,210	35,089
Equity			
Share capital	14	29,866	29,866
Reserves		4,344	5,223
Total equity		34,210	35,089

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Group	Share capital (Note 14) S\$'000	Investments in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Retained earnings/ (accumulated loss) S\$'000	Total equity S\$'000
Six months ended 30 June 2019						
At 1 January 2019 (audited)	29,866	3,424*	(34)*	1,491*	342*	35,089
Loss for the period	-	-	-	-	(983)	(983)
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	-	-	3	-	-	3
Fair value changes on investment in equity securities	-	101	-	-	-	101
Total comprehensive income/(loss) for the period	-	101	3	-	(983)	(879)
At 30 June 2019 (unaudited)	29,866	3,525*	(31)*	1,491*	(641)*	34,210

* These reserve accounts comprise the consolidated reserves of S\$5,223,000 and S\$4,344,000 in the interim condensed consolidated statements of financial position as at 31 December 2018 and 30 June 2019 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Group	Share capital (Note 13) S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Six months ended 30 June 2018						
At 1 January 2018 (audited)	4,718	4,976*	22*	1,491*	4,261*	15,468
Profit for the period	-	-	-	-	212	212
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	-	-	(23)	-	-	(23)
Fair value changes on investment in equity securities	-	343	-	-	-	343
Total comprehensive income/(loss) for the period	-	343	(23)	-	212	532
Issuance of shares pursuant to initial public offering, net of share issuance expenses	25,148	-	-	-	-	25,148
Dividends (Note 8)	-	-	-	-	(4,000)	(4,000)
At 30 June 2018 (unaudited)	29,866	5,319*	(1)*	1,491*	473*	37,148

* These reserve accounts comprise the consolidated reserves of S\$10,750,000 and S\$7,282,000 in the interim condensed consolidated statements of financial position as at 31 December 2017 and 30 June 2018 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	(983)	212
Adjustments for:		
Depreciation	100	71
Amortisation of right-of-use asset	257	–
Amortisation of capitalised contract costs	4	–
Loss on disposal of property, plant and equipment	44	–
Interest income	(302)	(107)
Interest expense	18	–
Unrealised foreign exchange losses/(gains)	24	(41)
Operating cash flows before changes in working capital	(838)	135
Changes in working capital:		
Decrease in trade receivables	22	3,982
(Increase)/decrease in prepayments, deposits and other receivables	(2,455)	384
Increase in capitalised contract costs	(200)	–
Decrease in trade payables, other payables and accruals	(344)	(1,538)
Increase/(decrease) in amounts due to related parties	6	(373)
Cash (used in)/generated from operations	(3,809)	2,590
Interest received	47	38
Net cash flows (used in)/generated from operating activities	(3,762)	2,628

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(59)	(397)
Decrease of amount due from ultimate holding company	89	-
(Increase)/decrease in amounts due from related parties	(74)	3,559
Loans granted to third party and related parties	-	(19,042)
Repayment from bridging loans and related interest receivables	14,281	-
Net cash flows generated from/(used in) investing activities	14,237	(15,880)
Cash flows from financing activities		
Decrease in amount due to ultimate holding company	(56)	(553)
Increase in amounts due to related parties	43	362
Proceeds from issue of shares on initial public offering	-	25,148
Dividends paid	-	(4,000)
Repayment of obligation under finance leases	(1)	-
Repayment of leases liability	(267)	-
Net cash flows (used in)/generated from financing activities	(281)	20,957
Net increase in cash and cash equivalents	10,194	7,705
Cash and cash equivalents at beginning of period	7,708	2,615
Effect of foreign exchange rate changes, net	(18)	15
Cash and cash equivalents at end of period	17,884	10,335

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 period, 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) project consultancy and management services;
- (iii) property management and tenancy management services; and
- (iv) financial advisory services.

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

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019 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 2018.

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. BASES OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies IFRS 16 Leases amongst several other amendments and interpretations applicable for the first time in 2019. Except as discussed below, these applications do not have a material impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application presented as an adjustment against the opening retained earnings, if any. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the date of initial application, have a remaining lease term of 12 months or less and do not contain a purchase option ("**short-term leases**"), and lease contracts for which the underlying asset is of low value ("**low-value assets**").

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

The Group recognised right-of-use asset and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use asset was recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

On adoption of IFRS 16, the Group recognised right-of-use asset and lease liabilities of approximately S\$1,060,000 for its leases previously classified as operating leases as at 1 January 2019.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	S\$'000 (unaudited)
Operating lease commitments as at 31 December 2018	1,132
Less: Commitments relating to short-term leases	(32)
	<hr/> 1,100
Weighted average incremental borrowing rate as at 1 January 2019	3.59%
Discounted operating lease commitments, representing total lease liabilities at 1 January 2019	<hr/> 1,060

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use asset

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

Lease liabilities

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

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

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

Short-term leases

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

Amounts recognised in the statements of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use asset and lease liabilities and their movements during the period:

	Right-of-use asset	Lease liabilities
	S\$'000	S\$'000
As at 1 January 2019 – on initial recognition	1,060	1,060
Amortisation	(257)	–
Interest expense	–	17
Payments	–	(267)
As at 30 June 2019	803	810

The Group recognised rental expense from short-term leases of S\$70,000 for the six months ended 30 June 2019.

As the Group had elected to use the modified retrospective method, the comparatives prior to 1 January 2019 were not restated. Consequently, in the statement of profit or loss 'office rentals and related expenses' recorded a decrease, and 'amortisation of right of use asset' and 'interest expense' both recorded increases for the current reporting period when compared to the comparative period. In addition, lease payments made in the current reporting period were now classified as part of cash flows used in financing activities instead of operating activities.

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. 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 and return of capital from the relevant Investment SPVs.

(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.

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Investment management (Continued)

(ii) Fund management (Continued)

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

(b) Project consultancy and management services

Project consultancy and management 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.

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

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Six-month period ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Singapore	4,105	5,008
Malaysia	141	186
Australia	79	409
Other countries/jurisdictions	60	76
	4,385	5,679

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

(b) Non-current assets

	30 June	31 December
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(audited)
Singapore	376	457
Other countries/jurisdictions	152	142
	528	599

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

4. REVENUE, AND OTHER INCOME AND GAINS

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

	Investment management		Project consultancy and management services	Property management and tenancy management	Financial advisory	Total revenue
	SPV investment	Fund management				
	S\$'000	S\$'000				
Six months ended 30 June 2019 (unaudited)						
Primary geographical markets						
Singapore	753	1,004	377	1,688	283	4,105
Malaysia	121	-	-	20	-	141
Australia	-	-	79	-	-	79
Indonesia	1	3	-	-	-	4
Other countries/jurisdictions	3	4	-	-	49	56
	878	1,011	456	1,708	332	4,385
Timing of services						
At a point in time	843	640	16	-	-	1,499
Over time	35	371	440	1,708	332	2,886
	878	1,011	456	1,708	332	4,385

Six months ended 30 June 2018
(unaudited)

Primary geographical markets						
Singapore	2,358	456	483	1,710	-	5,007
Malaysia	167	-	-	20	-	187
Australia	-	409	-	-	-	409
Indonesia	2	31	-	-	-	33
Other countries/jurisdictions	3	-	-	-	40	43
	2,530	896	483	1,730	40	5,679
Timing of services						
At a point in time	2,416	622	-	-	-	3,038
Over time	114	274	483	1,730	40	2,641
	2,530	896	483	1,730	40	5,679

4. REVENUE, AND OTHER INCOME AND GAINS (Continued)

	Six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Revenue		
Investment management		
— SPV investment management fees	878	2,530
— Fund management fees	1,011	896
Project consultancy and management service fees	456	483
Property management and tenancy management fees	1,708	1,730
Financial advisory fees	332	40
	4,385	5,679
Other income and gain		
Government grants*	119	115
Interest income	302	107
Others	2	27
	423	249

* Government grants were received by certain subsidiaries in connection with employment of Singaporean and/or non-Singaporean workers under Special Employment Credit and Wage Credit Scheme, Government-Paid Leave Schemes and training grants provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Listing expenses	–	959
Minimum lease payments under operating leases included in rentals and related expenses	70	346
Dividend income from the establishment shares included in SPV investment management fees	(733)	(2,256)
Foreign exchange differences, net	24	(460)

6. INCOME TAX EXPENSE

Singapore profits tax is provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current 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 during the six months ended 30 June 2018 and 2019.

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

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

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
(Loss)/Earnings		
(Loss)/Earnings for the purpose of calculating basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(983)	212
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	2,000,000,000	1,958,563,536

8. DIVIDENDS

A final dividend of S\$4,000,000, representing 0.2 Singapore cents per ordinary share, in respect of the financial year ended 31 December 2017 was approved by the shareholders at the Annual General Meeting on 24 May 2018.

An interim dividend of S\$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ending 31 December 2019 was proposed by the Board on 8 August 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with aggregate cost of S\$76,000 (six months ended 30 June 2018: S\$397,000) and disposed assets with net book value of S\$44,000.

10. INVESTMENT IN EQUITY SECURITIES

	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
Unlisted equity shares, at fair value	1,361	1,739
Contractual rights over unlisted equity shares, at fair value	2,164	1,685
	3,525	3,424

During the six months ended 30 June 2019, 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\$101,000 (six months ended 30 June 2018: Gain of S\$343,000).

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.

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

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

11. LOANS AND RELATED RECEIVABLES

	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
Current		
Bridging loans funded to:		
ZACD (Development2) Ltd.	-	6,681
ZACD Income Trust	5,260	12,360
ZACD (Shunfu2) Ltd.	-	250
Interest receivable on loans to:		
ZACD (Development2) Ltd.	-	226
ZACD Income Trust	682	443
ZACD (Shunfu2) Ltd.	-	8
	5,942	19,968

12. CAPITALISED CONTRACT COSTS

	Six months ended 30 June 2019 S\$'000 (unaudited)
Capitalised incremental costs of obtaining contracts	
– commission costs paid to agents	
At beginning of reporting period	-
Additions	200
Amortisation	(4)
At end of reporting period	196

13. CASH AND CASH EQUIVALENTS

	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
Cash and bank balances	17,884	7,708

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.

14. SHARE CAPITAL

	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
Issued and paid up capital: 2,000,000,000 ordinary shares	29,866	29,866

14. SHARE CAPITAL (Continued)

A summary of movements in the Group's issued share capital during the period from 1 January 2018 to 30 June 2019 is as follows:

	Note	Number of ordinary shares	Nominal value of ordinary shares S\$'000
Issued and fully paid:			
At 1 January 2018		1,500,000,000	4,718
Issue of shares pursuant to initial public offering	(a)	500,000,000	27,040
Less: Payments in relations to initial public offering expenses	(a)	–	(1,892)
As at 31 December 2018 (audited), 1 January 2019 and 30 June 2019 (unaudited)		2,000,000,000	29,866

- (a) On 16 January 2018, the Company's shares were listed on GEM of the Stock Exchange of Hong Kong Limited. Upon listing, the Company issued additional 500,000,000 ordinary shares. The amount of proceeds received from the public offering was S\$27,040,000 and the Company capitalised share issuance costs of S\$1,892,000.

15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the six months ended 30 June 2018 and 2019:

	Notes	Six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Investment management			
– SPV management fees:	(i)		
The ultimate holding company		–	114
Investment management			
– dividend income:	(ii)		
ZACD (Woodlands) Pte. Ltd.		186	31
ZACD (Woodlands2) Pte. Ltd.		274	46
ZACD (Pasir Ris) Pte. Ltd.		220	340
ZACD (Sennett) Pte Ltd		53	46
ZACD (Punggol Field) Pte. Ltd.		–	27
ZACD (Punggol Central) Pte. Ltd.		–	138
ZACD (Punggol Drive) Pte. Ltd.		–	22
ZACD (Woodlands3) Pte. Ltd.		–	313
ZACD (Kaki Bukit) Pte. Ltd.		–	19
ZACD (KB2) Pte. Ltd.		–	31
ZACD (Sengkang) Pte. Ltd.		–	41
ZACD (AMK) Pte. Ltd.		–	755
ZACD (Anchorvale) Pte. Ltd.		–	447
		733	2,256
Investment management			
– fund management fees:	(iii)		
ZACD (BBW6) Ltd.		77	77
ZACD Investment (ARO II) Limited		–	159
ZACD (Shunfu) Ltd.		19	19
ZACD (Shunfu2) Ltd.		19	19
ZACD Income Trust		211	409
ZACD (Development2) Ltd.		576	–
		902	683

15. RELATED PARTY TRANSACTIONS (Continued)

		Six months ended 30 June	
	Notes	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Project consultancy and management fees:			
Landmark JV Pte. Ltd.	(iv)	325	–
Publique Realty (Pasir Ris) Pte. Ltd.		–	262
Wee Hur (Punggol Central) Pte. Ltd.		–	80
		325	342
Property management and tenancy management fees:			
BH-ZACD (Tuas Bay) Development Pte. Ltd.	(v)	41	81
Publique Realty (Jurong) Pte. Ltd.		111	111
Publique Realty (Pasir Ris) Pte. Ltd.		–	11
Wee Hur (Punggol Central) Pte. Ltd.		–	69
		152	272
Corporate services expense:			
Magnificent Vine Group Holdings Pte. Ltd.	(vi)	4	27
Repair and maintenance services expense:			
Neew Pte. Ltd.	(vii)	302	314
Rental expenses:			
The ultimate holding company	(viii)	70	98
SLP International Property Consultants Pte. Ltd.		–	152
		70	250

15. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (i) The SPV management fee income was related to investment management services provided to the ultimate holding company and was charged based on 2% per annum of dollar value of the ultimate holding company's investments in the Investment SPVs managed by the Group.
- (ii) The dividend income was derived from the establishment shares of the Investment SPVs when the Group's right to receive payment is established. In the opinion of the directors, the Group charged an investor a higher percentage of the establishment shares compared with other investors as the Group granted the investor a priority right to participate in real estate projects. Further details were set out in Note 10 to the interim condensed consolidated financial statements.
- (iii) The fund management income included fund establishment fee, fund management fees and acquisition 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) The project consultancy and management fee income was related to project consultancy and management services 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 property management and tenancy management fee income was related to property management and tenancy management services provided in relation to the properties managed by the Group and was determined at terms stipulated in the respective service contracts.
- (vi) The corporate services expense was related to corporate and business support services rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (vii) The repair and maintenance services expense was related to building maintenance works rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (viii) The rental expenses were related to office space leased from the ultimate holding company and a related party.

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

16. COMMITMENTS

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

17. CONTINGENCIES

On 6 June 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a mixed-use development project located at Bukit Batok West Avenue 6, Singapore (the “**BBW6 Development**”). This amount represents 12% of the total liabilities of the underlying Development SPVs under a facility agreement in proportion of the shareholding of ZACD (BBW6) Ltd.’s (the “**BBW6 Fund**”) in the underlying Development SPVs.

In terms of the above, the Company, acting as the sponsor of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 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 BBW6 Development. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

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 2019 (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;
- (3) Business Outlook; and
- (4) Use of Proceeds

EXECUTIVE OVERVIEW

The Group managed a total of 28 investment structures under the PE structures and fund structures over 27 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing project consultancy and management services to three real estate projects in Singapore and delivered ongoing property management services to 18 real estate projects in Singapore, and tenancy management services to three property owners in Singapore and Malaysia. The Group is currently executing six corporate advisory mandates.

FINANCIAL REVIEW AND BUSINESS REVIEW

Revenue

The unaudited revenue of the Group decreased by approximately 22.8% from approximately S\$5.7 million for the six months ended 30 June 2018 (the “**Previous Period**”) to approximately S\$4.4 million for the corresponding period in 2019. This decrease was mainly attributable to lower dividends derived from the investment management business segment.

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

Period ended 30 June 2019 (unaudited)	Investment management		Project consultancy and management services	Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue						
External customers	878	1,011	456	1,708	332	4,385
Segment results	457	573	210	(166)	(392)	682
<i>Reconciliation:</i>						
Other income and gains						423
Corporate and unallocated expenses						(2,088)
Loss before tax						(983)

Period ended 30 June 2018 (unaudited)	Investment management		Project consultancy and management services	Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue						
External customers	2,530	896	483	1,730	40	5,679
Segment results	1,879	309	324	(27)	(315)	2,170
<i>Reconciliation:</i>						
Other income and gains						249
Corporate and unallocated expenses						(2,207)
Profit before tax						212

(a) **Investment Management Services**

(i) *SPV investment management*

The unaudited revenue of the Group decreased by approximately S\$1.7 million from approximately S\$2.5 million for the Previous Period to approximately S\$878,000 for the Review Period. The decrease was mainly due to dividends were derived from only four Investment SPVs for the Review Period compared to 13 Investment SPVs for the Previous Period with three Investment SPVs receiving the first tranche of dividends from their respective Development SPVs attributable to Bellewoods, Bellewaters and Vue 8 Residence. The Group also realised the residual portion of the non-recurrent dividends in the Previous Period from the successful partial exit of the investment property at 7000 Ang Mo Kio Avenue 5. The investment projects set up by the Group during the earlier years from 2010 to 2015 were under the SPV investment management structures with majority of the projects are maturing/have matured. There was no Investment SPV established from year 2016 as the Group focuses to expand on fund structures which is the Group's current adopted business model.

(ii) *Fund management*

The unaudited revenue of the Group increased from approximately S\$896,000 for the Previous Period to approximately S\$1.0 million for the Review Period. During the Review Period, the Group realised the remaining establishment fees of approximately S\$560,000 from Landmark Tower Fund ("**LT Fund**") which was officially closed in end of May 2019. The Group did not derive acquisition fee for the Review Period as there was no completion of project acquisition for the Review Period as compared to the completion of two Australia projects acquisition in the Previous Period where the Group derived acquisition fee of approximately S\$409,000. Fund management fees had increased for the Review Period as compared to the Previous Period mainly due to the expansion onto fund structures. However, the number of new funds established has been slow since 2018 due to macro environmental conditions and imposition of government's policies which adversely affected investors' sentiment and had prolonged fundraising efforts.

(b) Project Consultancy and Management Services

The unaudited revenue of the Group decreased slightly from approximately S\$483,000 for the Previous Period to approximately S\$456,000 for the Review Period. Revenue is recognised on a time-apportioned basis or based on project milestones over the contractual service period. The decrease was mainly due to contract terms with the projects had expired after the completion of those projects, partially offset by two new projects secured in the second half of last year. The Group is exploring opportunities in both local and international regions to secure more contracts to broaden its client base and diversify its portfolio.

(c) Property Management and Tenancy Management Services

The unaudited revenue of the Group was level at S\$1.7 million for the Previous Period and the Review Period. The slight decrease was mainly attributable to the decrease in tenancy management services where contracts with three property owners had ceased. The business segment has not reached its desired economies of scale which resulted in a loss registered in the Review Period. Beside staff and office expenses, key expenses incurred by this business segment entail the administrative costs of managing properties. In this respect, the Group is working to setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group is rallying to secure new contracts particularly in the prime areas of Singapore which construe higher management fee and expanding existing offering via tender on facilities management on government-owned properties in Singapore.

(d) Financial Advisory Services

The unaudited revenue of the Group increased from approximately S\$40,000 for the Previous Period as compared to approximately S\$332,000 for the Review Period. The increase was due to incremental fees income derived from five new mandates in the Review Period. This business segment continued to record a loss of approximately S\$392,000, mostly from staff costs, office expenses, travelling expenses and other operational costs. The Group is actively sourcing for more client mandates to bring this business segment to profit. We have expanded the team in corporate advisory by recruiting more experienced professional staff with wide client networks and are currently working on new mandates advising Singapore companies interested in raising capital and/or seeking a listing in Hong Kong. The Group intends to continue expanding the corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads.

Other income and gains

Other income and gains increased from approximately S\$249,000 for the Previous Period to approximately S\$423,000 for the Review Period. The increase was mainly due to interest income derived from the bridging loan extended to ZACD Income Trust. The Company and certain subsidiaries of the Company also received several government grants in connection with employment of Singaporean and/or non-Singaporean workers under Wage Credit Scheme, Government-Paid Leave Schemes and training grants provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

Staff costs

Staff costs consist of salaries, bonuses, other allowances and retirement benefit scheme contributions. Total staff costs increased from approximately S\$3.5 million for the Previous Period as compared to approximately S\$4.0 million for the Review Period. The increase was mainly attributed to the recruitment of additional professional staff for business expansion and the expanded size of the executive board members.

As at the Review Period, the Group had 113 employees as compared to 108 as at the Previous Period. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus may be granted to eligible staff by reference to the Group's achievement as well as individual's performance.

Other expenses, net

Other expenses, net decreased from approximately S\$1.7 million for the Previous Period to approximately S\$1.3 million for Review Period. There were no listing expenses incurred for the Review Period as compared to listing expenses of approximately S\$959,000 incurred in the Previous Period. This was partially offset by unrealised foreign exchange movement where in the Previous Period, the Group recorded a foreign exchange gain of S\$460,000 mainly attributable to the majority of the proceeds from the Company's listing had been retained in Hong Kong Dollars and Hong Kong Dollars appreciated against Singapore Dollars in the same period as compared to minimal foreign exchange movement in the Reporting Period as the listing proceeds were subsequently converted to Singapore Dollars for operational purposes during the financial year ended 31 December 2018.

Income tax expense

No significant provision for profits tax was made for the Review Period. The Group benefited from progressive tax system in each tax jurisdiction, whereas under Singapore's one-tier system, dividend income is tax-exempted when it is received by shareholders.

(Loss)/profit for the period attributable to owners of the Company

As a result of the foregoing, we recorded a net loss of approximately S\$983,000 for the Review Period as compared to a net profit of approximately S\$212,000 for the Previous Period.

LIQUIDITY AND CAPITAL RESOURCES

Capital Structure

The Company's shares were successfully listed on the GEM on 16 January 2018. There has been no change in the Company's capital structure since 16 January 2018. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

Exposure to foreign exchange

The Group mainly operates in the Singapore with the majority of its transactions denominated and settled in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retains some proceeds from the Share Offer in Hong Kong dollars. The Group mitigates the exchange rate risk by implementing working capital management and selective conversion and depositing in local and foreign currencies.

Investments 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 amounted to S\$3.5 million and S\$3.4 million as at 30 June 2019 and 31 December 2018, respectively. The fair value was determined based on future dividend distributions expected to be received by the Group based on the Investment SPV's projected distributable profits, the current stage of the real estate development project and its sale progress, as well as the discount rate. The increase in fair value as at 30 June 2019 compared to as at 31 December 2018 was mainly due to a development project had performed better than expected, partially offset by the realisation of dividends from two Investment SPVs.

Trade receivables

Total trade receivables levelled at approximately S\$4.1 million and S\$4.2 million as at 30 June 2019 and 31 December 2018, respectively. It comprised trade receivables of approximately S\$4.1 million and dividend receivable of approximately S\$62,000 as at 30 June 2019, as compared to trade receivables of approximately S\$3.7 million and dividends receivable of approximately S\$467,000 as at 31 December 2018.

Trade receivables increased from approximately S\$3.7 million as at 31 December 2018 to approximately S\$4.1 million as at 30 June 2019 was mainly due to billings of fees on the two funds which were closed in end of May 2019.

Current liabilities

Current liabilities comprised trade payables, other payables, tax payable and amounts due to the ultimate holding company and related parties. The Group's total current liabilities as at 30 June 2019 and 31 December 2018 amounted to approximately S\$2.4 million and S\$2.2 million, respectively. The increase in current liabilities is mainly attributable to the increase in lease liabilities as a result from the adoption of IFRS 16 Leases on 1 January 2019 for its leases previously classified as operating leases, partially offset by the decrease in other payables.

Charges on assets

As at 30 June 2019, the Group did not have any charges on assets.

Contingent liabilities

On 6 June 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a mixed-use development project located at Bukit Batok West Avenue 6, Singapore (the "**BBW6 Development**"). This amount represents 12% of the total liabilities of the underlying Development SPVs under a facility agreement in proportion of the shareholding of ZACD (BBW6) Ltd.'s (the "**BBW6 Fund**") in the underlying Development SPVs. In terms of the above, the Company, acting as the sponsor of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 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 BBW6 Development. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

Commitments

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

Dividends

The Board proposed that an interim dividend of S\$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ending 31 December 2019 on 8 August 2019.

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 2019.

BUSINESS OUTLOOK

In the first half of 2019, the Group recorded a net loss of approximately S\$983,000, a substantial decline in its financial performance as compared with that in the corresponding period, was mainly due to the significant decrease in revenue in the SPV investment management business attributable to maturing/matured projects coupled with the number of new funds established has been slow in the recent years due to macro environment conditions and imposition of government’s policies in Singapore. The Group carried on strengthening its current business model on fund structures and working aggressively to source for attractive real estate investment opportunities in the wider Asia Pacific region and expand our investor base by diversifying into institutions and family offices. We have made significant progress in forging new partnerships with various regional established investment firms and fund management companies to form strategic partnerships to explore collaboration investment opportunities in real estate assets in Malaysia, China and key cities in Southeast Asia. The Group is also working on a joint venture with an Australia based fund management company to acquire a portfolio of hotels across several key regional locations in Australia.

With the recovery of private home prices in the second quarter of 2019 in Singapore, the Group is looking forward to bidding for residential projects in the central regions of Singapore where property prices rose 1.5% representing the largest increase within Singapore.

The redevelopment project acquired by LT Fund is progressing on target having finalised debt terms and construction expected to commence in Q1 2020. The Australia commercial and hospitality assets invested by ZACD Income Trust are performing well with the Victoria and West Australia economies expected to grow over the next few quarters.



The Group continues to seek to broaden our client base for project consultant and management services in the region, expanding into Australia, Malaysia, Indonesia, and other Asia Pacific countries and exploring opportunities in emerging markets to diversify our portfolio.

In respect of property and tenancy management service, the Group is rallying to secure new contracts particularly in the prime areas of Singapore which construe higher management fee, and expanding our existing offering via tenders on facilities management on government-owned properties in Singapore.

The Group will continue to expand our corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads.

Singapore Property Market Update

Private home prices in Singapore bounced to a five-year high in the Q2 2019 after slipping in the prior two quarters in the face of property curbs. The private residential property index increased 1.3% to 150.5 points due to higher value transactions of non-landed homes in the core central region and rest of central region.

With approximately 60 new projects potentially to be launched in 2019 and a growing stockpile of unsold units from earlier launches, it is likely to be a classic buyers' market.

However, property prices are likely to remain stable in 2019 as developers have paid high prices for land during the en-bloc fever and may not be willing to accept a lower sell down rate.

Prices and rentals of industrial space remained relatively stable for most market segments. The industrial property price and rental indices should continue to stabilise in 2019. A potential over-supply could occur in the next 3 years, which would place a cap on rental and capital values growth.

Australia Property Market Update

The Melbourne office market has been relatively stable due to steady tenant demand on the back of strong economic indicators. Melbourne office spaces has enjoyed the lowest vacancy rate in 10 years, especially for Grade A office properties. The low vacancy rate environment coupled with highly competitive demand for prime office space in Melbourne are likely to drive growth in office rentals and capital values.

The tourism industry outlook in Perth remains positive in the medium-term. Perth visitor nights are boosted by domestic tourism which is led by business and leisure travelers. However, the Perth hospitality accommodation sector has yet to begin its recovery. Over the next 3 years, Perth is expected to see a further 2,500 rooms added, mostly concentrated in the CBD. The incoming supply may have a dampening effect on overall occupancy rates.

USE OF PROCEEDS

Total net proceeds raised from the Company's listing approximated HK\$125.2 million (approximately S\$21.6 million) after deducting underwriting commissions and all related expenses.

The use of proceeds is further elaborated as follows:

Total net proceeds raised S\$21.6 million		IPO proceed allocated	Utilisation up to 30 June 2019
		S\$'000	%
BRIDGING RESERVE FUND	<ul style="list-style-type: none"> • Increase investment sourcing capabilities • Areas of utilization: <ul style="list-style-type: none"> i) Tenders or sales for land parcels and real estate assets in Singapore and Australia ii) Take up the investment stake of real estate projects with real estate developer partners 	8,900	100.0%
INVESTMENT MANAGEMENT	<ul style="list-style-type: none"> • Develop investor network by recruiting experienced managers • Expand research and consultancy capabilities • Hire supporting staff to smoothen general operations in Singapore 	3,400	13.5%
PROJECT CONSULTANCY & MANAGEMENT	<ul style="list-style-type: none"> • Hiring more real estate developer relationship managers • Recruiting building construction and architectural professional • Expand expertise to assist new potential real estate projects acquired through use of bridging reserve fund 	900	29.1%

Total net proceeds raised S\$21.6 million	IPO proceed allocated	Utilisation up to 30 June 2019
	S\$'000	%
PROPERTY & TENANCY MANAGEMENT <ul style="list-style-type: none"> • Set up of property management team including establishing client service centre and recruiting support staff • Potential acquisition of project management companies • Upgrade software system on workflow processing • Purchase commercial vehicle to support business activities 	3,300	43.8%
FINANCIAL ADVISORY <ul style="list-style-type: none"> • Enhance product marketing and distribution in Hong Kong • Expand corporate finance team and compliance and general administration team 	3,500	9.9%
GENERAL WORKING CAPITAL <ul style="list-style-type: none"> • General working capital 	1,600	100.0%

The unfavourable macro environment conditions and imposition of government's policies in Singapore in the past one year had adversely affected the market sentiment of the Singapore real estate market. As a result, the Group secured less real estate projects and raised less fund for secured projects than expected which in turn significantly affected the Group's financial performance, in particular to its investment management business segment and project consultancy and management business segment. Under such conditions, the Group have adopted a cautious approach in the implementation of its business expansion plan, mainly including the recruitment of new staff, expertise and professionals.

For the Group's property and tenancy management business segment, the unutilised listing proceeds allocated was mainly in relation to the acquisition of project management companies which was delayed primarily due to prolonged process in identifying target companies.

For the Group's financial advisory business segment, we also adopted a cautious approach in the implementation of our expansion plan, in particular, there was a slowdown in the pace of staff recruitment for our Group's financial advisory function as there were fewer than expected advisory projects secured.

The Board has no intention to change the prescribed use of the net proceeds. The Company will make further announcement if there is any further update on the use of the net proceeds and the unutilised amount.

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 2019 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

As at 30 June 2019, 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 “**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 Choon Guan (Yao Junyuan) (“ Mr. Yeo ”)	Our Company (Note 1)	Interest in a controlled corporation	1,458,000,000 ordinary shares	72.9%	–	–
Ms. Sim Kain Kain (“ Ms. Sim ”)	Our Company (Note 1)	Interest in a controlled corporation	1,458,000,000 ordinary shares	72.9%	–	–
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	867,000 ordinary shares	51%	–	–
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	–	–
Mr. Yeo/Ms. Sim	ZACD Land Pte. Ltd. (Note 2)	Interest in a controlled corporation	2 ordinary shares	100%	–	–

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/Ms. Sim	ZACD Property Pte. Ltd. (Note 3)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD Treasury Limited (Note 4)	Interest in a controlled corporation	10,000 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD (Canberra) Pte. Ltd. (Note 5)	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Mr. Yeo/Ms. Sim	ZACD (Frontier) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo/Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	SRI5000 Neew Developments Pte. Ltd. (Note 9)	Interest in a controlled corporation	60,000 ordinary shares	60%	—	—
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo/Ms. Sim	ZACD (CCK) Pte. Ltd. (Note 11)	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Mr. Yeo/Ms. Sim	ZACD (Gambas) Pte. Ltd. (Note 12)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 13)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo/Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 14)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%

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/Ms. Sim	ZACD (Woodlands12) Pte. Ltd. (Note 15)	Interest in a controlled corporation	2 ordinary shares	100%	109 ordinary shares	5,450%
Mr. Yeo/Ms. Sim	ZACD Development Sdn. Bhd. (Note 16)	Interest in a controlled corporation	100 ordinary shares	100%	–	–
Mr. Yeo/Ms. Sim	ZACD Development (Kulai) Sdn. Bhd. (Note 17)	Interest in a controlled corporation	2 ordinary shares	100%	–	–

Notes:

1. Mr. Yeo and Ms. Sim are spouses and 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 held by ZACD Investments by virtue of the SFO.
2. 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 Land Pte. Ltd. held by ZACD Investments by virtue of the SFO.
3. 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 Property Pte. Ltd. held by ZACD Investments by virtue of the SFO.
4. 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 Treasury Limited held by ZACD Investments by virtue of the SFO.
5. 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 16 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Canberra) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Canberra) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,400,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 22.80% of the enlarged issued capital of ZACD (Canberra) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Canberra) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Canberra) 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 (Canberra) Pte. Ltd. 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 31 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Frontier) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Frontier) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 30.50% of the enlarged issued capital of ZACD (Frontier) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Frontier) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Frontier) 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 (Frontier) 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 6 February 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$2,000,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 19.40% of the enlarged issued capital of ZACD (Neew) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew) Pte. Ltd. by virtue of the SFO.
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 (Berwick Drive) 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 which holds the entire issued capital of ZACD (Berwick Drive) Pte. Ltd. which in turn holds 60% of the total issued capital of SRI5000 Neew Developments Pte. Ltd. As such, both of them are deemed to be interested in 60% of the total issued shares of SRI5000 Neew Developments Pte. Ltd. indirectly held by ZACD Investments 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 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.

11. 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 7 September 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (CCK) Pte. Ltd., ZACD Investments agreed to make available to ZACD (CCK) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,390,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 14.80% of the enlarged issued capital of ZACD (CCK) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (CCK) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (CCK) 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 (CCK) Pte. Ltd. by virtue of the SFO.
12. 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.
13. 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.
14. 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 (i) 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.

15. 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 18 July 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Woodlands12) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Woodlands12) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,450,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 10.90% of the enlarged issued capital of ZACD (Woodlands12) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Woodlands12) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Woodlands12) 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 (Woodlands12) Pte. Ltd. by virtue of the SFO.
16. 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.
17. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Development Sdn. Bhd. which in turn holds the entire issued capital of ZACD Development (Kulai) Sdn. Bhd.. As such, both of them are deemed to be interested in all the issued shares of ZACD Development (Kulai) Sdn. Bhd. indirectly held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, 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 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 Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2019, the following persons or entity who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interest:

Name	Capacity/Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
Mr. Yeo	Interest in a controlled corporation	1,458,000,000	72.9%
Ms. Sim	Interest in a controlled corporation	1,458,000,000	72.9%
ZACD Investments	Beneficial owner	1,458,000,000	72.9%

Note:

Mr. Yeo and Ms. Sim are spouses and 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 held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, 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 2019.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

The Audit Committee was established pursuant to a resolution of the Directors passed on 13 December 2017 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing the financial 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 2019.

By Order of the Board

ZACD Group Ltd.

Sim Kain Kain

Chairman and Executive Director

Hong Kong, 8 August 2019

As at the date of this announcement, the Board of the Company comprises five (5) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Siew Chen Yei, Mr. Darren Chew Yong Siang and Mr. Wee Hian Eng Cyrus; 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.