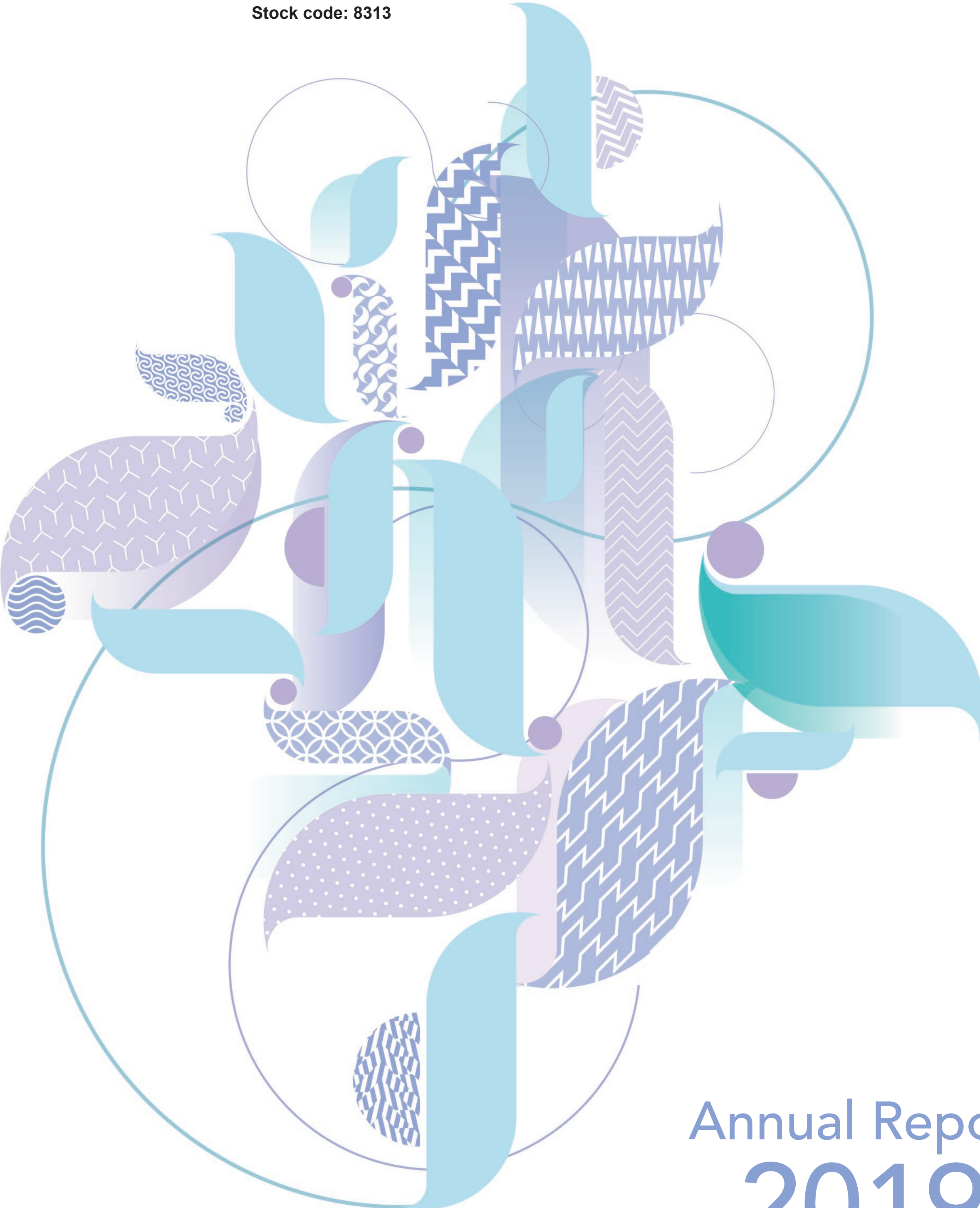
ZACD GROUP LTD.
杰地集團有限公司*

A company incorporated in Singapore with limited liability

Stock code: 8313



Annual Report 2019

* for identification purpose only

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

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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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CHAIRMAN'S STATEMENT

Landmark Tower

With our established track record of successful real estate fund investments in property development, we are poised for more joint venture opportunities with established developers and fund houses.

CHAIRMAN'S STATEMENT

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DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**") of ZACD Group Ltd. (the "**Group**"), I am pleased to present our annual report for the year ended 31 December 2019 ("**FY2019**").

FY2019 marked the second year of our listing on the GEM of the Stock Exchange of Hong Kong Limited ("**HKEx**"). We are seeing positive results from our listing and ended the year 2019 with a net profit of approximately S$4.6 million, a substantial improvement in our financial performance with net profit increasing over 300% compared to 2018. This impressive performance was mainly due to the increase in revenue from our fund management services and financial advisory services. Our fund management business saw an increase in revenue from approximately S$1.9 million in 2018 to

CHAIRMAN'S STATEMENT

approximately S$5.1 million in 2019, an increase of approximately S$3.2 million or 172.1%. Our financial advisory services saw an increase in revenue from approximately S$231,000 in 2018 as compared to approximately S$2.2 million in 2019, an increase of approximately S$2.0 million or 866.7%.

Moving ahead, we intend to grow our business by expanding into the hospitality sector in Australia and the USA. Our growth strategy also includes partnering with other established investment firms and fund management companies to do more international fund products; collaborating with them in searching for investment opportunities in real estate assets in Malaysia, Australia and the USA. Since our IPO, we have also been getting more institutional investors in the Asia-Pacific region participating in our funds and we intend to attract more such institutional investors in the future as part of our growth plan.

BUSINESS REVIEW

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

On the local front, in alignment with the Government's masterplan for the development of the Greater Southern Waterfront, ZACD, through its development fund, and its joint-venture partners, secured a rare site at the fringe of the Central Business District – the existing Landmark Tower – to be re-developed into a modern 396-unit, residential skyscraper called The Landmark, offering a mix of one- to three-bedroom apartments with panoramic views of Singapore's skyline.

The Group also expanded its financial advisory services arm last year, utilising our Securities and Futures Commission ("**SFC**") Type 1, 4 and 6 licenses to grow our revenue stream. We were involved in the successful listing of four Singapore companies on the Main Board of HKEx. Additionally, we also secured a significant appointment as the investment advisor to a family office with an assets-under-management ("**AUM**") of approximately USD$100 million.

In 2019, the Group continued its strategy of expanding overseas by acquiring multiple hotels in Australia. Since the acquisition of The Sebel West Perth Aire Apartments in 2017, we have gained the knowledge, confidence and insights in managing hospitality developments in the Australia market. Guided by these insights, we have made a strong foray into the Australia market with iProsperity Group ("**iPG**"), an Australia-based fund manager, to acquire up to 23 hotels located in 5 cities, namely, Sydney, Melbourne, Brisbane, Canberra and Perth (the "**Australia Hotel Portfolio**"), from Luxembourg hotel investor, AccorInvest.

As one of Australia's largest portfolio acquisition of hotels in recent years, the Australia Hotel Portfolio was acquired at an attractive purchase price of AUD212.6 million. These hotel properties are also sited on land with future development potential. With this in mind, we plan to put in place an asset enhancement plan to improve the performance of these assets. This portfolio has leveraged upon our existing hospitality team in Australia and allows us to expand from a solid base. This acquisition has also enabled us to partner with big hospitality groups like AccorInvest and iPG to move into the international arena.

We are also building upon the sector of being an integrated asset manager in the areas of property management and tenancy management services. Our investors and clients see this segment of our business as an area where we have a natural advantage, as it enables us to provide a one-stop solution throughout the real estate value chain. We plan to grow our business in this segment by participating in tenders on facilities management of Government-owned properties, new MCSTs, while supporting our existing portfolio of properties.

CHAIRMAN'S STATEMENT

As of 31 December 2019, our Group has 28 real estate projects and properties under our management with over S$365 million of assets under management. The Group has over 300 clients, made up of individual and institutional investors, with repeat clients representing approximately 39% of our customer base. This bears testament to our robust track record and demonstrates the strong loyalty and trust accorded to us by our clients.

FUTURE PROSPECTS

Looking forward, ZACD aims to maintain our unique heritage as a leading integrated asset manager in Singapore, now with an expanded footprint in Asia Pacific and beyond. With our established track record of successful real estate fund investments in property development, we are poised for more joint venture opportunities with established developers and fund houses.

Operationally, we will move towards 3 areas of transformation and improvement:

- stronger organisational structure and investment in our people;
- a focus on customer-centric experiences;
- digital transformation to enhance our business services and processes, so as to effectively scale up and support the bigger business and market environment and cross border operations.

Nevertheless, despite the innovation push in charting our long-term relevance in the market, ZACD will strive to be true to our primary value, that of being cautious and always acting to safeguard our shareholders' and investors' interests, and continue to inspire confidence amongst them.

In 2019, ZACD also secured a few new Mergers and Acquisitions mandates, which will help us diversify our revenue streams in the future.

Our business strategy also includes using our strong network in Singapore to find opportunities to advise Small and Medium Enterprises ("**SMEs**") in our country on matters such as raising capital, trade sales and the process of listing their business on HKEx. In addition, ZACD will continue to increase its revenue by distributing ZACD fund products in Singapore and Hong Kong.

Another key vector of growth is in that of family funds. The Singapore Government has rolled out a series of new schemes in support of making Singapore the next preferred headquarter for family funds, clearly indicating more room for growth ahead for the Group.

In 2019, Asia-Pacific was home to 1,300 family offices, and the number of family offices in Singapore quadrupled from 2016 to 2018, according to the Monetary Authority of Singapore ("**MAS**"). The Singapore Government is looking to attract more family funds to Singapore, and made changes to the country's Global Investor Programme in January 2020.

These new schemes are clearly beneficial to ZACD, as we are fully aligned and well poised in attracting family funds to Singapore. Along with our proven track record in our integrated services, we are in pole position to assist these family offices with project development and asset acquisitions, riding on our skills and expertise in the region.

APPRECIATION

I would like to thank our shareholders, customers, business partners and suppliers for their continual support and trust as we evolve and grow the business in a dynamic business environment. Additionally, my appreciation to the invaluable contributions of my fellow board members, the hard work and dedication of our management and staff, in turning around the business performance to a profitable position for 2019. We look forward to another successful year ahead!

Sim Kain Kain
Chairman
Singapore, 20 March 2020

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 *(Deputy CEO and 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 *(Deputy CEO and CFO)*
Mr. Ip Pui Sum

JOINT COMPANY SECRETARIES

As to Hong Kong Law

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

As to Singapore Law

Mr. Tan Kim Swee Bernard (Chen Jinrui Bernard)

COMPLIANCE OFFICER

Mr. Siew Chen Yei *(Deputy CEO and 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

2 Bukit Merah Central #22-00
Singapore 159835

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central, Hong Kong

PRINCIPAL BANK

United Overseas Bank
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Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8313

COMPANY'S WEBSITE

www.zacdgroup.com

FIVE-YEAR FINANCIAL SUMMARY

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

Results	**For the financial year ended 31 December**				
	2019	2018	2017	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**14,919**	11,786	18,583	11,493	8,711
Profit before tax	**4,994**	1,115	6,439	3,413	6,040
Profit for the year attributable to owners of the Company	**4,622**	1,081	6,630	3,587	5,986

Assets, liabilities and equity	**As at 31 December**				
	2019	2018	2017	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000
Total non-current assets	**3,595**	4,581	5,423	17,480	15,218
Total current assets	**36,770**	32,906	14,787	9,415	8,820
Total current liabilities	**2,566**	2,173	4,299	4,398	2,338
Net current assets	**34,204**	30,733	10,488	5,017	6,482
Total assets less current liabilities	**37,799**	35,314	15,911	22,497	21,700
Total non-current liabilities	**214**	225	443	172	489
Net assets/Total equity	**37,585**	35,089	15,468	22,325	21,211

MANAGEMENT
DISCUSSION AND ANALYSIS

Novotel Brisbane

ibis Sydney Airport

ibis budget Melbourne Dandenong

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis ("**MD&A**") for the Group has been prepared and reviewed by the management for the year ended 31 December 2019, and includes information up to the date of the audit report (the "**Report Date**"). The MD&A should be read in conjunction with the Group's audited financial statements, as well as with the related notes to the financial statements for the year ended 31 December 2019. All amounts are expressed in Singapore Dollars unless otherwise stated.

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

(1) Executive Overview;

(2) Financial Review and Business Review;

(3) Liquidity and Capital Resources;

(4) Business Outlook; and

(5) Use of Proceeds

EXECUTIVE OVERVIEW

The Group managed a total of 29 investment structures under the PE structures and fund structures over 28 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia, with an addition of a portfolio of up to 23 hotels in Australia following the acquisition of the Australia Hotel Portfolio expected to complete in first half 2020. The Group provided ongoing acquisitions & projects management services to four real estate projects in Singapore and delivered ongoing property management services to 14 real estate projects in Singapore, and tenancy management services to a property owner in Malaysia. The Group is currently executing six corporate advisory mandates, including providing investment advisory services for a family office with an assets-under-management of approximately USD100 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group embarked on a successful expansion plan in 2019, looking for business opportunities both locally and in the region. The Group aggressively searched for attractive real estate investment opportunities in the wider Asia Pacific region and also expanded its investor base by diversifying into institutions and family offices. The Group has also forged 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 Australia, Malaysia, China and key cities in Southeast Asia.

Among one of its key partnerships in 2019 was a joint venture with an Australia-based fund management company to acquire a portfolio of hotels across several key regional locations in Australia. During the year, we successfully established ZACD Australia Hospitality Fund to jointly acquire a portfolio of up to 23 hotels in Australia (the "**Australia Hotel Portfolio**") from the Luxembourg hotel investor, AccorInvest, with an independent Australia-based fund manager, iProsperity Group. The Australia Hotel Portfolio comprises 17 hotel properties which have been acquired for AUD212.6 million and also incorporates up to six leasehold interests to be transferred subject to various conditions. The acquisition in terms of number of hotels is one of Australia's largest hotel portfolio sales with up to 3046 rooms and includes Accor brands such as MGallery, Novotel, Mercure, ibis and ibis *budget*. The hotels are located in Brisbane, Sydney, Melbourne, Canberra, Perth and regional New South Wales. The acquisition of the Australia Hotel Portfolio will be an attractive real estate investment opportunity for the Group's fund investors. The successful establishment of the ZACD Australia Hospitality Fund is expected to contribute positively to the investment management business segment of the Group and will create a more diverse offering for the Group's investment management business.

The Group had also expanded into family office management services. During the year, the Group was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit after tax for the year ended 31 December 2019 of approximately S$4.6 million, representing a significant increase of 327.6% as compared to that for the year ended 31 December 2018. The increase was mainly attributable to an increase in revenue mainly in the fund management business segment and the financial advisory business segment, and a decrease in other expenses mainly as a result of no listing expenses incurred in 2019, subsequent to the listing of the Company's shares on GEM in 2018. This was partially offset by an increase in staff costs as a result of business expansion, and increase in the amortization of right-of-use asset due to the adoption of IFRS 16 Leases which was effective from 1 January 2019 and higher income tax expenses.

The Group derived revenue of approximately S$14.9 million, an increase by approximately 26.6% from approximately S$11.8 million for the year ended 31 December 2018. This increase was mainly attributable to higher revenue derived from the fund management business segment and the financial advisory business segment towards the end of 2019 and was partially offset by the decrease in the SPV investment management business segment as further elaborated below.

The following table presents the breakdown of our operating segment information for the years ended 31 December 2019 and 2018:

Year ended 31 December 2019	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	**3,328**	**5,094**	**982**	**3,282**	**2,233**	**14,919**
Segment results	**2,361**	**4,058**	**557**	**(177)**	**849**	**7,648**
Reconciliation:						
Other income and gains						**1,183**
Corporate and unallocated expenses						**(3,837)**
Profit before tax						**4,994**

Year ended 31 December 2018	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	4,407	1,872	1,690	3,586	231	11,786
Segment results	3,409	338	1,255	(139)	(691)	4,172
Reconciliation:						
Other income and gains						1,466
Corporate and unallocated expenses						(4,523)
Profit before tax						1,115

MANAGEMENT DISCUSSION AND ANALYSIS

The Visionaire "Artist impression"

(a) Investment Management Services

i) ***SPV investment management***

Revenue decreased from approximately S$4.4 million in 2018 to approximately S$3.3 million in 2019, representing a decrease of approximately S$1.1 million or 24.5%. The decrease in revenue derived from the SPV investment management services was mainly due to dividends derived from 11 Investment SPVs in 2019 as compared to 13 Investment SPVs in 2018. There were three Investment SPVs receiving the first tranche of dividends from their respective Development SPVs attributable to Bellewoods, Bellewaters and Vue 8 Residence in 2018. The dividends contributed to the Group from these three Investment SPVs was approximately S$2.3 million. While in 2019, there were four Investment SPVs receiving the first tranche of dividends from their respective Development SPVs attributable to Mega@Woodlands, The Visionaire, Inz Residence and Frontier Industrial Park. The dividends contributed to the Group from these four Investment SPVs was approximately S$1.5 million. 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 in line with the Group's current business model.

ii) ***Fund management***

Revenue increased from approximately S$1.9 million in 2018 to approximately S$5.1 million in 2019, representing an increase of approximately S$3.2 million or 172.1%. During 2019, the Group had entered into a transaction with the investment vehicle which ZACD Australia Hospitality Fund jointly established with the iProsperity Group to acquire the Australia Hotel Portfolio (the "**Acquisition**"). Under the arrangement of the transaction, the Group will be entitled to an acquisition fee following the completion of agreed milestones with respect to securing the Acquisition. As part of the Group's continuing fund management business and its effort to arrange the business opportunity, the Group further contributed a bridging reserve fund for the above investment vehicle to secure the Acquisition. Thus the Group has derived an acquisition fee of approximately AUD3.2 million from the investment vehicle, leading to the increase in revenue in this business segment. Fund management fees had increased by approximately S$164,000 in 2019 as compared to 2018 mainly due to the expansion into fund structures.

(b) Acquisitions and Projects Management Services

Revenue decreased from approximately S$1.7 million in 2018 to approximately S$1.0 million in 2019, representing a decrease of approximately S$708,000 or 41.9%. Revenue is recognised on a time-apportioned basis or is based on project milestones over the contractual service period. The decrease was mainly due to contract terms with projects that had expired after their completion in 2018. However, the Group managed to secure one new contract in 2019. Other than staff costs and project manager charges, this business segment did not incur any other particular expenses. 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

Revenue decreased from approximately S$3.6 million in 2018 to approximately S$3.3 million in 2019, representing a decrease of approximately S$304,000 or 8.5%. The decrease was mainly attributable to the decrease in revenue in the property management services where contracts had ceased and/or have not been renewed at the end of the contract term. The decrease was partially offset by three new contracts secured at the end of 2018 and/or during 2019. Revenue from tenancy management services also decreased as contracts with property owners had ceased. The business segment has not reached its desired economies of scale which resulted in a loss. Besides staff and office expenses, key expenses incurred by this business segment include the administrative costs of managing properties. Thus the Group decided to work on setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group is working on securing new contracts, particularly in the prime areas of Singapore which offer higher management fees. The Group is also expanding its existing offering by applying for tenders for facilities management services on government-owned properties in Singapore.

(d) Financial Advisory Services

Revenue increased from approximately S$231,000 in 2018 as compared to approximately S$2.2 million in 2019, representing an increase of approximately S$2.0 million or 866.7%. During 2019, the Group was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million and derived a fee of approximately S$1.5 million in 2019. The increase in revenue was further contributed by the incremental fee income derived from the nine corporate advisory mandates executed in 2019. The Group continues to focus on this new business segment, particularly with family offices located in the Southeast Asia region. The Group intends to continue to expand 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 decreased from approximately S$1.5 million in 2018 to approximately S$1.2 million in 2019. The decrease was mainly due to (i) the decrease in foreign exchange gain attributed from the Company's listing proceeds that were denominated in Hong Kong Dollars and the listing proceeds were subsequently converted to Singapore Dollars for operational purposes towards the end of 2018, (ii) lower interest income was derived from bridging loans as the bridging loans extended to ZACD Income Trust, ZACD (Development2) Ltd. and ZACD (Shunfu2) Ltd. were fully repaid in 2019, and partially offset by (iii) the increase in income from the transfer of unutilised tax losses to one of its fund entities. The Company and certain subsidiaries of the Company also received several government grants in connection with the employment of Singaporean and/or non-Singaporean workers under the 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$7.2 million in 2018 as compared to approximately S$7.7 million in 2019. 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 31 December 2019, the Group had 98 employees as compared to 118 as at 31 December 2018. While headcount decreased mainly in the property management services with the majority were site staff due to some property management contracts had ceased and/or have not been renewed, 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.

Other expenses, net

Other expenses, net decreased from approximately S$4.6 million in 2018 to approximately S$2.6 million in 2019. There were no listing expenses incurred in 2019 subsequent to the listing of the Company's shares on GEM in 2018. The Group incurred listing expenses of approximately S$1.0 million in 2018. Other expenses, net also include the short term lease of office property of approximately S$33,000 in 2019 as compared to approximately S$738,000 in 2018. The decrease was mainly due to the adoption of IFRS 16 Leases which is elaborated in note 2.2 in the notes to the consolidated financial statements and the termination of the lease of an office premise in February 2019. Professional fees and financial reports printing expenses were reduced by approximately S$375,000 mainly due to the stabilisation in operating a publicly-listed company.

Income tax expense

The increase in income tax expense from approximately S$34,000 in 2018 to approximately S$372,000 in 2019 was mainly attributable to the increase in the profit before tax in 2019 as a result of the increase in revenue mainly from the acquisition fee income in the fund management services as compared to 2018. Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current year. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the years ended 31 December 2018 and 2019.

Profit for the year attributable to owners of the Company

As a result of the foregoing, we recorded profit for the year attributable to the owners of the Group of approximately S$4.6 million in 2019 and approximately S$1.1 million in 2018, representing an increase by approximately S$3.5 million or 327.6%.

If the one-off listing expenses were excluded, the profit of the Group would be approximately S$4.6 million in 2019 and approximately S$2.1 million in 2018, representing an increase by approximately S$2.5 million or 118.2%.

	Group	
	2019	2018
	S$'000	S$'000
Profit for the year	**4,622**	1,081
Listing expenses	–	1,037
Profit before listing expenses	**4,622**	2,118

LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent financial management approach towards its treasury policy and this maintained a healthy liquidity position throughout the financial year. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments and by monitoring prompt recovery, making adequate impairment losses for irrecoverable amounts if necessary. As at 31 December 2019 and 2018, the Group had no banking facilities or borrowings, hence no gearing ratio of the Group was presented.

Cash and cash equivalents

Cash and cash equivalents amounted to approximately S$18.3 million and approximately S$7.7 million as at 31 December 2019 and 2018 respectively, which were placed with major banks in Singapore and Hong Kong. The increase is mainly attributable to the repayment of bridging loans from ZACD Income Trust, ZACD (Development2) Ltd. and ZACD (Shunfu2) Ltd. in 2019. 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.

Trade receivables

Total trade receivables amounted to approximately S$10.7 million and approximately S$4.2 million as at 31 December 2019 and 2018 respectively. It comprises of trade receivables of approximately S$8.6 million and dividends receivable of approximately S$2.1 million as at 31 December 2019, as compared to approximately S$3.7 million and approximately S$0.5 million respectively in 2018.

Trade receivables increased from approximately S$3.7 million as at 31 December 2018 to approximately S$8.6 million as at 31 December 2019, mainly contributed by the increase in revenue in the fund management services and financial advisory services.

Net current assets

The Group benefited from stronger net current assets of approximately S$34.2 million as at 31 December 2019, compared to approximately S$30.7 million as at 31 December 2018. This increase was mainly due to an increase in cash and cash equivalents of approximately S$10.6 million, an increase in trade receivables of approximately S$6.5 million, and increase in amount due from related parties of approximately S$6.4 million. This was however partially offset by the decrease in bridging loans and related receivables of approximately S$20.0 million. The current ratio (calculated by current assets divided by current liabilities) of the Group decreased slightly from 15.1 times as at 31 December 2018 to 14.3 times as at 31 December 2019.

Current liabilities

Current liabilities comprised of trade payables, other payables, accruals, lease liabilities, tax payable and amount due to ultimate holding company and related parties. The Group's total current liabilities as at 31 December 2019 and 2018 amounted to approximately S$2.6 million and approximately S$2.2 million respectively. The increase in current liabilities is largely attributable to the increase in lease liabilities partially offset by the decrease in other payables.

Investment in equity securities

The establishment shares were accounted for as investment in equity securities and were measured at fair value. The investment in equity securities amounted to approximately S$2.3 million and approximately S$3.4 million as at 31 December 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 decrease in fair value in 2019 compared to 2018 was mainly due to the realisation of the fair value as the Group recorded dividend payouts from Investments SPVs during the year, with revisions made to future dividend distributions expected to be received by the Group for certain projects.

Contingent liabilities

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 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 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 year, the Group had no significant commitments, save for as disclosed in note 29 in the notes to the consolidated financial statements.

BUSINESS OUTLOOK

The outlook for developers of private residential property in Singapore is turning more positive especially since H2 2019 as we saw private residential prices in Singapore increasing. Private home prices in Singapore rose 2.7% for the whole of 2019 and the overall price index has been gradually rising, being only 0.8% lower compared to its previous peak in Q3 2013. One particular statistic worth noting is that private residential property prices in the Outside Central Region and Rest of Central Region grew 4.3% and 2.7% respectively in 2019, and demand for luxury projects in these regions are expected to be high. This will have a positive impact on The Landmark re-development at Chin Swee Road, which will have its sales launch in H1 2020 and will potentially attract buyers of small high-end condominiums in the city fringe.

Prices and rentals of industrial spaces in Singapore stayed relatively stable in 2019. New business park properties and high-spec spaces are expected to enjoy favourable rental growth as multinational companies are projected to set up their regional service centres and R&D hubs in Singapore. The Group intends to explore opportunities in the Singapore industrial space given the market outlook. One such opportunity is a rare freehold B2 site in Mandai which we successfully secured for development in Q4 2019. The new development fund to acquire this industrial site is underway and we expect this development fund to reach its targeted fund size in Q1 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Turning our attention to Australia, the country has several factors that we anticipate will benefit our business. One such factor is the Australian dollar, which is expected to remain low in the medium term. The other factor is the robust inflow of tourists to Australia, as the Australian Bureau of Statistics revealed that there were 9.3 million short-term visitor arrivals to Australia from overseas in 2019, the highest year on record. Although the recent bush fires in New South Wales and the COVID-19 disease have affected business sentiment in Australia and decreased tourist arrivals to Australia, we believe these phenomenon are temporary and should be resolved by H2 2020.

Our optimism regarding the potentially robust growth of the Australian tourism industry led us to enter into a joint venture with an Australia-based fund manager, iProsperity Group, to acquire up to 23 hotels in Australia in 2019 at the purchase price of AUD212.6 million from Luxembourg hotel investor, AccorInvest. This is expected to be one of Australia's largest hotel portfolio sales in recent years in terms of the number of hotels involved.

Looking back at the performance in 2019, the Group ended 2019 with a net profit of approximately S$4.6 million, a substantial improvement in its financial performance with an increase of over 300% as compared to the preceding financial year. This was mainly attributable to the increase in revenue mainly in fund management services and financial advisory services.

The Group plans to build on the success of its fund management services by working aggressively to source for attractive real estate investment opportunities in Singapore as well as in the wider region. We will continue to forge new partnerships with various regional investment firms and fund management companies to explore collaborating in investing in real estate assets in Malaysia, Australia, China and the USA.

The Group also plans to grow by broadening our client base for acquisitions and projects management services to include real estate developers in the region, expanding into Australia, Malaysia, Indonesia, and other Asia Pacific countries and exploring opportunities in emerging markets to diversify our portfolio.

In addition, we intend to boost our property and tenancy management services by securing new contracts particularly in the prime areas of Singapore, as these areas command a higher management fee. The Group will also expand via tenders on facilities management on government-owned properties in Singapore.

The Group had expanded into family office management in 2019 and was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million. The Group will continue to focus on this new business segment, particularly with family offices located in the Southeast Asia region and to expand our corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and convert deal leads.

The recent outbreak of COVID-19 may affect global market sentiments which will have an impact on the Group's growth and business expansion plans. However, we remain optimistic that this would be temporary despite business disruptions across nations. On this note, the Group remains cautious in the implementation of its business expansion plans for our business segments.

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$21.6 million		Net proceeds allocated S$'000	Utilisation up to 31 December 2019 %
BRIDGING RESERVE FUND	• Increase investment sourcing capabilities • Areas of utilisation: 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	• Develop investor network by recruiting experienced managers • Expand research and consultancy capabilities • Hire supporting staff to smoothen general operations in Singapore	3,400	19.5%
ACQUISITIONS & PROJECTS MANAGEMENT (Note 1)	• 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	53.9%
PROPERTY & TENANCY MANAGEMENT	• 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	50.9%
FINANCIAL ADVISORY	• Enhance product marketing and distribution in Hong Kong • Expand corporate finance team and compliance and general administration team	3,500	21.9%
GENERAL WORKING CAPITAL	• General working capital	1,600	100.0%

Note 1: The segment was previously known as "Project consultancy and management". The change in the name of the business segment was mainly to better reflect the current business activities undertaken and to better position the Group's services to its clients in this segment. The Directors confirm that the amount of net proceeds utilised by the Group in this segment was the same as stated in the prospectus. For details of the Group's use of proceeds, please refer to "Future plans and use of proceeds" in the prospectus.

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. Under such conditions, the Group had 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 resolved to change the use of the remaining unutilised proceeds up to 13 March 2020 which amounted to approximately S$7.2 million from the Group's business segments namely investment management, acquisitions and projects management, property management and tenancy management and financial advisory to expand the use of the bridging reserve fund to help the Group to seed-fund new potential real estate projects where required. In this regard, the expansion of the use of the bridging reserve fund will equip the Group with more readily available funds and strengthen our competitive advantage in successfully securing real estate projects and investments where a profitable opportunity arises. The announcement on the change in the use of proceeds was released on the HKEx on 13 March 2020. An analysis of the utilisation of the net proceeds up to 13 March 2020 and the change in the use of proceeds of the unutilised proceeds are summarised as follows:

	Net proceeds allocated	**Utilised net proceeds up to 13 March 2020**	**Unutilised net proceeds**	**Revised application of the unutilised net proceeds**
	S$'000	S$'000	S$'000	S$'000
BRIDGING RESERVE FUND	8,900	8,900	–	7,235
INVESTMENT MANAGEMENT	3,400	749	2,651	–
ACQUISITIONS & PROJECTS MANAGEMENT	900	575	325	–
PROPERTY MANAGEMENT & TENANCY MANAGEMENT	3,300	1,711	1,589	–
FINANCIAL ADVISORY	3,500	830	2,670	–
GENERAL WORKING CAPITAL	1,600	1,600	–	–
	21,600	14,365	7,235	7,235

DIRECTORS' PROFILE

STANDING LEFT TO RIGHT:

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

MR. LIM BOON YEW *Independent Non-executive Director*

MR. CHEW HONG NGIAP, KEN *Non-executive Director*

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

SITTING LEFT TO RIGHT:

MR. DARREN CHEW YONG SIANG *Executive Director and Chief Operating Officer*

MS. SIM KAIN KAIN *Executive Director and Chairman*

MR. YEO CHOON GUAN (YAO JUNYUAN) *Executive Director and Chief Executive Officer*

MR. WEE HIAN ENG CYRUS *Executive Director and Deputy Chief Executive Officer*

MR. SIEW CHEN YEI *Executive Director, Deputy Chief Executive Officer and Chief Financial Officer*

DIRECTORS' PROFILE

MR. YEO CHOON GUAN (YAO JUNYUAN) (姚俊沅) ("Mr. Yeo")
Executive Director and Chief Executive Officer

aged 48, was appointed as the Director on 8 November 2016 and was re-designated as the Executive Director and Chief Executive Officer on 12 July 2017. He is also one of the Controlling Shareholders. As one of the Founders, Mr. Yeo is primarily responsible for overseeing the operations and strategic planning and development of the Group. He is also a Director of all of the subsidiaries. Mr. Yeo co-founded ZACD International Pte. Ltd. ("**ZACD International**") with Ms. Sim through ZACD Investments Pte. Ltd. ("**ZACD Investments**") in 2011. He has over thirteen (13) years of experience in investing in the industrial property development section in Singapore.

Mr. Yeo completed the Singapore-Cambridge General Certificate of Education Normal Level in 1988 and the Singapore-Cambridge General Certificate of Education Ordinary Level in 1989. He also obtained a Certificate of Marketing (Parts I and II) from the Stamford Group of Colleges of Further Education in Singapore and Malaysia in June 1994.

Mr. Yeo was awarded the Public Service Medal in 2015 by the President of Singapore and has been serving as the Chairman of Tampines North Citizens' Consultative Committee since 1 July 2016. He was also awarded the Teochew Entrepreneurs Award in 2016 and in 2018, he was named a grand winner of the Prestige Award Category, the top-tier category of the inaugural ASEAN Teochew Entrepreneur Awards.

MS. SIM KAIN KAIN (沈娟娟) ("Ms. Sim")
Executive Director and Chairman of the Board

aged 54, was appointed as the Director on 8 November 2016 and was re-designated as the Executive Director and the Chairman of the Board on 12 July 2017. She is one of the Founders and also one of the Controlling Shareholders. Ms. Sim is primarily responsible for the marketing activities of the Group and the overall administrative management and the co-ordination of the Group's operational activities. She is also a Director of ZACD (Australia) Pty Ltd, ZACD Financial Group Limited ("**ZACD Financial**"), ZACD Fund Holdings Pte. Ltd. ("**ZACD Fund**"), ZACD Group Holdings Limited, ZACD International, ZACD Posh Pte. Ltd. and ZACD (China) Co., Ltd. ("**ZACD China**").

Ms. Sim co-founded ZACD International with Mr. Yeo through ZACD Investments in 2011. She has around twenty-three (23) years of experience in international property investments. Prior to joining the Group, Ms. Sim worked as Associate Director for International Investment Sales for Colliers International 1995-2000. She specialized in Australia and London market. During her tenure in Colliers, she had transacted over $1 billion worth of property ranging from Commercial office building, hotel, shopping mall, residential enbloc and development sites. She had also done many years of International Property Sales marketing mainly Australia property to Singapore, Malaysia and Indonesia market. Ms. Sim founded SLP International Property Consultants Pte. Ltd. with Mr. Yeo in April 2003 to engage in the real estate agency business.

DIRECTORS' PROFILE

MR. WEE HIAN ENG CYRUS (黃獻英) ("Mr. Wee")

Executive Director and Deputy Chief Executive Officer

aged 52, has over twenty (20) years of management experience and over thirteen (13) years of real estate industry experience covering a broad spectrum across sales & marketing, project development and investment.

Mr. Wee started his real estate career in 2001 with Isshin Realty as a General Manager, specialising as a real estate operator and developer that maintains an inclusive and dynamic structure to provide high quality advices and services to clients worldwide. Mr. Wee proceeded to join Surbana International Consultants Pte Ltd in 2007 as Vice President, where he was responsible for the growth and profitability of Company's consultancy business. Mr. Wee was then promoted to Senior Vice President, CEO's Office in 2011 and as Deputy Managing Director, Singapore in 2014. Prior to joining ZACD Group Ltd., Mr. Wee was with One Marina Property Services Pte Ltd as a Chief Executive Officer. He was responsible for the Company's relevance to the business community such as the accomplishment of One Marina's mission and vision and the accountability of One Marina to its diverse NTUC's group. Mr. Wee would provide directions to the Board to enable the execution of its growth plans so as to ensure profitability of the business functions.

Mr. Wee obtained his Bachelor's Degree of Engineering (Honours in Electrical & Electronic) from the National University of Singapore in 1992.

MR. SIEW CHEN YEI (蕭勁毅) ("Mr. Siew")

Executive Director, Deputy Chief Executive Officer and Chief Financial Officer

aged 43, was appointed as the Director on 8 November 2016 and was re-designated as the Executive Director and Chief Financial Officer on 12 July 2017, and subsequently promoted to Deputy Chief Executive Officer on 11 March 2020 for the strategic business development especially in international market and, Mr. Siew is also the Company Secretary, Authorised Representative and Compliance Officer of the Company. Mr. Siew is primarily responsible for driving all aspects of the financial stewardship for the Group including capital raising, financial reporting and treasury. He is also a Director of ZACD Financial, ZACD Fund and ZACD China, and a responsible officer of ZACD Financial in respect of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Siew has over twenty (20) years of experience in corporate finance, mergers and acquisitions, accounting and audit.

Mr. Siew obtained a Bachelor of Arts Degree in Financial Analysis from the University of Newcastle Upon Tyne in the United Kingdom in July 1998 and a Master of Business Administration Degree from London Business School to The University of London in the United Kingdom in August 2009. He became an associate of the Institute of Chartered Accountants in England and Wales in the United Kingdom in November 2001 and a Chartered Accountant with the Malaysian Institute of Accountants in July 2002.

DIRECTORS' PROFILE

MR. DARREN CHEW YONG SIANG (周永祥) ("Mr. Chew")

Executive Director and Chief Operating Officer

aged 38, has over fifteen (15) years of management experience and ten (10) years of real estate industry experience covering a broad spectrum across sales & marketing, project development and investment.

Mr. Chew started his real estate career in 2010 with SLP International Property Consultants Pte. Ltd. ("**SLPI**"), specialising in industrial sales and marketing. He was subsequently made Key Executive Officer ("**KEO**") of SLP Scotia Pte. Ltd. (previously called SLP Realty Pte. Ltd.) in 2016, and subsequently appointed as Managing Director ("**MD**") of SLPI in 2018. As both MD and KEO, Mr. Chew is primarily responsible for charting the strategic business direction and managing the core operations of the SLP group of companies.

Mr. Chew concurrently joined ZACD Investments Pte. Ltd. as a director since 2016, representing the company in development projects and investment activities. Mr. Chew is a Naval Officer by training, and began his early career in the Singapore Armed Forces. Prior to his real estate career, Mr. Chew was awarded a Singapore Armed Forces (SAF) Scholarship by the Ministry of Defence, and served nine (9) years in various management roles as a Naval Officer.

Mr. Chew obtained his Bachelor's Degree of Science in Real Estate (Honours) from National University of Singapore (NUS) in 2006. Mr. Chew graduated from INSEAD in 2019 and holds an Executive Master of Business Administration (EMBA) degree.

MR. CHEW HONG NGIAP, KEN (周宏業) ("Mr. Chew")

Non-executive Director

aged 29, has three (3) years of legal and management experience and two (2) years of real estate industry experience covering sales & marketing, project development and investment. Mr. Chew has served at the Singapore offices of a regional law firm, global bank and a regional investment management firm. He is presently a project manager with Elitist Development Pte. Ltd. involved in the management of Elitist Development's investment, legal, sales & marketing and project development divisions.

Mr. Chew is admitted as a solicitor in Singapore, New South Wales, Australia, England and Wales, respectively. Mr. Chew holds a Bachelor of Laws Second Class (Upper Division) Honours from the University of Queensland in Australia, and a Master of Science in Real Estate from the National University of Singapore.

MR. KONG CHI MO (江智武) ("Mr. Kong")

Independent Non-executive Director

aged 44, was appointed as the Independent Non-executive Director on 13 December 2017. Mr. Kong is primarily responsible for providing independent advice and guidance to the Board. Mr. Kong is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Kong has over twenty-one (21) years of experience in accounting, auditing, financial management, corporate finance, investor relations, company secretarial affairs and corporate governance. Presently, Mr. Kong holds the position of Independent Non-executive Director in AK Medical Holdings Limited (stock code: 01789), Huazhang Technology Holding Limited (stock code: 01673), Aowei Holding Limited (stock code: 01370) whereas in China Vanadium Titano-Magnetite Mining Company Limited ("**China Vanadium**") (stock code: 00893), he holds the position of Company Secretary and Authorised Representative. All these public companies are listed on the main board of the Hong Kong Stock Exchange.

Mr. Kong was the executive director and chief financial officer of China Vanadium from October 2013 to May 2015 and from May 2008 to May 2015, respectively. Mr. Kong worked at KPMG from October 1999 to December 2007 and was promoted to senior manager during his term of office. Prior to joining KPMG, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited (an indirect wholly-owned subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 00215), a company listed on the main board of the Hong Kong Stock Exchange) from June 1997 to March 1998, and as a tax associate in PricewaterhouseCoopers from March 1998 to October 1999.

Mr. Kong obtained his Bachelor's Degree in Business Administration from The Chinese University of Hong Kong in December 1997. Mr. Kong is a fellow of The Association of Chartered Certified Accountants (United Kingdom), a fellow of each of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (United Kingdom) (formerly known as The Institute of Chartered Secretaries and Administrators), a member of The Hong Kong Institute of Directors, an ordinary member of Hong Kong Securities and Investment Institute and a full member of Hong Kong Investor Relations Association. Mr. Kong was also awarded the Chartered Governance Professional qualification from The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (United Kingdom) in September 2018.

DIRECTORS' PROFILE

DATO' DR. SIM MONG KEANG (沈茂強) ("Dr. Sim")
Independent Non-executive Director

aged 51, was appointed as the Independent Non-executive Director on 13 December 2017. Dr. Sim is primarily responsible for providing independent advice and guidance to the Board.

Dr. Sim has accumulated over twenty-one (21) years worth of experience in investment and business management. In June 2010, Dr. Sim was appointed as the Managing Director and the Chief Executive Officer of WE Holdings Ltd, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), after it was acquired through a reverse takeover by Plexus Components, which is owned by Dr. Sim. Since September 2015, Dr. Sim has been a Non-independent Non-executive Director of Global Invacom Group Limited, a company listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange and principally engaged in providing satellite communication equipment. He is mainly responsible for providing high level oversight of management and operation.

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

MR. LIM BOON YEW (林文耀) ("Mr. Lim")
Independent Non-executive Director

aged 45, has more than nineteen (19) years of experience in the financial printing industry, specialising in business development, sales and marketing, strategy formulation and general management. He has worked in Singapore, Hong Kong and Beijing, the PRC. Presently, he is the managing director of A.Plus International Financial Press Limited ("**API**"), a subsidiary of A.Plus Group Holdings, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Mr. Lim joined API in January 2012 as the general manager and head of sales and marketing and was appointed as the director of API in February 2013. Prior to that position, Mr. Lim worked at another financial printing company from January 2000 to December 2011 where his last position was an assistant general manager, sales and marketing.

Mr. Lim obtained a Bachelor of Engineering degree from the Nanyang Technological University, Singapore, in July 1999 and a Master of Business Administration degree from The University of Chicago Booth School of Business, the United States of America, in March 2008. Mr. Lim is on the executive committee of the Singapore Chamber of Commerce (Hong Kong). He also serves on the committee of the Chicago Booth Alumni Club of Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

We are pleased to present ZACD Group Ltd.'s Environmental, Social and Governance ("**ESG**") Report (the "**Report**") for 2019. The Group, as an asset manager offering integrated solutions across the real estate value chain in Singapore and the Asia-Pacific region, has always endeavoured to emulate and implement industry best practices and responsible corporate social responsibility ("**CSR**") initiatives underpinned by our corporate values of transparency, partnership and sustainability.

Reporting Framework & Board Statement

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" of the GEM Listing Rules Appendix 20.

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

STAKEHOLDER ENGAGEMENT

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

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

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

STAKEHOLDERS	TOPICS & CONCERNS	HOW WE ENGAGE	HOW WE ACT
Customers/Investors	• Return on investment • Information transparency • Protection of interests • Shorter turnaround time in response to feedback or complaints	• Regular meetings and phone and email correspondences	• Timely distribution of information • Safeguarding measures in protecting confidentiality of customer information • Consistent and open communication in establishing mutual trust between the Group and customers/investors
Employees	• Career development • Fair wages • Health and safety • Work life integration • Employee Engagement	• HR Dialogue Sessions/ Town Hall Sessions • Team Bonding activities	• Implemented Flexible Work Arrangement ("**FWA**") for work-life integration • Digitalised HR Information Systems that has improved efficiency • Enhanced employees' skills set through in-house and external trainings and seminars • Conducted Employee Engagement Surveys • Provided training sponsorships • Merit-based performance appraisal for equal opportunity
Business Partners	• Resource sharing • Mutual growth and development	• Regular meetings and phone and email correspondences	• Facilitate opportunities for increased cooperation between business partners and the Group
Shareholders	• Access to the Group's operational and financial performance	• AGMs • Annual Reports • Investor meetings and roadshows	• Investor feedback via relationship managers
Regulators and government agencies	• Compliance • Social responsibility	• Regulatory licensing and filings • Notices and meetings	• Ensuring regulatory compliance
Community	• Improving and empowering local communities • Environment protection	• Charitable activities • Community involvement projects	• Organizing CSR programmes • Contributing through corporate sponsorship and donations • Employee volunteering

MATERIAL FACTORS

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

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

ENVIRONMENTAL

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

ASPECT A1: Emissions

Due to the nature of our operations and the existing measures spearheaded by Singapore government agencies to protect the environment, there are limited actions within our control that could effectively and meaningfully improve the environment. The impact of emissions from our operations is minimal, arising mainly from office electricity consumption, office waste and staff business travel. We are of the opinion that our actions have met our objectives during the year of review.

ASPECT A2: Use of Resources

Energy consumption

The Group generally does not require the usage of large amounts of resources for the day-to-day office operations. The Group has established energy and water saving initiatives in our daily operations. These include ensuring electrical appliances are switched off when they are not in use, automatic power-off of the air-conditioning systems after office hours and turning off lights at the end of the working day. In our office, we have no control over the source of electricity generation and thus we do not monitor GHG emission as a KPI. Instead, we monitor our electricity consumption by kWh. The electricity consumed by the Group in our 98 staff office averages at a healthy rate of 7022kWh per month.

Water consumption

While we do not consume a significant amount of water for it to be a material issue, we are nonetheless mindful of its value as a resource. A central water pipeline is controlled by the building management so no KPI is available. Nonetheless, staff are encouraged to reduce water wastage by turning off taps promptly and to use water efficiently. We also utilise a water filtration system at our main office, which obviates the need for externally-purchased and wasteful bottled water.

Waste management

Hazardous waste

The Group's operations do not produce hazardous waste.

Non-hazardous waste

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

ASPECT A3: The Environment and Natural Resources

To reduce our carbon footprint, in addition to our initiatives of efficient use of resources listed above, we also take the approach to reduce, reuse and recycle office waste. Our staff are reminded to send email correspondences, to reduce printing and avoid paper wastage by utilising both sides of the paper as well as to dispose of office waste in the appropriate recycling bins. Staff are also encouraged to be mindful of their personal carbon footprint by considering carpooling and the use of public transportation in their daily commute to work and meetings.

In 2019, our office reportedly managed to reduce the usage of photocopying paper by 20% through monthly tracking of paper purchases, and consequently also cut down on the amount of printer ink used by 36.30% through monitoring the printer charges and frequency of toner changes. (Refer to table below)

Office resources consumption table comparison

Item	FY 2018	FY 2019	Variance (+/-)
Average Monthly Paper Usage	7.5 reams	6 reams	–20.0%
Average Monthly Printer Ink Usage (same printing rates)	S$1,724.83	S$1,098.68	–36.30%

SOCIAL

ASPECT B1: Employment And Labour Practices

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

We take a holistic view towards both recruitment and retention that looks beyond the provision of competitive financial rewards. We also aim to deliver professional and personal development, meaningful career growth path, work-life balance and to build an inclusive culture that allow our people to develop high-quality, long-term careers with us.

Employment

We have 98 employees as at the 31 December 2019 of whom 46% were female and 54% were male. Our workforce is made up of 99% full-time employees and 1% part-time employees. Employees aged 31–50 years old accounted for 58% of the staff strength, with staff under 30 years old and above 50 years old accounting for 30% and 12% respectively. Staff attrition rate for the year under review is 25%.

Summary of Employee Profile

Gender	
Male:	53
Female:	45
Age Distribution	
Under 30:	29
31–50:	57
Above 50:	12
Employment Category	
Senior:	18
Middle:	21
Junior:	59
Geographical	
Singapore:	92
Hong Kong:	4
Australia:	2

Diversity and Inclusion

The Group believes in Equal Employment Opportunity. Our human resource policies and procedures provide for equal opportunity and fairness in employment decisions. We do not discriminate on the basis of race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status.

Furthermore, we recognise the value a diverse workforce can potentially bring in terms of creativity, dynamism and the provision of new perspectives which are critical in delivering our broad range of services and meeting the evolving needs of our global clientele.

During the year, the Group did not receive any complaints about discriminatory practices.

Welfare and Benefits

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

We successfully implemented the Flexible Work Arrangement ("**FWA**") scheme for our employees who had the option of working at alternative work stations such as in the comforts of their homes. All these welfare benefits aim to boost employees work-life satisfaction, as well as enhance motivation and productivity at work.

For 2020, HR looks to introduce new retention methods as well as expand on the ones we currently have. We are looking into allowing for specialist claims, at a tiered capped amount across different compensation levels, for all our employees as we have received employee feedback that it is essential. Implementing relevant benefits allows HR to better our employer branding. Onward to 2021, HR intends to introduce flexible-benefits or corporate coverage to extend to employee family members.

In 2019, we have done a market research to benchmark our remuneration packages across various compensation levels. 2020 sees the introduction of a formula (Business Performance Index x Employee Performance Index) which HR intends to implement in the calculation of bonus entitlement. This formula takes into account both the performance of the business as well as the performance of the employee for a fairer allotment of bonuses across the Group. In addition, HR will be proposing Share Options to the Remuneration Committee in 2020 as part of a retention strategy to implement in 2021.

In 2020, we will continue leveraging on HR events in order to expand our knowledge with regards to HR strategy and HR practices. This will also enable us to remain relevant and updated on what other companies are doing locally and regionally. We will continue to participate in the annual HR Excellence Awards to adapt best practices learnt.

An area that we will continue to enhance is the adoption of HR digitalisation and systems. HR will be creating more online employee surveys and introduce digital payslips for all employees. This will increase efficiency and makes us an environmentally sustainable organisation.

HR aligns to our business strategy of a performance driven environment. We take part in ensuring our business is sustainable. One of the methods that we will be adopting is to gradually change our workforce to be 70% on full-time payroll and 30% on contract basis. This allows for better exit of employees during lull periods of the business.

In addition, due to the recent COVID-19 outbreak, employers had to implement strategic Business Continuity Plans ("**BCPs**") and crisis management measures in aid to safeguard employee health. This aids in our retention strategy as we will also be better equipped and knowledgeable in managing employee grievances and implementing effective crisis management measures. HR takes lead, working closely with IT, in creating and implementing BCPs across all divisions.

Recruitment for 2020

With regards to our recruitment strategy for 2020, we will be looking to expand our coverage to include more regional recruitment sites and partners. This is in line with our business strategy for 2020 talent acquisition which is to expand our regional portfolio. In order to do so, we will need employees who are knowledgeable about the real estate industry in the various countries as well as have a substantial regional network. The countries in focus for 2020 are; Singapore, Malaysia, India, Indonesia and Vietnam. Our recruitment strategy for 2020 also looks into creating possible revenue models differing from the current one we have, so as to complement the revenue generating teams — we aim to create a Business Development team, with added responsibilities, that will possibly be rotated with the HQ Relationship Management team.

HR continues to spearhead the Youth Ventures Department and will focus on hiring more graduates as part of our forward recruitment strategy. This includes being involved in more recruitment fairs, both locally and across the border.

Culture Cross Functional Team

For 2020, one of the initiatives from the Cultural Cross Functional Team is to hold a Town Hall event where our local and regional employees can come together to get to know each other. It will also be a good opportunity for management to announce to the whole company the plans for the coming year as well as to recap on the milestones of the previous year. Having such events will also help inculcate a spirit of inclusiveness within and between the various teams and keep employees aligned to the business strategy regardless of work locations.

Employee Engagement

The Group advocates employee engagement and we demonstrate this through numerous ways. Town Hall Sessions are held annually for executive directors to announce the Company's directions and financial performance to all employees. Our staff members are given the opportunity to voice out concerns directly to the Board in relation to their fields of scope during the open-mic dialogue session.

HR Dialogue sessions are held biannually to announce new initiatives or amendments to existing company policies, as well as to provide a platform for colleagues to voice out concerns or suggestions pertaining to employee benefits. Employee engagement is a two-way process and it is vital that is being consistently measured to highlight potential gaps in the process as well as to boost employee retention. The Group addresses this by implementing online Employee Happiness Index Surveys periodically to gather feedback on their working experiences in the Company, as well as feedback on corporate events, systems or policies.

The Group revels in corporate and festive celebrations to inculcate team spirit. Monthly birthday celebrations are held across departments, often on the respective department head's initiative. Monthly team bonding budgets are set aside to encourage inter-department bonding sessions. In addition, the Group continues to organise many social engagement activities such as Family Day and Social Day DIY activities during festive celebrations to encourage employees to bond amongst their colleagues and take time off work during work hours to take a break, have fun and rest. The Group also managed to partner with several corporates which allowed employees to get free health screenings within the office and take part in a fitness event held at ZOUK.

ASPECT B2: Health and Safety

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

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

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

The Group's Security and Workplace Safety & Health performance is continually assessed through communication and measuring performance, so continual improvements and setting of relevant objectives and targets can be implemented.

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

The Work Safety Policy for all staff includes:

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

Standard Operating Procedures

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

Summary of work injury and work-related fatalities

Lost day due to work injury: Nil

Number of injury: Nil

Number of work-related fatalities: Nil

For the year ending 31 December 2019, there was no confirmed non-compliance incidents in relation to providing a safe working environment and protecting employees from occupational hazards.

ASPECT B3: Training and Development

The Group prioritises personal and professional development in all divisions and we have enrolled our staff members in various training programs tailored to their skillsets for them to leverage on their expertise. Training budgets are set aside for each department and our employees have utilised this by attending a number of courses namely; P-Max for new hires and Business Innovation Workshop by the Workforce Advancement Federation, Fundamentals of Corporate Secretarial Practice by SAICSA and WSQ Operations Management Innovation Programme by SimTech, to name a few. We believe in applied and continuous learning and that these courses will aid in our dynamic growth and sustainability. The Group is currently moving towards the direction of organising and conducting in-house training by our very own staff members who are ACTA-certified.

Summary of Training and Development

Number of employees trained:	25
By Gender	
Female:	13, representing 13.3%
Male:	12, representing 12.2%
By Employment Category	
Senior:	10, representing 56%
Middle:	10, representing 48%
Junior:	5, representing 9%

Career Development

Career progression is one of the key factors in ensuring employee retention and the Group adopts a merit-based performance analysis to encourage equal opportunity. Our Performance Appraisal Cycle is conducted annually in December through our digitalised Performance Appraisal System to promote efficiency and effectiveness. The Group has conducted Leadership Retreats for the purpose of grooming our successors, to recognise middle management personnel and to share our Company's goals and directions. The Group has executed the Management Associate Program, a fast-track approach catered to fresh graduates to groom them into managerial positions.

ASPECT B4: Labour Standards

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

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

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

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

ASPECT B5: Supply Chain Management

The Group is committed to conducting our business with integrity. Our suppliers are selected based on their products, services, quality, technology, capability, cost effectiveness, business integrity and sustainability.

We monitor our suppliers' compliance through annual assessments and audits by the relevant Heads of Department that engage with the suppliers directly, and our Internal Audit team. We will continue to work closely with our key suppliers who have consistently met our requirements and expectations in our annual assessments to create a sustainable supply chain.

ASPECT B6: Product Responsibility

Product Responsibility for the Group refers to the provision of accurate and comprehensive marketing materials that enabled our customers/investors to make well-informed decisions, having proper documentation control and regular updating as well as good investor relations practices for all of our services.

Health and Safety

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

Marketing and Advertising

The Group respects customers/investors and shareholders rights and is committed to providing accurate and timely information for their consideration before making their investment decisions. The Group work with external and internal legal counsel to conduct due diligence and careful review of all marketing collateral.

Labelling

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

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

Regular Updates

The Group provides quarterly updates to our Customers/Investors and Shareholders with accurate information on their returns and project updates.

Investor Relations

We have in place a dedicated relationship manager and a team of company representatives to address customers/investors and shareholders queries and concerns.

ASPECT B7: Anti-corruption

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

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

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

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

ASPECT B8: COMMUNITY

Corporate citizenship remains an integral part of the Group's culture. Our internal CSR team, "ZACD Cares" together with sub-committees have had another successful year of CSR activity in 2019. In 2019, our theme for CSR was "Small acts, BIG impacts", with a focus on incorporating small acts of kindness into everyday choices, to evoke long-term significant improvements in the community around us.

Our community initiatives place an emphasis on youth empowerment through education and recreation, promotion of eco-friendly initiatives and befriending the elderly and less privileged.

We have been partners with TOUCH Community Services for many years, working with some of their ministries, namely TOUCH Young Arrows ("**TYA**") and TOUCH Senior Activity Centre ("**TSAC**"), in support of various needs of the community.

*TOUCH Silent Club ("**TSC**") Captain's Ball Tournament*

In 2019, the Group rallied two teams of 10 staff-players to participate and play against the hearing-impaired youths from TOUCH Silent Club through a Captain's Ball Tournament organised for the first time by TOUCH Silent Club. The Group sponsored the entire event's expenses, which was open to the public youths to play with the TSC youths. Through this event, our staff were able to facilitate the acceptance and integration of the TSC youths with the community, and shape up their competitive and resilient spirits through the games.

TOUCH Community Services Elderly Outing

The Group decided to do something different this year by bringing the elderly from the TSAC out for a day at Trick Eye Museum to give them a unique and refreshing experience. In 2019, 'ZACD Cares' alongside 30 staff volunteers, were involved in the hosting and leading of 12 elderly groups around the Trick Eye Museum to take fun photos with their elderly friends and loved ones. The elderly had immense fun touring around the quirky museum, and were treated to a sumptuous mid-autumn luncheon at Ban Heng Restaurant, accompanied by several performances by our staff. The day ended with a household appliances lucky draw for the elderly which was also sponsored by the Group.

ZACD-TYA "The Hope of Christmas" Christmas Carnival and Movie Event

The Group believes strongly in the importance of nurturing the young and bringing hope to those who are under-privileged. As part of Christmas festivities, the Group organized a Christmas Carnival cum Movie event for under-privileged children from TYA. Leading up to the carnival event, the staff organized an internal 'Christmas Wishing Tree' initiative in the office where staff could pick a 'wish' from the company Christmas tree and purchase a gift for the under-privileged children from TYA. A total of sixty wishes were granted to five clubs of under-privileged children under TYA. During the event, we had 30 staff volunteers who facilitated the carnival game booths and hosted the children around the booths. All in all, the children had an enjoyable day at the event, leaving with their Christmas wishes fulfilled.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of ZACD Group Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2019 (the "**Financial Year**").

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 16 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Financial Year and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 20 of this Annual Report. This discussion forms part of this Report of the Directors. There is no material differences in the Group's business objectives as stated in the prospectus and the actual business progress in the Financial Year.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2019 is set out in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income on pages 71 to 72 of this report and the financial position of the Group as at 31 December 2019 is set out in the Consolidated Statement of Financial Position on page 73 to 74 of this report.

DIVIDENDS POLICY

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

the Group's

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

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

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 approved by the Board on 8 August 2019 and paid on 6 September 2019. No final dividend was paid or proposed by the Company for the Financial Year.

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

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$21.6 million		Net proceeds allocated S$'000	Utilisation up to 31 December 2019 %
BRIDGING RESERVE FUND	• Increase investment sourcing capabilities • Areas of utilisation: 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	• Develop investor network by recruiting experienced managers • Expand research and consultancy capabilities • Hire supporting staff to smoothen general operations in Singapore	3,400	19.5%
ACQUISITIONS & PROJECTS MANAGEMENT (Note 1)	• 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	53.9%

Total net proceeds raised S$21.6 million		Net proceeds allocated S$'000	Utilisation up to 31 December 2019 %
PROPERTY & TENANCY MANAGEMENT	• 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	50.9%
FINANCIAL ADVISORY	• Enhance product marketing and distribution in Hong Kong • Expand corporate finance team and compliance and general administration team	3,500	21.9%
GENERAL WORKING CAPITAL	• General working capital	1,600	100.0%

Note 1: The segment was previously known as "Project consultancy and management". The change in the name of the business segment was mainly to better reflect the current business activities undertaken and to better position the Group's services to its clients in this segment. The Directors confirm that the amount of net proceeds utilised by the Group in this segment was the same as stated in the prospectus. For details of the Group's use of proceeds, please refer to "Future plans and use of proceeds" in the prospectus.

SHARE CAPITAL

Details of movements of the share capital of the Group for the Financial Year are set out in note 25 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Group's reserves available for distribution amounted to approximately S$3,964,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, sales to the Group's five (5) largest customers are related to the Group and accounted for 45.5% of the total sales and sales to the largest customer included therein amounted to 20.2% of the total sales. Due to the nature of the business, the Group has no major suppliers as the major cost mainly comprised of staff costs, professional and compliance fees.

Saved as disclosed in note 28 to the consolidated financial statements of this Annual Report, none of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five (5) largest customers.

DIRECTORS

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

Executive Directors

Ms. Sim Kain Kain (Chairman)	(appointed on 8 November 2016)
Mr. Yeo Choon Guan (Yao Junyuan)	(appointed on 8 November 2016)
Mr. Siew Chen Yei	(appointed on 8 November 2016)
Mr. Darren Chew Yong Siang	(appointed on 24 May 2018)
Mr. Wee Hian Eng Cyrus	(appointed on 31 December 2018)

Independent Non-executive Directors

Mr. Kong Chi Mo	(appointed on 13 December 2017)
Dato' Dr. Sim Mong Keang	(appointed on 13 December 2017)
Mr. Lim Boon Yew	(appointed on 31 January 2019)

Non-executive Directors

Mr. Chew Hong Ngiap, Ken	(appointed on 31 January 2019)

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

As such, Mr. Yeo Choon Guan (Yao Junyuan), Mr. Kong Chi Mo and Dato' Dr. Sim Mong Keang will retire from office as Director and being eligible, offer themselves for re-election at the forthcoming AGM in accordance with Articles 112 and 113 of the Constitution.

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

Further details of the Directors' profile are set out on pages 21 to 26 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

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

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

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

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

EMOLUMENT POLICY

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTOR'S INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the Financial Year, had, according to the register of Directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Directors	**At the beginning of Financial Year**	**At the end of Financial Year**	**At the beginning of Financial Year**	**At the end of Financial Year**
Ordinary shares of the ultimate holding company				
Yeo Choon Guan (Yao Junyuan)	867,000	867,000	833,000	833,000
Sim Kain Kain	833,000	833,000	867,000	867,000
Ordinary shares of the Company				
Yeo Choon Guan (Yao Junyuan)	–	–	1,458,000,000	1,328,800,000
Sim Kain Kain	–	–	1,458,000,000	1,328,800,000
Siew Chen Yei	22,000,000	22,000,000	–	–
Darren Chew Yong Siang	20,000,000	20,000,000	–	–

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

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

At 31 December 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 "**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	1,328,800,000 ordinary shares	66.44%	–	–
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,328,800,000 ordinary shares	66.44%	–	–
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%	–	–
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 CRF (Woodlands) Pte. Ltd. (Note 5)	Interest in a controlled corporation	1,530 ordinary shares	51%	–	–

REPORT OF THE DIRECTORS

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 (Neew) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary	9,700%
Mr. Yeo/ Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo/ Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo/ Ms. Sim	ZACD (Gambas) Pte. Ltd. (Note 9)	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo/ Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo/ Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 11)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Mr. Yeo/ Ms. Sim	ZACD Development Sdn. Bhd. (Note 12)	Interest in a controlled corporation	100 ordinary shares	100%	–	–
Mr. Yeo/ Ms. Sim	ZACD Development (Kulai) Sdn. Bhd. (Note 13)	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, 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 (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.

7. 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.

8. 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.

9. 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.

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 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.

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 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.

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 shares of ZACD Development Sdn. Bhd. 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 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 31 December 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 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.

SHARE OPTION SCHEME

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

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

(a) Purpose of the Scheme

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

(b) Participants of the Scheme

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

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

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

As at 31 December 2019, no option has been granted or agreed to be granted under the Scheme.

(d) Maximum entitlement of each participant

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

(e) Option period

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

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

(f) Subscription price

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

(i) the closing price of our shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and

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

(g) Payment on acceptance of option offer

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

(h) Remaining life of the Scheme

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

CONTRACT OF SIGNIFICANCE

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

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

At 31 December 2019, 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:

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	1,328,800,000	66.44%
Ms. Sim	Interest in a controlled corporation	1,328,800,000	66.44%
ZACD Investments	Beneficial owner	1,328,800,000	66.44%

Note:

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.

Save as disclosed above, as at 31 December 2019, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

During the Financial Year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules.

Continuing connected transactions

Certain of the related party transactions for the Financial Year as disclosed in note 28 to the consolidated financial statements also constituted continuing connected transactions under the GEM Listing Rules, which are required to be disclosed in this report in accordance with Rule 18.09 of the GEM Listing Rules. Details of such continuing connected transactions (including continuing connected transactions under agreements signed in previous years) are set out below in accordance with the disclosure requirements of Rule 20.69 of the GEM Listing Rules:

(1) the transaction date;

(2) the parties to the transaction and a description of their connected relationship;

(3) a brief description of the transaction and its purpose;

(4) the total consideration and terms; and

(5) the nature of the connected person's interest in the transaction.

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

No.	Brief description of transaction	Transaction Tenure	Name of the connected person and relationship with the Group	Total consideration and terms (S$)	Nature of the connected person's interest in the transaction
1)	Provision of repair and maintenance services by Neew Pte Ltd.	From 16 January 2018 and ending on 31 December 2019	Neew Pte Ltd (wholly-owned by the Controlling Shareholders)	555,000	Receiving service fee income
2)	Investment management services	Since 6 July 2010	ZACD (Sennett) Pte. Ltd. (over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International)	54,000	Payment of investment management fees
3)	Investment management services	Since 13 February 2013	ZACD (Woodlands2) Pte. Ltd. (over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International)	380,000	Payment of investment management fees
4)	Investment management services	Since 30 September 2014	ZACD Investments Pte. Ltd. (Ultimate holding company)	63,000	Payment of investment management fees

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

Ernst & Young LLP, the Company's Auditors, were engaged to report on the Group's continuing connected transactions in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young LLP have issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the Auditors' letter has been provided by the Company to the Stock Exchange.

Discussion on Auditor's unqualified conclusions in respect of the continuing connected transactions:

a. nothing has come to the Auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

b. for transactions involving the provision of goods or services by the Group, nothing has come to the Auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to the Auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the above list of continuing connected transactions, nothing has come to the Auditor's attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 31 December 2019.

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this annual report, neither Innovax Capital Limited, the compliance adviser of the Company, nor any of its directors, employees and associates had any interest in relation to the securities of the Company or any member of the Group including options or rights to subscribe for such securities, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 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 (CS) 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.

AUDIT COMMITTEE

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

Kong Chi Mo	(Chairman, Independent Non-executive Director)
Sim Mong Keang	(Independent Non-executive Director)
Lim Boon Yew	(Independent Non-executive Director)

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

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

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

AUDITOR

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

ON BEHALF OF THE BOARD

Sim Kain Kain
Chairman

Singapore, 20 March 2020

CORPORATE GOVERNANCE PRACTICES

ZACD Group Ltd. (the "**Company**") and the Board of Directors (the "**Board**") recognise the importance of incorporating elements of good corporate governance within the Group through, where it is applicable and practical to the Group, adopting the "Corporate Governance Code and Corporate Governance Report" (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Board and Management are committed to establish and maintain a higher standard of corporate governance to protect the interests of the Shareholders so as to achieve effective accountability.

In the opinion of the Board, the Company has complied with the CG Code during the financial year ended 31 December 2019. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 56 to 65 of this report.

1. BOARD OF DIRECTORS

1.1 Composition of the Board

As at the date of this Annual Report, the Board consists of nine (9) Directors comprising five (5) Executive Directors, three (3) Independent Non-executive Directors (the "**INEDs**") and one (1) Non-executive Director. Details are as follows:

Executive Directors

Mr. Yeo Choon Guan (Yao Junyuan) *(Chief Executive Officer)* (appointed on 8 November 2016)
Ms. Sim Kain Kain *(Chairman)* (appointed on 8 November 2016)
Mr. Siew Chen Yei (appointed on 8 November 2016)
Mr. Darren Chew Yong Siang (appointed on 24 May 2018)
Mr. Wee Hian Eng Cyrus (appointed on 31 December 2018)

Independent Non-executive Director

Mr. Kong Chi Mo (appointed on 13 December 2017)
Dato' Dr. Sim Mong Keang (appointed on 13 December 2017)
Mr. Lim Boon Yew (appointed on 31 January 2019)

Non-executive Director

Mr. Chew Hong Ngiap, Ken (appointed on 31 January 2019)

Biographical details of the Directors are set out in the section headed "Directors' Profile" of this Annual Report.

For the year ended 31 December 2019 and up to the date of this Annual Report, the Board has complied with the requirement of the GEM Listing Rules on appointment of at least three (3) INEDs, who shall jointly account for at least one third (1/3) of members of the Board and at least one (1) of whom must have appropriate professional qualifications or accounting or relevant financial management expertise. The qualifications of the three (3) INEDs of the Company fully comply with Rules 5.05 (1) and (2) of the GEM Listing Rules.

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

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

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

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

1.2 Board Meetings

The Board shall hold Board meetings regularly, at least four (4) meetings in each year on quarterly basis, involving active participating, either in person or through electronic means of communication, of a majority of Directors. A notice of a regular Board meeting shall be delivered to all the Directors at least fourteen (14) days in advance for them to arrange the attendance for the meeting, with the matters to be discussed specified in agenda of the meeting. Board papers together with all appropriate, complete and reliable information are delivered to all Directors at least three (3) days before the regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting. The Board has held four (4) Board meetings during the financial year ended 31 December 2019.

1.3 Functions and powers exercised by the Board and the Management

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

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

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

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

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

1.4 Directors' Appointment and Re-election

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

As such, Mr. Yeo Choon Guan (Yao Junyuan), Mr. Kong Chi Mo and Dato' Dr. Sim Mong Keang will retire from office as Director and being eligible, offer themselves for re-election at the forthcoming AGM in accordance with Articles 112 and 113 of the Constitution.

1.5 Board Diversity Policy

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

1.6 Nomination Policy

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

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

1.7 Training for Directors

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

1.8 Directors' Insurance

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

2. BOARD COMMITTEES

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

2.1 Audit Committee

The Audit Committee ("**AC**") was established pursuant to a resolution of the Board passed on 13 December 2017 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the AC include (i) making recommendations to the Board on the appointment and removal of External Auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control and risk management procedures and corporate governance of the Company; (iv) supervising internal control systems of the Group; and (v) monitoring continuing connected transactions (if any).

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

The following tasks have been taken up by the AC during the year ended 31 December 2019:

(a) reviewed the consolidated financial statements of the Group for the year ended 31 December 2019 including the audit findings report from External Auditors, Annual Results announcements and Annual Report;
(b) reviewed the continuing connected transactions of the Company for the year ended 31 December 2019 and considered the exceeding annual cap. Opinions from the AC and INEDs are set out in the section headed "Report of the Directors";
(c) directed and supervised the Company's internal audit department, reviewed the internal audit report, review adequacy and effectiveness of Group's internal controls including financial, operational and compliance controls and risk management; and
(d) considered the re-appointment of the External Auditors.

2.2 Nomination Committee

The NC was established pursuant to a resolution of the Board passed on 13 December 2017 with written terms of reference in compliance with the CG Code. The primary duties of the NC are to (i) review the structure, size, composition and diversity of the Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of INEDs; (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to the Board regarding the candidates to fill vacancies on the Board. The NC has held one (1) NC meetings during the financial year ended 31 December 2019.

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

2.3 Remuneration Committee

The Remuneration Committee ("**RC**") was established pursuant to a resolution of the Board Directors passed on 13 December 2017 in compliance with Rule 5.34 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the RC include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; and (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration. The RC has held two (2) RC meetings during the financial year ended 31 December 2019.

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

2.4 Attendance Record of Directors and Committee Members

During the year ended 31 December 2019, the attendance of each member of the above committee meetings and the Board meetings are recorded as below:

	Number of meetings attended/Number of meetings held				
Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors:					
Mr. Yeo Choon Guan (Yao Junyuan)	4/4	N/A	N/A	1/1	1/1
Ms. Sim Kain Kain	2/4	N/A	1/2	N/A	1/1
Mr. Siew Chen Yei	4/4	N/A	N/A	N/A	1/1
Mr. Darren Chew Yong Siang	3/4	N/A	N/A	N/A	1/1
Mr. Wee Hian Eng Cyrus	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors:					
Mr. Kong Chi Mo	3/4	3/4	2/2	1/1	1/1
Dato' Dr. Sim Mong Keang	4/4	4/4	2/2	1/1	1/1
Mr. Lim Boon Yew#	4/4	4/4	2/2	1/1	1/1
Non-executive Director:					
Mr. Chew Hong Ngiap, Ken#	4/4	N/A	N/A	N/A	1/1

Notes: # Appointed on 31 January 2019

3. DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board has confirmed its responsibility for preparing annual financial statements of the Company as of 31 December 2019.

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

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

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

4. CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2019.

5. JOINT COMPANY SECRETARIES

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

As to Hong Kong Law

Mr. Siew Chen Yei ("**Mr. Siew**") was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. Biographical details of Mr. Siew is set out in the section headed "Directors' Profile" of this Annual Report.

Mr. Ip Pui Sum (葉沛森) ("**Mr. Ip**"), aged 60, was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. Mr. Ip has been the founding partner of Sum, Arthur & Co., Certified Public Accountants since 1993 whose scope of services includes the provision of financial statement audit, accounting and company secretary services. Mr. Ip has been appointed as the company secretary of various companies listed on the Main Board. Mr. Ip obtained a higher diploma in accountancy from the Hong Kong Polytechnic University in November 1982 and a master's degree in business administration from Henley Management College in Brunel University in May 1997. Mr. Ip is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Chartered Association of Certified Accountants and an associate member of the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

As to Singapore Law

Mr. Tan Kim Swee Bernard (Chen Jinrui Bernard) ("**Mr. Tan**"), aged 45, was appointed as one of the joint company secretaries of the Company in Singapore on 8 November 2016. He is a practising solicitor in Singapore. Mr. Tan has over twenty-one (21) years of experiences in legal practice including the professional secretarial services sector in Singapore. He obtained a Bachelor of Laws degree from the National University of Singapore in August 2000.

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

6. INTERNAL CONTROL

The Directors of the Company understand that the Board shall be responsible for maintaining an adequate internal control system to safeguard the investment of shareholders and assets of the Company and reviewing the effectiveness of the system. The Board has examined the effectiveness of the existing internal control system of the Company, and the Company considers that the internal control system is effective and adequate. In this regard, the Compliance and Internal Audit Departments have put in place a Risk Register identifying specific risk areas. There will be a Compliance Workplan whereby in various periods each year specific risk areas will be reviewed to ascertain that procedures and internal controls in-place are sufficient and properly enforced. These areas include, but are not limited to, Anti Money Laundering, Fund Management, Financial Advisory, Business Continuity Management, and Outsourcing. The reviews will be based on the risk value indicator allocated to that particular risk area. Thus, the higher the risk the more frequent a review of that area would be conducted — the frequency ranging from annual reviews to review once every two (2) to three (3) years.

7. REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 December 2019 are set out in note 8 to the consolidated financial statements of this Annual Report.

The remuneration of the members of the senior management (other than the Directors) for the year ended 31 December 2019 by band is as follows:

Remuneration Band in HKD	Number of individuals
Nil to HKD1,000,000	2

8. AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the External Auditor and reviewing any non-audit functions performed by the External Auditor, including whether such non-audit functions could give rise to any actual or potential material adverse effect on the Company. During the financial year ended 31 December 2019, the remuneration paid or payable to the External Auditor for audit and non-audit services are set out as follows:

Services rendered	Fee paid/payable S$'000
Statutory annual audit service	160
Review of interim results	20

9. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

9.1 Shareholders' Right to Requisite a Meeting

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

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

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

(a) Any one or more member(s) holding at the date of the deposit of the requisition not less than ten percent (10%) of the total number of paid-up shares carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**"), shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition;

(b) The Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**"), signed by the Eligible Shareholder(s) concerned to the Board or Company Secretary at the Company's principal place of business in Hong Kong at Unit 1610, Level 16, Man Yee Building, 60-68 Des Voeux Road Central, Central, Hong Kong;

(c) The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda;

(d) The Company will check the Requisition and will be verified with the Company's share registrar in Hong Kong. If the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Constitution to all the registered shareholders, and such meeting shall be held within two (2) months after the deposit of the Requisition. On the contrary, if the request has been verified as not being in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, an EGM will not be convened as requested.

(e) If within twenty-one (21) days from the date of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed by the Company to the Eligible Shareholder(s) concerned.

9.2 Inquiry and Communication of Shareholders

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

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

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

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

Hong Kong
Address: Unit 1610, Level 16, Man Yee Building, 60-68 Des Voeux Road Central, Central, Hong Kong

10. CONSTITUTIONAL DOCUMENTS

During the financial year ended 31 December 2019, the Company did not make any changes to the Constitution. The latest Constitution of the Company is available on the GEM's website and the Company's website.

11. DEED OF NON-COMPETITION BY THE CONTROLLING SHAREHOLDERS

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

INDEPENDENT AUDITOR'S REPORT

to the Members of ZACD Group Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ZACD Group Ltd. (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), International Financial Reporting Standards (IFRSs) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters (cont'd)

Valuation of investment in equity securities

Investment in equity securities relate to equity interests presently held or to be received by the Group in Investment SPVs that undertake investments in real estate development projects. In determining their classification as investment in equity securities, management is required to exercise judgement and consider factors such as the contractual characteristics of the assets, the Group's intended plan for these assets, and whether the assets convey any right to the holder with respect to fixed or determinable payments.

Investment in equity securities are measured at fair value with the corresponding fair value changes recognised in other comprehensive income. These assets accounted for approximately 5.7% of the Group's total assets as at 31 December 2019.

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

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

In Notes 3 and 32 to the Group's financial statements, the management has described the key sources of estimation involved in determining the fair value.

In the course of the audit, we assessed the appropriateness of the classification of these financial assets at fair value through other comprehensive income. We also performed an assessment of the methodology and the appropriateness of the valuation model and assumptions used to value the investment in equity securities. Key assumptions used in the valuation includes future dividend distribution cash flows expected to be received by the Group which are based on the Investment SPV's projected distributable profits, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the underlying real estate project's development and its sales progress, as well as the discount rates which are assessed by benchmarking them with relevant data. We perused correspondences with real estate developer partners to ascertain if there were any potential issues or events that could impact the economic outcome currently estimated by the management for key real estate projects. We also checked the arithmetic accuracy of management's fair value computation, and evaluated the adequacy of disclosures in the financial statements in Notes 14 and 32.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

20 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	5	**14,919**	11,786
Other income and gains	5	**1,183**	1,466
Staff costs	6	**(7,720)**	(7,158)
Depreciation	13	**(189)**	(183)
Amortisation of right-of-use asset	22	**(513)**	–
Amortisation of capitalised contract costs	23	**(59)**	–
Marketing expenses		**(37)**	(169)
Other expenses, net		**(2,559)**	(4,627)
Interest expense		**(31)**	–
Profit before tax	7	**4,994**	1,115
Income tax expense	10	**(372)**	(34)
Profit for the year attributable to owners of the Company		**4,622**	1,081
Earnings per share attributable to owners of the Company	11		
– Basic (cents)		**0.23**	0.05
– Diluted (cents)		**0.23**	0.05

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Group	
		2019	2018
		S$'000	S$'000
Profit for the year		**4,622**	1,081
Other comprehensive (loss)/income:			
<u>Items that will not be reclassified to profit or loss</u>			
Fair value changes on investment in equity securities	14	**(1,127)**	(1,552)
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations		**1**	(56)
Other comprehensive loss for the year		**(1,126)**	(1,608)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**3,496**	(527)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Non-current assets					
Property, plant and equipment	13	**435**	599	**170**	316
Right-of-use asset	22	**547**	–	**466**	–
Investment in equity securities	14	**2,297**	3,424	**–**	–
Investments in subsidiaries	16	**–**	–	**15,515**	15,515
Prepayments, deposits and other receivables	18	**304**	324	**295**	317
Deferred tax assets	24	**12**	234	**–**	–
Total non-current assets		**3,595**	4,581	**16,446**	16,148
Current assets					
Trade receivables	15	**10,675**	4,160	**–**	–
Amount due from ultimate holding company	17	**1**	89	**1**	89
Amounts due from related parties (non-trade)	17	**6,899**	542	**5,343**	293
Amounts due from subsidiaries	16	**–**	–	**7,458**	6,139
Prepayments, deposits and other receivables	18	**438**	439	**209**	194
Capitalised contract costs	23	**415**	–	**–**	–
Loans and related receivables	19	**–**	19,968	**–**	19,968
Cash and cash equivalents	20	**18,342**	7,708	**14,495**	859
Total current assets		**36,770**	32,906	**27,506**	27,542
Current liabilities					
Trade payables, other payables and accruals	21	**1,681**	1,847	**310**	316
Amount due to ultimate holding company	17	**1**	56	**–**	–
Amounts due to related parties (non-trade)	17	**276**	248	**44**	23
Amounts due to subsidiaries	16	**–**	–	**395**	1,971
Lease liabilities	22	**436**	–	**354**	–
Income tax payable		**172**	22	**–**	–
Total current liabilities		**2,566**	2,173	**1,103**	2,310

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Net current assets		**34,204**	30,733	**26,403**	25,232
Non-current liabilities					
Other payables	21	**93**	225	**12**	–
Lease liabilities	22	**121**	–	**121**	–
Total non-current liabilities		**214**	225	**133**	–
Net assets		**37,585**	35,089	**42,716**	41,380
Equity					
Share capital	25	**29,866**	29,866	**38,853**	38,853
Reserves	26	**7,719**	5,223	**3,863**	2,527
Total equity		**37,585**	35,089	**42,716**	41,380

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Group	Note	Share capital (Note 25) S$'000	Investment in equity securities revaluation reserve S$'000	Exchange fluctuation reserve S$'000	Capital reserve S$'000	Retained profits S$'000	Total equity S$'000
At 1 January 2018		4,718	4,976	22	1,491	4,261	15,468
Profit for the year		–	–	–	–	1,081	1,081
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations		–	–	(56)	–	–	(56)
Fair value changes on investment in equity securities	14	–	(1,552)	–	–	–	(1,552)
Total comprehensive income/(loss) for the year		–	(1,552)	(56)	–	1,081	(527)
Contributions by and distributions to owners							
Issuance of shares	25(a)	25,148	–	–	–	–	25,148
Dividends	12	–	–	–	–	(5,000)	(5,000)
Total contributions by and distributions to owners		25,148	–	–	–	(5,000)	20,148
At 31 December 2018 and 1 January 2019		**29,866**	**3,424***	**(34)***	**1,491***	**342***	**35,089**
Profit for the year		**-**	**-**	**-**	**-**	**4,622**	**4,622**
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations		**-**	**-**	**1**	**-**	**-**	**1**
Fair value changes on investment in equity securities	14	**-**	**(1,127)**	**-**	**-**	**-**	**(1,127)**
Total comprehensive income/(loss) for the year		**-**	**(1,127)**	**1**	**-**	**4,622**	**3,496**
Distributions to owners							
Dividends	12	**-**	**-**	**-**	**-**	**(1,000)**	**(1,000)**
Distributions to owners		**-**	**-**	**-**	**-**	**(1,000)**	**(1,000)**
At 31 December 2019		**29,866**	**2,297***	**(33) ***	**1,491***	**3,964***	**37,585**

* These reserve accounts comprise the consolidated reserves of S$5,223,000 and S$7,719,000 in the consolidated statements of financial position as at 31 December 2018 and 2019 respectively.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	Group 2019 S$'000	2018 S$'000
Cash flows from operating activities			
Profit before tax		**4,994**	1,115
Adjustments for:			
Depreciation	13	**189**	183
Amortisation of right-of-use asset	22	**513**	–
Amortisation of capitalised contract costs	23	**59**	–
Unrealised foreign exchange (gains)/losses		**(111)**	29
Loss on disposal of property, plant and equipment		**44**	–
Interest income		**(563)**	(718)
Interest expense		**31**	–
Operating cash flows before changes in working capital		**5,156**	609
Changes in working capital:			
(Increase)/decrease in trade receivables		**(6,515)**	2,227
Decrease/(increase) in prepayments, deposits and other receivables		**21**	(226)
Increase in capitalised contract costs		**(474)**	–
(Decrease)/increase in trade payables, other payables and accruals		**(326)**	347
Increase/(decrease) in amounts due to related parties		**6**	(78)
Cash (used in)/generated from operations		**(2,132)**	2,879
Income tax paid		**–**	(4)
Interest received		**563**	41
Interest paid		**(3)**	–
Net cash flows (used in)/generated from operating activities		**(1,572)**	2,916
Cash flows from investing activities			
Purchases of items of property, plant and equipment	13	**(30)**	(545)
Decrease/(increase) in an amount due from ultimate holding company		**88**	(89)
(Increase)/decrease in amounts due from related parties		**(6,357)**	3,574
Loans granted to third party and related parties		**–**	(19,291)
Repayment from bridging loans and related interest receivables		**19,968**	–
Net cash flows generated from/(used in) investing activities		**13,669**	(16,351)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	Group 2019 S$'000	2018 S$'000
Cash flows from financing activities			
Decrease in amount due to ultimate holding company		**(55)**	(497)
Increase/(decrease) in amounts due to related parties		**22**	(94)
Proceeds from issuance of shares		**–**	27,040
Payments in relation to initial public offering expenses		**–**	(2,864)
Dividends paid		**(1,000)**	(5,000)
Repayment of leases liabilities		**(545)**	–
Net cash flows (used in)/generated from financing activities		**(1,578)**	18,585
Net increase in cash and cash equivalents		**10,519**	5,150
Cash and cash equivalents at beginning of year		**7,708**	2,615
Effect of foreign exchange rate changes, net		**115**	(57)
Cash and cash equivalents at end of year	20	**18,342**	7,708

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

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 year, the Company's subsidiaries were principally engaged in the provision of the following services:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New accounting standards effective on 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group adopted 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 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 the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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 to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying 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**").

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New accounting standards effective on 1 January 2019 (cont'd)

IFRS 16 *Leases* (cont'd)

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
Operating lease commitments as at 31 December 2018	1,132
Less: Commitments relating to short-term leases	(32)
	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	1,060

2.3 Standard issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to IFRS 3 *Definition of a Business*	1 January 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation and business combinations

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.6 Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions (Note 32)
- Quantitative disclosures of fair value measurement hierarchy (Note 32)
- Financial instruments (including those carried at amortised cost) (Note 31)

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Fair value measurement (cont'd)

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currencies

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

(a) Transactions and balances

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

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

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

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

(b) Group companies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Cash dividend distribution to owners of the Company

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

2.9 Property, plant and equipment

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Financial instruments — initial recognition and subsequent measurement

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

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

<u>Investment in debt instruments</u>

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

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

<u>Investment in equity securities</u>

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

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(b) Financial liabilities

Initial recognition and measurement

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

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

(c) Offsetting of financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Impairment of financial assets

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

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

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

(a) Simplified approach

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

(b) General approach

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Impairment of non-financial assets

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

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

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

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

2.13 Cash and cash equivalents

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Government grants

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

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

2.15 Revenue recognition

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services

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

(a) SPV investment management

The Group provides investment management services to investors of real estate projects by establishing and incorporating SPV (the "**Investment SPV**") through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV and/or entering into trust deeds with the Group's ultimate holding company under the trust structure. Post establishment and incorporation of the Investment SPV, the Group continues to provide investment management services to the investors by managing the Investment SPV up to the time of project completion.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(b) Fund management

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

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 are recognised as and when the Group's rights and entitlement to the fees are established. Performance fees are not recognised until it is highly probable that a significant reversal of the cumulative amount of fee revenue recognised will not occur upon the resolution of any uncertainty.

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

(c) Acquisitions and projects management *(Note 1)*

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, project marketing, 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 to help to address various needs during each major stage of real estate developments.

Note 1: The segment was previously known as "Project consultancy and management". The change in the name of the business segment was mainly to better reflect the current business activities undertaken and to better position the Group's services to its clients in this segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(d) Property management and tenancy management services

The Group's property management services are primarily provided to real estate developers and property owners' association including property maintenance management services and ancillary services, such as accounting and financial services. Properties managed by the Group comprise residential properties as well as non-residential properties including commercial buildings, office buildings and industrial parks. Fixed pre-negotiated fees are specified in property management contracts which typically cover a one-year service period and are renewable on an annual basis. Such fees are recognised as revenue on a time-apportioned basis over the contractual service period.

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

(e) Financial advisory services

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

Dividends

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Leases

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

Group as a lessee

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

Right-of-use asset

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

Lease liabilities

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Leases (cont'd)

Group as a lessee (cont'd)

Short-term leases

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

2.17 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.18 Taxes

(a) Current income tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

2.19 Deferred revenue

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

2.21 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Financial guarantee

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Capital management (Note 33)
- Financial risk management objectives and policies (Note 33)

Judgements

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

Consolidation of Investment SPVs and private real estate funds

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

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

Judgements (cont'd)

Consolidation of Investment SPVs and private real estate funds (cont'd)

As at 31 December 2019, the Group acted as managers for 22 (2018: 23) Investment SPVs and 7 (2018: 7) private real estate funds respectively. Having considered the fact patterns surrounding each of these Investment SPVs and private real estate funds in which the Group acts as a manager, the Group considers that it does not control all these Investment SPVs and private real estate funds.

Variable consideration from performance fees

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

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

Estimates and assumptions

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

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

Estimates and assumptions (cont'd)

Fair value measurement of investment in equity securities

The fair value of investment in equity securities held by the Group is measured using valuation techniques including the discounted cash flow ("**DCF**") model as these instruments do not have quoted prices in active markets. As these instruments relate to equity interests presently held or to be received by the Group in Investment SPVs that undertake investment in real estate development projects (Note 14), management expects the fair value to be eventually realised through dividend distributions and return of capital that the Group will receive from the Investment SPVs.

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. Key estimates include considerations of inputs such as future dividend distribution cash flows expected to be received by the Group based on the Investment SPV's projected distributable profits, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the real estate project's development and its sale progress, as well as the discount rate. Changes in assumptions relating to these factors could affect the reported fair value of the financial instruments. See Note 32 for further disclosures.

Provision for expected credit losses of trade receivables

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

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

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

The carrying amount of trade receivables as at 31 December 2019 are S$10,675,000 (2018: S$4,160,000).

4. OPERATING SEGMENT INFORMATION

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

(a) Investment management

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

(i) SPV investment management

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

(ii) Fund management

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund 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 are recognised as and when the Group's rights and entitlement to the fees are established. Performance fees are not recognised until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.

4. OPERATING SEGMENT INFORMATION (cont'd)

(b) Acquisitions and projects management

Acquisitions and projects management 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 before tax is measured consistently with the Group's profit before tax except that unallocated other income and gains as well as head office and corporate expenses are excluded from such measurement.

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

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

4. OPERATING SEGMENT INFORMATION (cont'd)

Year ended 31 December 2019	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	3,328	5,094	982	3,282	2,233	14,919
Segment results	2,361	4,058	557	(177)	849	7,648
Reconciliation:						
Other income and gains						1,183
Corporate and unallocated expenses						(3,837)
Profit before tax						4,994
Segment assets	7,682	5,591	1,375	1,504	3,156	19,308
Reconciliation:						
Corporate and unallocated assets						21,057
Total assets						40,365
Segment liabilities	63	942	27	578	278	1,888
Reconciliation:						
Corporate and unallocated liabilities						892
Total liabilities						2,780
Other segment information:						
Depreciation and amortisation of right-of-use asset	115	118	31	40	182	486
Reconciliation:						
Corporate and unallocated expenses						216
Total						702
Capital expenditure*	9	13	3	45	2	72

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

4. OPERATING SEGMENT INFORMATION (cont'd)

Year ended 31 December 2018	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	4,407	1,872	1,690	3,586	231	11,786
Segment results	3,409	338	1,255	(139)	(691)	4,172
Reconciliation:						
Other income and gains						1,466
Corporate and unallocated expenses						(4,523)
Profit before tax						1,115
Segment assets	7,727	1,971	1,315	1,315	2,864	15,192
Reconciliation:						
Corporate and unallocated assets						22,295
Total assets						37,487
Segment liabilities	256	866	117	618	144	2,001
Reconciliation:						
Corporate and unallocated liabilities						397
Total liabilities						2,398
Other segment information:						
Depreciation	85	18	30	38	12	183
Capital expenditure*	224	94	82	191	8	599

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

4. OPERATING SEGMENT INFORMATION (cont'd)

Geographical information

(a) Revenue from external customers

	Group	
	2019	2018
	S$'000	S$'000
Singapore	**9,664**	10,518
Malaysia	**306**	474
Australia	**3,152**	413
British Virgin Island	**1,496**	–
Indonesia	**5**	314
Other countries/jurisdictions	**296**	67
	14,919	11,786

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

(b) Non-current assets

	Group	
	2019	2018
	S$'000	S$'000
Singapore	**750**	457
Other countries/jurisdictions	**232**	142
	982	599

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

4. OPERATING SEGMENT INFORMATION (cont'd)

Information about major customers

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

	Group	
	2019	2018
	S$'000	S$'000
Customer A	**3,008**	–*

* There was no revenue from customer A for the year ended 31 December 2019.

5. REVENUE, AND OTHER INCOME AND GAINS

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

Year ended 31 December 2019	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total revenue S$'000
Primary geographical markets						
Singapore	3,170	1,964	838	3,243	449	9,664
Malaysia	153	114	–	39	–	306
Australia	–	3,008	144	–	–	3,152
British Virgin Island	–	–	–	–	1,496	1,496
Indonesia	2	3	–	–	–	5
Other countries/jurisdictions	3	5	–	–	288	296
	3,328	5,094	982	3,282	2,233	14,919
Timing of services						
At a point in time	3,281	4,345	116	–	–	7,742
Over time	47	749	866	3,282	2,233	7,177
	3,328	5,094	982	3,282	2,233	14,919

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

Year ended 31 December 2018	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Acquisitions and projects management S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total revenue S$'000
Primary geographical markets						
Singapore	3,952	1,373	1,415	3,547	231	10,518
Malaysia	435	–	–	39	–	474
Australia	–	409	4	–	–	413
Indonesia	8	35	271	–	–	314
Other countries/jurisdictions	12	55	–	–	–	67
	4,407	1,872	1,690	3,586	231	11,786
Timing of services						
At a point in time	4,284	1,409	4	–	–	5,697
Over time	123	463	1,686	3,586	231	6,089
	4,407	1,872	1,690	3,586	231	11,786

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

	Group	
	2019	2018
	S$'000	S$'000
Revenue		
Investment management		
– SPV investment management fees	**3,328**	4,407
– Fund management fees	**5,094**	1,872
Acquisitions and projects management fees	**982**	1,690
Property management and tenancy management fees	**3,282**	3,586
Financial advisory fees	**2,233**	231
	14,919	11,786
Other income and gains		
Interest income	**563**	718
Government grants*	**164**	175
Foreign exchange differences, net	**111**	462
Income from transfer of unutilised tax losses	**325**	74
Others	**20**	37
	1,183	1,466

* 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 and enhancement/scale up of business capabilities under Capability Development Grant and training grants provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

6. STAFF COSTS

	Group	
	2019	2018
	S$'000	S$'000
Employee benefit expense (including directors' remuneration (Note 8)):		
Salaries, bonuses, commission and other allowances	**6,965**	6,422
Retirement benefit scheme contributions (defined contribution scheme)	**755**	736
	7,720	7,158

7. PROFIT BEFORE TAX

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

	Group	
	2019	2018
	S$'000	S$'000
Auditor's remuneration	**160**	177
Listing expenses	**–**	1,037
Minimum lease payments under operating leases	**33**	738
Dividend income from the Establishment Shares included in SPV investment management fees	**(3,077)**	(3,882)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

During the financial year ended 31 December 2019, 10 (2018: 7) directors received remuneration from the Group for their appointment as directors of the Company or in capacity as employees of the Group. The remuneration of the directors as recorded in the financial statements is set out below:

	Group	
	2019	2018
	S$'000	S$'000
Fees	**89**	78
Other emoluments:		
Salaries, allowances and benefits in kind	**932**	698
Retirement benefit scheme contributions (defined contribution scheme)	**48**	29
	1,069	805

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

Mr. Kong Chi Mo, Mr. Sim Mong Keang and Mr. Cheung Ying Kwan were appointed as independent non-executive directors with effect from 13 December 2017. Mr. Cheung Ying Kwan resigned as independent non-executive director of the Company on 31 January 2019.

Mr. Lim Boon Yew and Mr. Chew Hong Ngiap, Ken were respectively appointed as independent non-executive director and non-executive director of the Company with effect from 31 January 2019.

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

(b) Executive directors and chief executive

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

Mr. Darren Chew Yong Siang and Mr. Wee Hian Eng Cyrus were appointed as executive directors with effect from 24 May 2018 and 31 December 2018 respectively.

The remuneration of each of the directors of the Company for the years ended 31 December 2018 and 2019 is set out below:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Year ended 31 December 2019				
Yeo Choon Guan (Yao Junyuan)	**–**	**60**	**10**	**70**
Sim Kain Kain	**–**	**62**	**11**	**73**
Siew Chen Yei	**–**	**353**	**3**	**356**
Kong Chi Mo	**26**	**–**	**–**	**26**
Sim Mong Keang	**26**	**–**	**–**	**26**
Cheung Ying Kwan	**2**	**–**	**–**	**2**
Darren Chew Yong Siang	**–**	**171**	**12**	**183**
Wee Hian Eng Cyrus	**–**	**286**	**12**	**298**
Chew Hong Ngiap, Ken	**11**	**–**	**–**	**11**
Lim Boon Yew	**24**	**–**	**–**	**24**
	89	**932**	**48**	**1,069**
Year ended 31 December 2018				
Yeo Choon Guan (Yao Junyuan)	–	140	12	152
Sim Kain Kain	–	140	12	152
Siew Chen Yei	–	355	2	357
Kong Chi Mo	26	–	–	26
Sim Mong Keang	26	–	–	26
Cheung Ying Kwan	26	–	–	26
Darren Chew Yong Siang	–	63	3	66
	78	698	29	805

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

During the years ended 31 December 2018 and 2019, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2018 and 2019.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2019 included three (2018: three) of the directors of the Company, details of whose remuneration are set out in Note 8 above.

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

	Group	
	2019	2018
	S$'000	S$'000
Salaries, bonuses, allowances and benefits in kind	**304**	294
Retirement benefit scheme contributions	**23**	25
	327	319

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the years ended 31 December 2018 and 2019 is as follows:

	Group	
	2019	2018
Nil to HKD1,000,000	**2**	2

10. INCOME TAX EXPENSE

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current year. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the years ended 31 December 2018 and 2019.

10. INCOME TAX EXPENSE (cont'd)

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

	Group	
	2019	2018
	S$'000	S$'000
Current:		
– Provision for current year	**(150)**	–
– Underprovision in prior years	**–**	(4)
Deferred taxation:		
– Origination and reversal of temporary differences	**(222)**	(30)
Total tax expense for the year	**(372)**	(34)

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

Year ended 31 December 2019

	Singapore		Hong Kong		PRC		Australia		Total
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000
Profit/(loss) before tax	5,250		(265)		1		8		4,994
Tax at the statutory tax rate	893	17	(44)	16.5	-	25	2	30	851
Expenses not deductible for tax	100		44		-		-		144
Income not subject to tax	(571)		-		-		-		(571)
Effect of partial tax exemption and tax relief	(351)		-		-		-		(351)
Deferred tax asset not recognised	284		-		-		-		284
Others	17		-		-		(2)		15
Tax expense at the Group's effective rate	372		-		-		-		372

10. INCOME TAX (cont'd)

Year ended 31 December 2018

	Singapore		Hong Kong		PRC		Australia		Total
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000
Profit/(loss) before tax	1,859		(709)		2		(37)		1,115
Tax at the statutory tax rate	316	17	(117)	16.5	1	25	(11)	30	189
Expenses not deductible for tax	184		117		–		11		312
Income not subject to tax	(687)		–		–		–		(687)
Deferred tax asset not recognised	217		–		–		–		217
Adjustments in respect of current tax of previous periods	4		–		–		–		4
Others	–		–		(1)		–		(1)
Tax expense at the Group's effective rate	34		–		–		–		34

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2019	2018
	S$'000	S$'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**4,622**	1,081
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**2,000,000,000**	1,979,452,055

12. DIVIDENDS

A final dividend of S$4,000,000, representing 0.2 Singapore cent per ordinary share, in respect of the financial year ended 31 December 2017 was approved by the shareholders at the annual general meeting of the Company on 24 May 2018 and paid on 15 June 2018.

12. DIVIDENDS (cont'd)

On 30 November 2018, an interim dividend of S$1,000,000, representing 0.05 Singapore cent per ordinary share, in respect of the financial year ended 31 December 2018, was paid to the shareholders of the Company. No final dividend was paid or proposed by the Company for the financial year ended 31 December 2018.

Total dividends of S$5,000,000 have been paid during the financial year ended 31 December 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 approved by the Board on 8 August 2019 and paid on 6 September 2019. No final dividend was paid or proposed by the Company for the financial year ended 31 December 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Computers	Office equipment	Furniture and fittings	Renovation	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Cost:						
At 1 January 2018	310	36	31	160	–	537
Additions	6	52	101	225	215	599
At 31 December 2018 and 1 January 2019	**316**	**88**	**132**	**385**	**215**	**1,136**
Additions	**–**	**16**	**–**	**–**	**56**	**72**
Disposal	**–**	**(3)**	**(9)**	**(72)**	**–**	**(84)**
Exchange differences	**–**	**–**	**–**	**–**	**(3)**	**(3)**
At 31 December 2019	**316**	**101**	**123**	**313**	**268**	**1,121**
Accumulated depreciation:						
At 1 January 2018	248	23	13	70	–	354
Charge for the year	40	21	27	91	4	183
At 31 December 2018 and 1 January 2019	**288**	**44**	**40**	**161**	**4**	**537**
Charge for the year	**17**	**23**	**39**	**100**	**10**	**189**
Disposal	**–**	**(3)**	**(9)**	**(28)**	**–**	**(40)**
At 31 December 2019	**305**	**64**	**70**	**233**	**14**	**686**
Net carrying amount:						
At 31 December 2018	28	44	92	224	211	599
At 31 December 2019	**11**	**37**	**53**	**80**	**254**	**435**

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

During the year, the Group acquired a motor vehicle and copiers with cost of approximately S$62,000 (2018: S$75,000) by means of finance lease. The motor vehicle and copiers are pledged as security for the related finance lease liabilities. The carrying amount of motor vehicles and copiers held under finance leases at the end of the reporting period was S$115,000 (2018: S$71,000).

	Computers	Office equipment	Furniture and fittings	Renovation	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Company					
Cost:					
At 1 January 2018	–	–	–	–	–
Additions	4	52	101	225	382
At 31 December 2018 and 1 January 2019	**4**	**52**	**101**	**225**	**382**
Additions	**–**	**17**	**–**	**–**	**17**
Disposal	**–**	**–**	**–**	**(56)**	**(56)**
At 31 December 2019	**4**	**69**	**101**	**169**	**343**
Accumulated depreciation:					
At 1 January 2018	–	–	–	–	–
Charge for the year	1	10	17	38	66
At 31 December 2018 and 1 January 2019	**1**	**10**	**17**	**38**	**66**
Charge for the year	**1**	**21**	**34**	**63**	**119**
Disposal	**–**	**–**	**–**	**(12)**	**(12)**
At 31 December 2019	**2**	**31**	**51**	**89**	**173**
Net carrying amount:					
At 31 December 2018	3	42	84	187	316
At 31 December 2019	**2**	**38**	**50**	**80**	**170**

14. INVESTMENT IN EQUITY SECURITIES

	Group	
	2019	2018
	S$'000	S$'000
At fair value through other comprehensive income		
Unlisted equity shares, at fair value	**1,299**	1,739
Contractual rights over unlisted equity shares, at fair value	**998**	1,685
	2,297	3,424

14. INVESTMENT IN EQUITY SECURITIES (cont'd)

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

	Group	
	2019	2018
	S$'000	S$'000
At fair value through other comprehensive income		
Unlisted equity shares, at fair value		
ZACD (Sennett) Pte. Ltd.	**4**	4
ZACD (Punggol Drive) Pte. Ltd.	**9**	10
ZACD (Woodlands) Pte. Ltd.	**529**	709
ZACD (Sengkang) Pte. Ltd.	**1**	2
ZACD (Kaki Bukit) Pte. Ltd.	**2**	2
ZACD (Punggol Central) Pte. Ltd.	**26**	26
ZACD (Punggol Field) Pte. Ltd.	**52**	52
ZACD (Woodlands2) Pte. Ltd.	**21**	33
ZACD (Pasir Ris) Pte. Ltd.	**47**	436
ZACD (Woodlands3) Pte. Ltd.	**12**	18
ZACD (Anchorvale) Pte. Ltd.	**13**	18
ZACD (AMK) Pte. Ltd.	**–**	429
ZACD (Woodlands12) Pte. Ltd	**16**	–
ZACD (Canberra) Pte. Ltd	**33**	–
ZACD (CCK) Pte. Ltd.	**534**	–
	1,299	1,739
Contractual rights over unlisted equity shares, at fair value		
ZACD (Woodlands12) Pte. Ltd.	**–**	384
ZACD (Frontier) Pte. Ltd.	**–**	198
ZACD (Canberra) Pte. Ltd.	**–**	214
ZACD (Neew) Pte. Ltd.	**295**	294
ZACD (CCK) Pte. Ltd.	**–**	310
ZACD (Jurong) Pte. Ltd.	**632**	240
ZACD (Tuas Bay) Pte. Ltd.	**71**	45
	998	1,685
	2,297	3,424

During the year ended 31 December 2019, the fair value change in respect of the Group's investment in equity securities recognised in other comprehensive income amounted to a loss of S$1,127,000 (2018: S$1,522,000).

14. INVESTMENT IN EQUITY SECURITIES (cont'd)

The above financial assets were designated as investment in equity securities and 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 revenue under SPV investment management fees (Note 5).

As at 31 December 2019, the Group held approximately between 9% and 18% equity shares in each of 16 SPVs (2018: between 9% and 18% equity shares in each of 13 SPVs). In addition, the Group also had contractual rights over the Establishment Shares to be awarded by the investors in 4 (2018: 10) Investment SPVs, which upon conversion, represent no more than 19% (2018: 19%) in the enlarged share capital of the respective Investment SPVs as at 31 December 2019.

15. TRADE RECEIVABLES

	Group	
	2019	2018
	S$'000	S$'000
Trade receivables	**10,675**	4,160

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.

15. 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 of the year, based on the invoice date, is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Within 1 month	**7,241**	2,183
1 to 2 months	**215**	413
2 to 3 months	**141**	112
Over 3 months	**952**	985
	8,549	3,693

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

	Group	
	2019	2018
	S$'000	S$'000
Dividend receivables	**2,126**	467
Neither past due nor impaired	**7,241**	2,183
Less than 1 month past due	**215**	413
1 to 3 months past due	**1,093**	1,097
	10,675	4,160

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

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

15. TRADE RECEIVABLES (cont'd)

As at 31 December 2018 and 2019, the Group had the following trade receivables from related parties which are repayable on credit terms similar to those offered to major customers of the Group.

	Group	
	2019	2018
	S$'000	S$'000
Related parties*	**4,646**	2,222

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

	Group	
	2019	2018
	S$'000	S$'000
BH-ZACD (Woodlands) Development Pte. Ltd.	**8**	8
BH-ZACD (Tuas Bay) Development Pte. Ltd.	**–**	415
Landmark JV Pte. Ltd.	**1,185**	535
Publique Realty (Pasir Ris) Pte. Ltd.	**–**	93
SLP International Property Consultants Pte. Ltd.	**–**	9
Publique Realty (Jurong) Pte. Ltd.	**–**	40
ZACD (AMK) Pte. Ltd.	**624**	134
ZACD (Shunfu2) Ltd.	**–**	66
ZACD (Kaki Bukit) Pte. Ltd.	**–**	32
ZACD (KB2) Pte. Ltd.	**–**	76
ZACD (Punggol Field) Pte. Ltd.	**–**	68
ZACD (Development2) Ltd.	**682**	510
ZACD (Development4) Ltd.	**582**	–
ZACD (Anchorvale) Pte. Ltd.	**24**	76
ZACD (Woodlands3) Pte. Ltd.	**17**	81
ZACD Investments (ARO II) Limited	**–**	79
ZACD (CCK) Pte. Ltd.	**111**	–
ZACD (Canberra) Pte. Ltd.	**254**	–
ZACD (Woodlands12) Pte. Ltd.	**1,005**	–
ZACD (Frontier) Pte. Ltd.	**91**	–
ZACD Investments Pte. Ltd.	**63**	–
	4,646	2,222

Relationships of the above related companies with the Company or the Group are set out in Note 28 to the financial statements.

16. INVESTMENTS IN SUBSIDIARIES

	Company 2019 S$'000	Company 2018 S$'000
Unlisted shares, at cost	**15,515**	15,515

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

Company name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2019	Percentage of equity attributable to the Company 2018	Principal activities
Held by the Company:					
ZACD International Pte. Ltd.[1]	Singapore 28 January 2011	S$1,500,000	100%	100%	Investment management and acquisitions and projects management
ZACD Capital Pte. Ltd.[1]	Singapore 25 October 2011	S$3,580,000	100%	100%	Investment management and fund management services
ZACD Financial Group Limited[2]	Hong Kong 7 October 2015	HKD8,000,000	100%	100%	Financial advisory services
ZACD Group Holdings Limited[2]	Hong Kong 7 October 2015	HKD10,000	100%	100%	Investment management services
ZACD POSH Pte. Ltd.[1]	Singapore 17 November 2016	S$10,000	100%	100%	Property management and tenancy management services
ZACD (Australia) Pty Ltd.[3]	Australia 23 November 2016	AUD2	100%	100%	Business consulting services
ZACD Fund Holdings Pte. Ltd.[1]	Singapore 15 March 2017	S$2	100%	100%	Fund holding
Held through ZACD International Pte. Ltd.:					
獅展商務諮詢(上海)有限公司[3/4] (ZACD (China) Co., Ltd.*)	People's Republic of China ("**PRC**") 13 July 2016	RMB1,000,000	100%	100%	Business consultancy services

* For identification purpose only.

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

1 The statutory financial statements of these entities for the years ended 31 December 2018 and 2019 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

2 The statutory financial statements of these entities for the years ended 31 December 2018 and 2019 prepared under Hong Kong Financial Reporting Standards were audited by Ernst & Young, Hong Kong.

3 No statutory financial statements have been prepared for these entities since their incorporation.

4 獅展商務諮詢(上海)有限公司 is registered as a wholly-foreign owned enterprise under the laws of the PRC. As at the year ended 31 December 2019, the paid up capital of this entity amounted to RMB290,900.

On 18 December 2018, the Company has additional investment S$1,499,998 in ZACD International Pte. Ltd for 1,499,998 shares.

As at 31 December 2019, the amounts due from subsidiaries of S$7,458,000 (2018: S$6,139,000), included in the current assets of the Company, are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2019, the amounts due to subsidiaries of S$395,000 (2018: S$1,971,000), included in the current liabilities of the Company, are unsecured, non-interest bearing and repayable on demand.

17. BALANCES WITH ULTIMATE HOLDING COMPANY AND RELATED PARTIES

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

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

Group
31 December 2019

	31 December 2019 S$'000	1 January 2019 S$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	1	89
Due from related parties		
ZACD (Neew) Pte. Ltd.	6	6
SLP International Property Consultants Pte. Ltd.	231	144
SLP Malaysia Sdn. Bhd.	15	–
ZACD Investments (ARO II) Limited	–	1
ZACD (Tohtuck) Ltd.	31	18
ZACD (Development2) Ltd.	2,002	4
ZACD (MCF1) Ltd.	24	15
ZACD (Development4) Ltd.	17	14
ZACD (Development5) Ltd.	18	–
ZACD (CS) Ltd.	2,953	–
Landmark JV Pte. Ltd.	–	2
Mandai 7 JV Pte. Ltd.	468	–
Magnificent Vine Group Holdings Pte. Ltd.	–	137
SLP Scotia Pte. Ltd.	54	1
Neew Pte. Ltd.	17	14
ZACD (BBW6) Ltd.	–	6
ZACD (Shunfu) Ltd.	–	6
ZACD (Shunfu2) Ltd.	325	32
ZACD (AMK) Pte. Ltd.	681	–
ARO II (Australia) Pty Ltd.	14	11
ARO II (Murray Street) Pty Ltd.	37	71
ARO II (Ray Road) Pty Ltd.	2	34
ZACD Income Trust	4	26
	6,899	542

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

Company
31 December 2019

	31 December 2019 S$'000	1 January 2019 S$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	1	89
Due from related parties		
SLP International Property Consultants Pte. Ltd.	145	58
SLP Malaysia Sdn. Bhd.	15	–
ZACD (Tohtuck) Ltd.	31	18
ZACD (Development2) Ltd.	2,002	4
ZACD (MCF1) Ltd.	24	15
ZACD (Development4) Ltd.	18	14
ZACD (Development5) Ltd.	18	–
ZACD (CS) Ltd.	2,953	–
Landmark JV Pte. Ltd.	–	2
Mandai 7 JV Pte. Ltd.	18	–
Magnificent Vine Group Holdings Pte. Ltd.	–	137
SLP Scotia Pte. Ltd.	14	1
Neew Pte. Ltd.	9	–
ZACD (BBW6) Ltd.	–	6
ZACD (Shunfu) Ltd.	–	6
ZACD (Shunfu2) Ltd.	96	32
	5,343	293

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

Group
31 December 2018

	31 December 2018 S$'000	1 January 2018 S$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	89	–
Due from related parties		
ZACD (Neew) Pte. Ltd.	6	6
SLP International Property Consultants Pte. Ltd.	144	100
ZACD (Woodlands) Pte. Ltd.	–	10
ZACD Investments (ARO II) Limited	1	4,000
ZACD (Tohtuck) Ltd.	18	–
ZACD (Development2) Ltd.	4	–
ZACD (MCF1) Ltd.	15	–
ZACD (Development4) Ltd.	14	–
Landmark JV Pte. Ltd.	2	–
Magnificent Vine Group Holdings Pte. Ltd.	137	–
SLP Scotia Pte. Ltd.	1	–
Neew Pte. Ltd.	14	–
ZACD (BBW6) Ltd.	6	–
ZACD (Shunfu) Ltd.	6	–
ZACD (Shunfu2) Ltd.	32	–
ARO II (Australia) Pty Ltd.	11	–
ARO II (Murray Street) Pty Ltd.	71	–
ARO II (Ray Road) Pty Ltd.	34	–
ZACD Income Trust	26	–
	542	4,116

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

Company
31 December 2018

	31 December 2018 S$'000	1 January 2018 S$'000
Due from ultimate holding company		
ZACD Investments Pte. Ltd.	89	–
Due from related parties		
SLP International Property Consultants Pte. Ltd.	58	–
ZACD (Tohtuck) Ltd.	18	–
ZACD (Development2) Ltd.	4	–
ZACD (MCF1) Ltd.	15	–
ZACD (Development4) Ltd.	14	–
Landmark JV Pte. Ltd.	2	–
Magnificent Vine Group Holdings Pte. Ltd.	137	–
SLP Scotia Pte. Ltd.	1	–
ZACD (BBW6) Ltd.	6	–
ZACD (Shunfu) Ltd.	6	–
ZACD (Shunfu2) Ltd.	32	–
	293	–

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

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Due to ultimate holding company				
ZACD Investments Pte. Ltd.	**1**	56	**–**	–
Due to related parties				
Magnificent Vine Group Holdings Pte. Ltd.	**122**	116	**–**	–
SLP International Property Consultants Pte. Ltd.	**148**	124	**42**	19
SLP Malaysia Sdn. Bhd.	**1**	–	**1**	–
Creo Adworld Pte. Ltd.	**4**	4	**–**	–
Neew Pte. Ltd.	**1**	4	**1**	4
	276	248	**44**	23

Relationships of the above related parties with the Company or the Group are set out in Note 28 to the financial statements.

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Prepayments	**166**	453	**103**	383
Deposits	**195**	285	**102**	98
Other receivables	**381**	25	**299**	30
	742	763	**504**	511
Less: Amounts classified as current assets	**(438)**	(439)	**(209)**	(194)
Amounts classified as non-current assets	**304**	324	**295**	317

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

19. LOANS AND RELATED RECEIVABLES

	Group and Company	
	2019	2018
	S$'000	S$'000
Current		
Bridging loans funded to:		
ZACD (Development2) Ltd.	–	6,681
ZACD Income Trust	–	12,360
ZACD (Shunfu2) Ltd.	–	250
Interest receivable on loans to:		
ZACD (Development2) Ltd.	–	226
ZACD Income Trust	–	443
ZACD (Shunfu2) Ltd.	–	8
	–	19,968

19. LOANS AND RELATED RECEIVABLES (cont'd)

Bridging loan facility to ZACD (Development2) Ltd.

On 10 May 2018, the Company entered into a S$12,000,000 bridging facility agreement (the "**Facility**") with ZACD (Development2) Ltd. (the "**Borrower**"). The Borrower is slated to be the holding entity of a single-purpose closed-ended real estate private equity fund to be set up in connection with a residential redevelopment project located at 173 Chin Swee Road, Singapore 169878 (the "**Subject Property**"). The Company will be 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 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 for the Subject Property and matters related and ancillary thereto. Any drawdown on the Facility is subject to an interest rate of 6% per annum or such other rate as agreed between the parties in writing from time to time 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 actual drawdown and continue until such date as the parties may mutually agree in writing but shall not be later than the expiry date of the fund life.

As at 31 December 2018, S$6,681,000 has been drawn down on the Facility by the Borrower which bears interest at 6% per annum. The Borrower had fully repaid the drawn down loan on 28 February 2019.

Bridging loan facility to ZACD Income Trust

On 23 May 2018, the Company entered into a S$13,000,000 bridging facility agreement (the "**Facility**") with Portcullis Trust (Singapore) Ltd. (the "**Borrower**"), as trustee of ZACD Income Trust which is a fund 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 before the expiry date of the trust term of ZACD Income Trust for the purposes of the investment by ZACD Income Trust into the real estate assets in the Asia-Pacific region and matters related or ancillary thereto subject to and on the terms and conditions of the Facility. ZACD Income Trust has a trust term of 4 years from 2 November 2017 subject to extension of 2 years, which in turn is subject to applicable terms and conditions. Any drawdown on the Facility is subject to an interest rate of 6% per annum or such other rate as agreed between the parties in writing from time to time taking into account the then prevailing market rate of similar facilities arrangement. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

As at 31 December 2018, S$12,360,000 has been drawn down on the Facility by the Borrower which bears interest at 6% per annum. The Borrower had fully repaid the drawn down loan on 14 November 2019.

19. LOANS AND RELATED RECEIVABLES (cont'd)

Bridging loan facility to ZACD (Shunfu2) Ltd.

On 19 June 2018, the Company agreed to grant to ZACD (Shunfu2) Ltd. (the "**Borrower**") (collectively, the "**Parties**"), an unsecured bridging facility of S$400,000. This loan bears 6% interest per annum or such other rate as agreed between the Parties in writing from time to time taking into account the then prevailing market rate of similar facilities arrangement. It is repayable at any such date mutually agreed by the Parties in writing but shall not be later than the expiry date of the term of the underlying fund.

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 for land parcels and/or real estate assets. The Company may, at its sole and absolute discretion, reject any drawdown request by the Borrower.

As at 31 December 2018, S$250,000 has been drawn down on the Facility by the Borrower which bears interest at 6% per annum. On 1 May 2019, the Borrower had fully repaid the drawn down loan.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**18,342**	7,708	**14,495**	859

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

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Hongkong dollar (HKD)	**360**	452	**181**	452
Australia dollar (AUD)	**6,095**	–	**5,966**	–

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables	**79**	24	**–**	–
Other payables	**261**	611	**90**	92
Accruals	**1,175**	890	**232**	224
Deferred revenue	**259**	547	**–**	–
	1,774	2,072	**322**	316
Less: amounts classified as current liabilities	**(1,681)**	(1,847)	**(310)**	(316)
Amounts classified as non-current liabilities	**93**	225	**12**	–

An aged analysis of the Group's trade payables as at 31 December 2018 and 2019, based on the invoice date, is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Within 1 month	**40**	14
More than 1 month	**39**	10
	79	24

Included in the Group's trade payables as at 31 December 2019 is an amount due to Neew Pte. Ltd., a company controlled by the Controlling Shareholders who are also the directors of the Company, which amounted to S$79,000 (2018: Nil).

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

Other payables are non-interest-bearing and have average payment terms of 1 to 3 months.

Deferred revenue relates to investment management fees received in advance by the Group for which related services were not yet rendered as at the end of the respective reporting period. As at 31 December 2019, investment management fees received in advance of S$34,000 (2018: S$181,000), were classified under non-current liabilities because the related services were expected to be rendered after one year from the end of the respective reporting period.

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (cont'd)

Included in current and non-current trade payables, other payables and accruals are hire purchase payables relating to finance lease of motor vehicles and copiers (Note 13) which amounted to S$23,000 and S$59,000 (2018: S$10,000 and S$44,000) respectively.

22. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Group as a lessee

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

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

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

	Right-of-use asset S$'000	Lease liabilities S$'000
As at 1 January 2019 — on initial recognition	1,060	1,060
Amortisation	(513)	–
Interest expense	–	28
Payments	–	(531)
As at 31 December 2019	547	557

The Group recognised rental expense from short-term leases of S$33,000 for the year ended 31 December 2019 (2018: S$738,000).

23. CAPITALISED CONTRACT COSTS

	2019
	S$'000
Capitalised incremental costs of obtaining contracts – commission costs paid to agents	
At beginning of reporting period	**–**
Additions	**474**
Amortisation	**(59)**
As at 31 December 2019	**415**

24. DEFERRED TAX ASSETS

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

	Losses available for offsetting against future taxable profits
	S$'000
Gross deferred tax assets at 31 December 2017 and 1 January 2018	264
Deferred tax debited to the consolidated statement of profit or loss during the year (Note 10)	(30)
Gross deferred tax assets at 31 December 2018 and 1 January 2019	234
Deferred tax debited to the consolidated statement of profit or loss during the year (Note 10)	(222)
Gross deferred tax assets at 31 December 2019	12

Unrecognised tax losses

The Group has tax losses of S$543,000 (2018: S$1,889,000) as at 31 December 2019. The tax losses arising in Singapore, subject to the agreement by the Inland Revenue Authority of Singapore, are available for offsetting against future taxable profits of the companies in which the losses arose.

24. DEFERRED TAX ASSETS (cont'd)

Unrecognised tax losses (cont'd)

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group. They have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or evidence of recoverability in the near future. If the Group were able to recognise all recognised deferred tax assets, the profit for the year ended 31 December 2019 would increase by S$94,000 (2018: S$321,000).

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

25. SHARE CAPITAL

	Group	
	2019	2018
	S$'000	S$'000
Issued and paid up capital:		
2,000,000,000 ordinary shares on 31 December 2019 (2018: 2,000,000,000 shares)	**29,866**	29,866

A summary of movements in the Group's issued share capital during the period from 1 January 2018 to 31 December 2019 is as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares**
			S$'000
Issued and fully paid:			
As 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 relation to initial public offering expenses	(a)	–	(1,892)
As at 31 December 2018, 1 January 2019 and 31 December 2019		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 an 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.

26. RESERVES

The amounts of the Group's reserves and the movements therein during each of the reporting periods for the years ended 31 December 2018 and 2019 are presented in the consolidated statement of changes in equity.

Capital reserve

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

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

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

	At beginning of reporting period	Financing cash flows	Non-cash changes		At end of reporting period
			Initial recognition	Interest expense	
	S$'000	S$'000	S$'000	S$'000	S$'000
Year ended 31 December 2019					
Amount due to ultimate holding company	56	(55)	–	–	1
Amounts due to related companies	132	22	–	–	154
Obligation arise from finance lease (Note 21)	54	(17)	42	3	82
Lease liabilities	–	(531)	1,060	28	557
Year ended 31 December 2018					
Amount due to ultimate holding company	553	(497)	–	–	56
Amounts due to related companies	226	(94)	–	–	132
Obligation arise from finance lease	–	–	54	–	54

28. RELATED PARTY TRANSACTIONS

Name of related companies	Relationship with the Company or the Group
Investment SPVs:	
ZACD (Kaki Bukit) Pte. Ltd.	ZACD (Kaki Bukit) Pte. Ltd. is a 22.0% owned associate of the ultimate holding company.
ZACD (Punggol Central) Pte. Ltd.	ZACD (Punggol Central) Pte. Ltd. was a 41.4% owned associate of of the ultimate holding company. On 30 November 2018, it became 11.5% owned by the Group.
ZACD (Punggol Drive) Pte. Ltd.	ZACD (Punggol Drive) Pte. Ltd. is 18.5% owned by the ultimate holding company.
ZACD (Sennett) Pte. Ltd.	ZACD (Sennett) Pte. Ltd. is a 30.2% owned associate of the ultimate holding company.
ZACD (Woodlands) Pte. Ltd.	ZACD (Woodlands) Pte. Ltd. is a 24.2% owned associate of the ultimate holding company.
ZACD (Woodlands2) Pte. Ltd.	ZACD (Woodlands2) Pte. Ltd. is a 32.0% owned associate of the ultimate holding company.
ZACD (Woodlands3) Pte. Ltd.	ZACD (Woodlands3) Pte. Ltd. is 15.4% owned by the ultimate holding company.
ZACD (Neew) Pte. Ltd.	ZACD (Neew) Pte. Ltd. is a wholly-owned subsidiary of the ultimate holding company.
ZACD (Sengkang) Pte. Ltd.	ZACD (Sengkang) Pte. Ltd. is 14.1% owned by the ultimate holding company.
ZACD (Punggol Field) Pte. Ltd.	ZACD (Punggol Field) Pte. Ltd. is a 22.0% owned associate of the ultimate holding company..
ZACD (Pasir Ris) Pte. Ltd.	ZACD (Pasir Ris) Pte. Ltd. is 17.5% owned by the ultimate holding company.
ZACD (Anchorvale) Pte. Ltd.	ZACD (Anchorvale) Pte. Ltd. is 12.8% owned by the ultimate holding company.

28. RELATED PARTY TRANSACTIONS (cont'd)

Name of related companies	Relationship with the Company or the Group
ZACD (AMK) Pte. Ltd.	ZACD (AMK) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 20 October 2017, it became 41.5% owned by the ultimate holding company. Upon transfer of certain equity interests on 30 November 2018, it is 9.9% owned by the Group.
ZACD (Frontier) Pte. Ltd	ZACD (Frontier) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 31 December 2019, it became 12.1% owned by the Group.
ZACD (CCK) Pte. Ltd.	ZACD (CCK) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 30 December 2019, it became 22.2% owned by the Group.
ZACD (Woodlands12) Pte. Ltd.	ZACD (Woodlands12) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 31 December 2019, it became 19.8% owned by the Group.
ZACD (Canberra) Pte. Ltd.	ZACD (Canberra) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 31 December 2019, it became 8% owned by the Group.
Development SPVs:	
BH-ZACD (Woodlands) Development Pte. Ltd.	BH-ZACD (Woodlands) Development Pte. Ltd. is 17.6% owned by the ultimate holding company.
BH-ZACD (Tuas Bay) Development Pte. Ltd.	BH-ZACD (Tuas Bay) Development Pte. Ltd. is a 40% owned associate of the ultimate holding company.
Publique Realty (Jurong) Pte. Ltd.	Publique Realty (Jurong) Pte. Ltd. is a 45% owned associate of the ultimate holding company.
Wee Hur (Punggol Central) Pte. Ltd.	One of the Controlling Shareholders is a key management personnel of Wee Hur (Punggol Central) Pte. Ltd.
Publique Realty (Pasir Ris) Pte. Ltd.	One of the Controlling Shareholders is a key management personnel of Publique Realty (Pasir Ris) Pte. Ltd.
Landmark JV Pte. Ltd.	One of the key management personnel of the Group is a key management personnel of Landmark JV Pte. Ltd.
Mandai 7 JV Pte. Ltd.	One of the key management personnel of the Group is a key management personnel of Mandai 7 JV Pte. Ltd.

28. RELATED PARTY TRANSACTIONS (cont'd)

Name of related companies	Relationship with the Company or the Group
Private real estate funds managed by the Group:	
ZACD (BBW6) Ltd. ("**BBW6**")	BBW6 is managed by the Group and the Controlling Shareholders are key management personnel of BBW6.
ZACD Investments (ARO II) Limited ("**ARO II**")	ARO II is managed by the Group. One of the key management personnel of the Group is a key management personnel of ARO II.
ZACD (Shunfu) Ltd. ("**Shunfu**")	Shunfu is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu.
ZACD (Shunfu2) Ltd. ("**Shunfu2**")	Shunfu2 is managed by the Group and one of the Controlling Shareholders is a key management personnel of Shunfu2.
ZACD (Development2) Ltd. ("**Development2**")	Development2 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development2.
ZACD (Development4) Ltd. ("**Development4**")	Development4 is managed by the Group and one of the key management personnel of the Group is a key management personnel of Development4.
Common control of the Controlling Shareholders:	
Magnificent Vine Group Holdings Pte. Ltd. ("**Magnificent Vine Group**")	Magnificent Vine Group is controlled by the Controlling Shareholders who are also the directors of the Company.
Neew Pte. Ltd.	Neew Pte. Ltd. is controlled by the Controlling Shareholders who are also the directors of the Company.
SLP International Property Consultants Pte. Ltd. ("**SLP International**")	SLP International is controlled by the Controlling Shareholders who are also the directors of the Company.
SLP Scotia Pte. Ltd.	SLP Scotia Pte. Ltd. is a wholly-owned subsidiary of SLP International.
Creo Adworld Pte. Ltd.	Creo Adworld Pte. Ltd. is a wholly-owned subsidiary of Magnificent Vine Group.

28. RELATED PARTY TRANSACTIONS (cont'd)

(a) In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the years ended 31 December 2018 and 2019:

	Notes	Group 2019 S$'000	Group 2018 S$'000
Investment management – dividend income:	(i)		
ZACD (Punggol Central) Pte. Ltd.		**–**	214
ZACD (Punggol Drive) Pte. Ltd.		**–**	22
ZACD (Kaki Bukit) Pte. Ltd.		**–**	50
ZACD (KB2) Pte. Ltd.		**–**	32
ZACD (Sennett) Pte. Ltd.		**53**	46
ZACD (Sengkang) Pte. Ltd.		**–**	41
ZACD (Woodlands) Pte. Ltd.		**186**	31
ZACD (Woodlands2) Pte. Ltd.		**380**	46
ZACD (Woodlands3) Pte. Ltd.		**17**	535
ZACD (AMK) Pte. Ltd.		**623**	889
ZACD (Punggol Field) Pte. Ltd.		**–**	239
ZACD (Anchorvale) Pte. Ltd		**22**	751
ZACD (Pasir Ris) Pte. Ltd.		**335**	986
ZACD (CCK) Pte. Ltd.		**111**	–
ZACD (Canberra) Pte. Ltd.		**254**	–
ZACD (Woodlands12) Pte. Ltd.		**1,005**	–
ZACD (Frontier) Pte. Ltd.		**91**	–
		3,077	3,882
Investment management – performance fee:	(ii)		
ZACD Investments Pte. Ltd.		**63**	–
Investment management – fund management fees:	(iii)		
BBW6		**114**	120
ARO II		**–**	238
Shunfu		**39**	45
Shunfu2		**38**	56
Development2		**631**	513
Development4		**582**	–
		1,404	972

28. RELATED PARTY TRANSACTIONS (cont'd)

(a) (cont'd)

		Group	
	Notes	**2019** **S$'000**	2018 S$'000
Projects management fees:	(iv)		
Wee Hur (Punggol Central) Pte. Ltd.		**–**	80
Landmark JV Pte. Ltd.		**650**	500
		650	580
Property management and tenancy management fees:	(v)		
BH-ZACD (Tuas Bay) Development Pte. Ltd.		**41**	163
Publique Realty (Jurong) Pte. Ltd.		**56**	222
Publique Realty (Pasir Ris) Pte. Ltd.		**–**	11
Kurnia Rezeki Utama Sdn. Bhd.		**–**	39
		97	435
Repair and maintenance services expense:	(vi)		
Neew Pte. Ltd.		**555**	590
Rental expenses:	(vii)		
ZACD Investments Pte. Ltd.		**33**	194
SLP International		**–**	79
		588	863

28. RELATED PARTY TRANSACTIONS (cont'd)

(a) (cont'd)

Notes:

(i) The dividend income was derived from the Establishment Shares of the Investment SPVs when the Group's right to receive payment is established. In the opinion of the directors, the Group charged an investor a higher percentage of the Establishment Shares compared with other investors as the Group granted the investor a priority right to participate in real estate projects. Further details were set out in Note 14 to the financial statements.

(ii) The performance fee income derived from the ultimate holding company was related to the Group's right to receive payment when dividends were derived by the ultimate holding company from the investment SPV under the trust structure adopted by the Group.

(iii) The fund management income included fund establishment fee, fund management fees and 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) 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 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 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.

(vii) The rental expenses were related to office space leased from the ultimate holding company and a related party. The rental expense was determined at monthly rentals of S$16,200 and S$ NIL (2018: S$16,200 and S$19,800).

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.

(b) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in Note 8 to the financial statements, is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Short term employee benefits	**1,021**	776
Post-employment benefits	**48**	29
Total compensation paid to key management personnel	**1,069**	805

29. COMMITMENTS

Finance lease commitments — Group as lessee

The Group has entered into finance lease for motor vehicles and copiers (Note 13). Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Group			
	2019		2018	
	Minimum lease payments S$'000	**Present value of payments S$'000**	Minimum lease payments S$'000	Present value of payments S$'000
Within 1 year	**24**	**23**	11	10
After 1 year but not more than 5 years	**65**	**59**	45	44
Total minimum lease payments	**89**	**82**	56	54
Less: Amounts representing finance charges	**(7)**	**–**	(2)	–
Present value of minimum lease payments	**82**	**82**	54	54

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

30. CONTINGENT LIABILITIES

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 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.

The Group is also required under its right-of-use asset and lease liabilities (Note 22) to immediately prior to the expiration or early termination of the office lease and upon receipt of the landlord's written notice, to carry out reinstatement works on the premise in accordance with the landlord's specific instructions at its own cost and expense, and to the satisfaction of the landlord.

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

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2018 and 2019 are as follows:

31 December 2019

Group — financial assets

	Fair value through other comprehensive income S$'000	Financial assets at amortised cost S$'000	Total S$'000
Investment in equity securities	2,297	–	2,297
Trade receivables	–	10,675	10,675
Financial assets included in prepayments, deposits and other receivables	–	576	576
Amount due from ultimate holding company	–	1	1
Amounts due from related parties	–	6,899	6,899
Cash and cash equivalents	–	18,342	18,342
	2,297	36,493	38,790

Group — financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade payables, other payables and accruals	1,515
Amount due to ultimate holding company	1
Amounts due to related parties	276
	1,792

31. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2019 (cont'd)

Company — financial assets

	Financial assets at amortised cost S$'000
Deposits	102
Other receivables	299
Amount due from ultimate holding company	1
Amounts due from related parties	5,343
Amounts due from subsidiaries	7,458
Cash and cash equivalents	14,495
	27,698

Company — financial liabilities

	Financial liabilities at amortised cost S$'000
Other payables	90
Accruals	232
Amounts due to related parties	44
Amounts due to subsidiaries	395
	761

31. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2018

Group — financial assets

	Fair value through other comprehensive income S$'000	Financial assets at amortised cost S$'000	Total S$'000
Investment in equity securities	3,424	–	3,424
Trade receivables	–	4,160	4,160
Financial assets included in prepayments, deposits and other receivables	–	310	310
Amount due from ultimate holding company	–	89	89
Amounts due from related parties	–	542	542
Loans and related receivables	–	19,968	19,968
Cash and cash equivalents	–	7,708	7,708
	3,424	32,777	36,201

Group — financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade payables, other payables and accruals	1,525
Amount due to ultimate holding company	56
Amounts due to related parties	248
	1,829

31. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2018 (cont'd)

Company — financial assets

	Financial assets at amortised cost S$'000
Deposits	98
Other receivables	30
Amount due from ultimate holding company	89
Amounts due from related parties	293
Amounts due from subsidiaries	6,139
Loans and related receivables	19,968
Cash and cash equivalents	859
	27,476

Company — financial liabilities

	Financial liabilities at amortised cost S$'000
Other payables	92
Accruals	224
Amounts due to related parties	23
Amounts due to subsidiaries	1,971
	2,310

32. 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	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets				
Investment in equity securities	**2,297**	3,424	**2,297**	3,424

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

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

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.

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

Below is a summary of significant unobservable inputs to the valuation of unlisted investment in equity securities together with a quantitative sensitivity analysis as at 31 December 2018 and 2019:

31 December 2019	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 result in increase in fair value by S$139,000
				Increase by 18 percentage points would result in decrease in fair value by S$335,000

31 December 2018	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 result in increase in fair value by S$220,000
				Increase by 18 percentage points would result in decrease in fair value by S$413,000

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.

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

The fair value changes of the unlisted investment in equity securities was dealt with in investment in equity securities revaluation reserve.

Fair value hierarchy

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

Assets measured at fair value:

31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$'000	**Significant observable inputs (Level 2) S$'000**	**Significant unobservable inputs (Level 3) S$'000**	**Total S$'000**
Investment in equity securities	**–**	**–**	**2,297**	**2,297**

31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$'000	Significant observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Investment in equity securities	–	–	3,424	3,424

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

Fair value hierarchy (cont'd)

Assets measured at fair value: (cont'd)

The movements in fair value measurements within Level 3 during the years ended 31 December 2018 and 2019 are as follows:

	Group	
	2019	2018
	S$'000	S$'000
Investment in equity securities — unlisted:		
At beginning of reporting period	**3,424**	4,976
Total losses recognised in other comprehensive income	**(1,127)**	(1,552)
At end of reporting period	**2,297**	3,424

The Group did not have any financial liabilities measured at fair value as at 31 December 2018 and 2019.

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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Credit risk

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

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

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

Credit risk (cont'd)

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

	2019	2018
Due from the largest debtor	**28%**	13%
Due from the five largest debtors	**69%**	46%

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 15 to the financial statements.

Liquidity risk

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

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

Group

	On demand/no fixed terms of repayment S$'000	**Less than 1 year S$'000**	**Total S$'000**
31 December 2019			
Financial liabilities included in trade payables, other payables and accruals	**–**	**1,515**	**1,515**
Amount due to ultimate holding company	**1**	**–**	**1**
Amounts due to related parties	**276**	**–**	**276**
	277	**1,515**	**1,792**

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

Liquidity risk (cont'd)

Company

	On demand/no fixed terms of repayment S$'000	**Less than 1 year S$'000**	**Total S$'000**
31 December 2019			
Accruals	**–**	**232**	**232**
Other payables	**–**	**90**	**90**
Amounts due to related parties	**44**	**–**	**44**
Amounts due to subsidiaries	**395**	**–**	**395**
	439	**322**	**761**

Group

	On demand/no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2018			
Financial liabilities included in trade payables, other payables and accruals	–	1,525	1,525
Amount due to ultimate holding company	56	–	56
Amounts due to related parties	248	–	248
	304	1,525	1,829

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

Liquidity risk (cont'd)

Company

	On demand/no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2018			
Accruals	–	224	224
Other payables	–	92	92
Amounts due to related parties	23	–	23
Amounts due to subsidiaries	1,971	–	1,971
	1,994	316	2,310

Foreign currency risk

The Group and the Company hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in HKD and AUD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the HKD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group		Company	
		2019 S$'000 Profit before tax	2018 S$'000 Profit before tax	**2019 S$'000 Profit before tax**	2018 S$'000 Profit before tax
(Decrease)/increase					
SGD/HKD	— Strengthened: 4% (2018: 4%)	**(14)**	(18)	**(7)**	(18)
	— Weakened: 4% (2018: 4%)	**14**	18	**7**	18
SGD/AUD	— Strengthened: 4% (2018: nil)	**(244)**	–	**(239)**	–
	— Weakened: 4% (2018: nil)	**244**	–	**239**	–

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

Foreign currency risk (cont'd)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

Certain subsidiaries of the Group are regulated by the Monetary Authority of Singapore (the "**MAS**") or the Hong Kong Securities and Futures Commission (the "**SFC**") and are required to comply with certain minimum capital requirements according to the rules of the MAS or the SFC. The Group has established a legal and compliance department which is operated by experienced compliance officers and is monitored by management. The principal roles of the legal and compliance department are to monitor the daily financial status and to review internal control of the Group regularly to ensure the regulated subsidiaries are in compliance with related regulations. The regulated subsidiaries have complied with the related regulations throughout the year or since the date when the licences were granted.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

Capital of the Group comprises all components of shareholder's equity.

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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 (CS) 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.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 20 March 2020.