



ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

Stock Code: 8313



Interim Report
2020

*for identification purpose only

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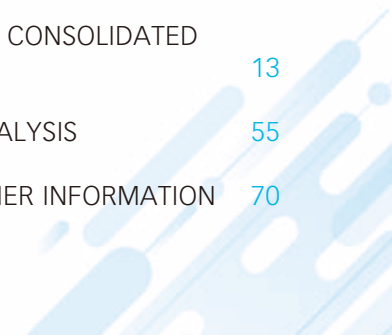
*This report, for which the directors of ZACD Group Ltd. (the "**Company**", together with its subsidiaries as the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard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

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)
 Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
 Mr. Wee Hian Eng Cyrus (*Deputy CEO*)
 Mr. Siew Chen Yei (*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

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

PRINCIPAL BANK

United Overseas Bank
 UOB Plaza
 80 Raffles Place
 Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8313

COMPANY'S WEBSITE

www.zacdgroup.com

INTERIM FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group decreased by 6.7% or approximately S\$295,000 from approximately S\$4.4 million for the six months ended 30 June 2019 to approximately S\$4.1 million for the six months ended 30 June 2020. The decrease was mainly attributable to the decrease in property management fees as a result of contracts had ceased and/or have not been renewed at the end of the contract term and lower dividends derived from the investment management business segment, partially offset by the increase in acquisition fee derived in the acquisitions and projects management business segment.
- The Group reported a net loss of approximately S\$7.9 million for the six months ended 30 June 2020 as compared with a net loss of approximately \$983,000 for the corresponding period in 2019. The further loss was mainly attributable to the allowance for impairment losses on the Group's trade receivables in respect of the investment management fees amounting to approximately S\$3.7 million, allowance for impairment loss on the advance to ZACD (Development4) Ltd. of approximately S\$2.3 million and increase in professional fees of approximately S\$1.2 million mainly due to a one-off corporate finance activity carried out during the Review Period.
- No dividend was paid or proposed by the Company for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).
- Basic and diluted loss per share during the six months ended 30 June 2020 was approximately S\$0.40 cents (Six months ended 30 June 2019: loss of S\$0.05 cents).

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

To the Members of ZACD Group Ltd.

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of ZACD Group Ltd. (the “**Company**”) and its subsidiary companies (collectively, the “**Group**”) which comprise the interim condensed consolidated statement of financial position as at 30 June 2020 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore

11 August 2020

The board of directors (the “**Board**”) of the Company hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2020 (the “**Interim Results**”), together with the unaudited comparative figures for the six months ended 30 June 2019:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended	
		30 June	
	Note	2020	2019
		S\$'000	S\$'000
		(unaudited)	(unaudited)
Revenue	4	4,090	4,385
Other income and gains	4	897	423
Staff costs		(3,847)	(4,003)
Depreciation		(133)	(100)
Amortisation of right-of-use asset		(259)	(257)
Amortisation of capitalised contract costs		(39)	(4)
Impairment losses on financial assets	5	(6,030)	–
Impairment loss on capitalised contract costs	12	(200)	–
Marketing expenses		(8)	(11)
Other expenses, net		(2,394)	(1,398)
Interest expense		(9)	(18)
Loss before tax	5	(7,932)	(983)
Income tax expense	6	(7)	–
Loss for the period attributable to owners of the Company		(7,939)	(983)
Loss per share attributable to owners of the Company	7		
– Basic (cents)		(0.40)	(0.05)
– Diluted (cents)		(0.40)	(0.05)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended	
		30 June 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Loss for the period		(7,939)	(983)
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes on investment in equity securities		(515)	101
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(66)	3
Other comprehensive (loss)/income for the period		(581)	104
Total comprehensive loss for the period attributable to owners of the Company		(8,520)	(879)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 \$'000 (unaudited)	31 December 2019 \$'000 (audited)
Non-current assets			
Property, plant and equipment	9	329	435
Right-of-use asset		291	547
Investment in equity securities	10	1,782	2,297
Prepayments, deposits and other receivables		292	304
Deferred tax assets		72	12
Total non-current assets		2,766	3,595
Current assets			
Trade receivables	11	4,856	10,675
Amount due from ultimate holding company		1	1
Amounts due from related parties (non-trade)		1,167	6,899
Prepayments, deposits and other receivables		773	438
Capitalised contract costs	12	318	415
Loans and related receivables	13	9,762	–
Cash and cash equivalents	14	13,093	18,342
Total current assets		29,970	36,770
Current liabilities			
Trade payables, other payables and accruals		2,801	1,681
Amount due to ultimate holding company		–	1
Amounts due to related parties (non-trade)		266	276
Lease liabilities		299	436
Income tax payable		154	172
Total current liabilities		3,520	2,566
Net current assets		26,450	34,204

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 \$'000 (unaudited)	31 December 2019 \$'000 (audited)
Non-current liabilities			
Other payables		66	93
Lease liabilities		–	121
Deferred tax liabilities		85	–
Total non-current liabilities		151	214
Net assets		29,065	37,585
Equity			
Share capital	15	29,866	29,866
Reserves		(801)	7,719
Total equity		29,065	37,585

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

Group	Share capital (Note 14) S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Retained earnings/ Accumulated losses S\$'000	Total Equity S\$'000
Six months ended 30 June 2020						
At 1 January 2020 (audited)	29,866	2,297*	(33)*	1,491*	3,964*	37,585
Loss for the period	-	-	-	-	(7,939)	(7,939)
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	-	-	(66)	-	-	(66)
Fair value changes on investment in equity securities	-	(515)	-	-	-	(515)
Total comprehensive loss for the period	-	(515)	(66)	-	(7,939)	(8,520)
At 30 June 2020 (unaudited)	29,866	1,782*	(99)*	1,491*	(3,975)*	29,065

* These reserve accounts comprise the consolidated reserves of S\$7,719,000 and (S\$801,000) in the interim condensed consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss before tax	(7,932)	(983)
Adjustments for:		
Depreciation	133	100
Amortisation of right-of-use asset	259	257
Amortisation of capitalised contract costs	39	4
Impairment loss on capitalised contract costs	200	–
Loss on disposal of property, plant and equipment	–	44
Impairment loss on trade receivables	3,677	–
Impairment loss on loans and receivables	2,353	–
Interest income	(12)	(302)
Interest expense	9	18
Unrealised foreign exchange (gains)/losses	(190)	24
Effects of COVID-19 related rent waivers	(54)	–
Operating cash flows before changes in working capital	(1,518)	(838)
Changes in working capital:		
Decrease in trade receivables	2,142	22
Increase in prepayments, deposits and other receivables	(323)	(2,455)
Increase in capitalised contract costs	(142)	(200)
Increase/(decrease) in trade payables, other payables and accruals	1,098	(344)
Increase in amounts due to related parties	125	6
Cash generated from/(used in) operations	1,382	(3,809)
Interest received	12	47
Net cash flows generated from/(used in) operating activities	1,394	(3,762)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Purchase of items of property, plant and equipment	(27)	(59)
Decrease of amount due from ultimate holding company	–	89
Decrease/(increase) in amounts due from related parties	5,732	(74)
Loans granted to related parties	(14,043)	–
Repayment from bridging loans and related interest receivables	2,086	14,281
Net cash flows (used in)/generated from investing activities	(6,252)	14,237
Cash flows from financing activities		
Decrease in amount due to ultimate holding company	(1)	(56)
(Decrease)/increase in amounts due to related parties	(135)	43
Repayment of obligation under finance leases	(6)	(1)
Repayment of lease liabilities	(211)	(267)
Net cash flows used in financing activities	(353)	(281)
Net (decrease)/increase in cash and cash equivalents	(5,211)	10,194
Cash and cash equivalents at beginning of period	18,342	7,708
Effect of foreign exchange rate changes, net	(38)	(18)
Cash and cash equivalents at end of period	13,093	17,884

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. CORPORATE INFORMATION

The Company is a company limited by shares, which is domiciled and incorporated in the Republic of Singapore (“**Singapore**”). The registered office of the Company, which is also its principal place of business, is located at 2 Bukit Merah Central #22-00, Singapore 159835.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2019.

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION

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

(a) Investment management

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

(i) *SPV investment management*

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

(a) Investment management (cont'd)

(ii) Fund management

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

(b) 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, 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.

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.

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

(d) Financial advisory

The Group's financial advisory services primarily relate to corporate finance advisory services and investment advisory services.

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2020 (unaudited)	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	469	885	1,286	975	475	4,090
Segment results	272	(3,716)	625	(59)	(328)	(3,206)
<i>Reconciliation:</i>						
Other income and gains						897
Corporate and unallocated expenses						(5,623)
Loss before tax						(7,932)
Segment assets	2,621	2,286	4,141	1,633	3,138	13,819
<i>Reconciliation:</i>						
Corporate and unallocated assets						18,917
Total assets						32,736
Segment liabilities	14	1,177	54	516	213	1,974
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						1,697
Total liabilities						3,671

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2020 (unaudited)	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV	Fund				
	investment management S\$'000	management S\$'000				
Other segment information:						
Depreciation, amortisation of ROU and amortisation of capitalised contract cost	14	76	97	22	92	301
Operating segment <i>Reconciliation:</i> Corporate and unallocated expenses						130
Total depreciation, amortisation of ROU and amortisation of capitalised contract cost						431
Capital expenditure *	3	6	9	6	3	27

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2019 (unaudited)	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	878	1,011	456	1,708	332	4,385
Segment results	457	573	210	(166)	(392)	682
<i>Reconciliation:</i>						
Other income and gains						423
Corporate and unallocated expenses						(2,088)
Loss before tax						(983)
Segment assets	12,847	2,150	4,523	1,505	7,627	28,652
<i>Reconciliation:</i>						
Corporate and unallocated assets						8,432
Total assets						37,084
Segment liabilities	108	629	65	727	322	1,851
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						1,023
Total liabilities						2,874

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2019 (unaudited)	Investment management		Acquisitions and projects management SS'000	Property management and tenancy management SS'000	Financial advisory SS'000	Total SS'000
	SPV investment management SS'000	Fund management SS'000				
Depreciation, amortisation of ROU and amortisation of capitalised contract cost	54	56	27	29	86	252
Operating segment <i>Reconciliation:</i> Corporate and unallocated expenses						109
Total depreciation, amortisation of ROU and amortisation of capitalised contract cost						361
Capital expenditure *	9	10	5	51	1	76

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (cont'd)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Singapore	3,668	4,105
Malaysia	217	141
Australia	41	79
Other countries/jurisdictions	164	60
	4,090	4,385

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

(b) Non-current assets

	30 June	31 December
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(audited)
Singapore	527	750
Other countries/jurisdictions	93	232
	620	982

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

4. REVENUE, AND OTHER INCOME AND GAINS

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

Six months ended 30 June 2020 (unaudited)	Investment management		Acquisitions and projects management	Property management and tenancy management	Financial advisory	Total revenue
	SPV investment management	Fund management				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets						
Singapore	452	885	1,245	955	131	3,668
Malaysia	17	-	-	20	180	217
Australia	-	-	41	-	-	41
Other countries/ jurisdictions	-	-	-	-	164	164
	469	885	1,286	975	475	4,090
Timing of services						
At a point in time	427	537	1,209	-	-	2,173
Over time	42	348	77	975	475	1,917
	469	885	1,286	975	475	4,090

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

	Six months ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Revenue		
Investment management		
– SPV investment management fees	469	878
– Fund management fees	885	1,011
Acquisitions and projects management service fees	1,286	456
Property management and tenancy management fees	975	1,708
Financial advisory fees	475	332
	4,090	4,385
Other income and gains		
Government grants*	634	119
Interest income	12	302
Foreign exchange differences, net	190	–
Others	61	2
	897	423

* Government grants were received/are receivable by certain subsidiaries and the Company in connection with employment of Singaporean and/or non-Singaporean workers under Special Employment Credit, Wage Credit Scheme, Government-Paid Leave Schemes, Jobs Support Scheme and enhancement/scale up of business capabilities under Capability Development Grant provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	100	97
Dividend income from the establishment shares included in SPV investment management fees	(410)	(733)
Foreign exchange differences, net	(190)	24
Professional fees	1,369	78
Impairment loss on trade receivables (Note 11)	3,677	–
Impairment loss on loans and receivables (Note 13)	2,353	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

6. INCOME TAX EXPENSE

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the six months ended 30 June 2020 (Six months ended 30 June 2019: 17%). No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

The major components of the income tax expense/(credit) during the periods are as follows:

	Six months ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Current:		
– Provision for current period	4	–
– Overprovision in prior years	(22)	–
Deferred taxation:		
– Origination of temporary differences	25	–
Income tax expense for the period	7	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	(7,939)	(983)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	2,000,000,000	2,000,000,000

8. DIVIDENDS

No dividend was paid or proposed by the Company for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with aggregate cost of S\$27,000 (Six months ended 30 June 2019: S\$76,000) and disposed assets with net book value of nil (Six months ended 30 June 2019: S\$44,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. INVESTMENT IN EQUITY SECURITIES

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Unlisted equity shares, at fair value	1,005	1,299
Contractual rights over unlisted equity shares, at fair value	777	998
	1,782	2,297

During the six months ended 30 June 2020, 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\$515,000 (Six months ended 30 June 2019: gain of S\$101,000).

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

Investment in equity securities represent the establishment shares or contractual rights over the establishment shares to be awarded by the investors of Investment SPVs that the Group currently acts as a manager, as consideration for services rendered by the Group to the investors (that include independent third parties and the ultimate holding company) in relation to the establishment and incorporation of the Investment SPVs as real estate development investment structures. Through these Investment SPVs, the investors participate in real estate development projects by investing in convertible loans issued by the Investment SPVs.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. TRADE RECEIVABLES

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Trade receivables	8,533	10,675
Less: allowance for impairment losses (Note 5)	(3,677)	–
	4,856	10,675

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

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
At beginning of reporting period	–	–
Allowance for impairment losses (Note 5)	3,677	–
At end of reporting period	3,677	–

The allowance was made against fund management fees receivables pursuant to the ZACD Australia Hospitality Fund. Pursuant to the announcements made by the Company on 23 and 24 July 2020 (Note 13), management has assessed these receivables as doubtful debts and has accordingly recorded a full allowance on the receivables.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. TRADE RECEIVABLES (cont'd)

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

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Within 1 month	1,206	7,241
1 to 2 months	15	215
2 to 3 months	864	141
Over 3 months	2,771	952
	4,856	8,549

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

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Dividend receivables	–	2,126
Neither past due nor impaired	1,206	7,241
Less than 1 month past due	15	215
1 to 3 months past due	3,635	1,093
	4,856	10,675

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. TRADE RECEIVABLES (cont'd)

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.

As at 30 June 2020 and 31 December 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. TRADE RECEIVABLES (cont'd)

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Ultimate holding company	–	63
Related parties*	2,476	4,583
	2,476	4,646

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

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
BH-ZACD (Woodlands) Development Pte. Ltd.	8	8
Landmark JV Pte. Ltd.	1,185	1,185
Mandai 7 JV Pte. Ltd.	570	–
Publique Realty Pte. Ltd.	120	–
ZACD (CS) Ltd.	61	–
ZACD (Development2) Ltd.	524	682
ZACD (AMK) Pte. Ltd.	1	624
ZACD (Anchorvale) Pte. Ltd.	1	24
ZACD (Canberra) Pte. Ltd.	1	254
ZACD (CCK) Pte. Ltd.	1	111
ZACD (Frontier) Pte. Ltd.	1	91
ZACD (Woodlands3) Pte. Ltd.	1	17
ZACD (Woodlands12) Pte. Ltd.	1	1,005
ZACD (Woodlands) Pte. Ltd.	1	–
ZACD (Development4) Ltd.	–	582
	2,476	4,583

Relationships of the above related companies with the Group are set out in Note 16.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. CAPITALISED CONTRACT COSTS

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Capitalised incremental costs of obtaining contracts		
– commission costs paid to agents		
At beginning of reporting period	415	–
Additions	142	474
Impairment loss	(200)	–
Amortisation	(39)	(59)
At end of reporting period	318	415

The impairment loss relates to commission fee expense previously incurred in relation to the ZACD Australia Hospitality Fund. With the latest updates as announced by the Company on 23 and 24 July 2020 (Note 13), management has impaired the unamortised commission fee expense in full.

13. LOANS AND RELATED RECEIVABLES

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Current		
Bridging loans funded to:		
ZACD (Development4) Ltd.	12,115	–
Less: allowance for impairment losses (Note 5)	(2,353)	–
	9,762	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

13. LOANS AND RELATED RECEIVABLES (cont'd)

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

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
At beginning of reporting period	-	-
Allowance for impairment losses (Note 5)	2,353	-
At end of reporting period	2,353	-

Bridging loan facility to ZACD (Development4) Ltd.

On 1 March 2020, the Company entered into a S\$15,000,000 short term bridging facility agreement (the "**Facility**") with ZACD (Development4) Ltd. (the "**Borrower**"). The Borrower is the holding entity of a closed-ended real estate private equity fund, ZACD Australia Hospitality Fund, for the investment in a joint acquisition with an independent party of a portfolio of up to 23 hotels in Australia (the "**Australia Hotel Portfolio**"). 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 is managed by ZACD Capital Pte. Ltd.

The Company has agreed to grant the Facility to the Borrower for drawdown for purposes of facilitating the Borrower to bridge the payment gap for acquisition of the Australia Hotel Portfolio and matters related or ancillary thereto.

The Facility under this agreement has a tenure of six (6) months commencing on the utilisation date and continue until 30 September 2020, or for an extended tenure until such date the parties may mutually agree in writing and if so extended, the outstanding amount shall be subject to an interest at the rate of six percent (6%) per annum or such other rate as agreed between the parties taking into account the then prevailing market rate of similar facilities arrangement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

13. LOANS AND RELATED RECEIVABLES (cont'd)

As at 30 June 2020, S\$12,115,000 has been drawn down on the Facility by the Borrower.

Pursuant to the inside information and business update announcements dated 23 and 24 July 2020 of the Company, the Group had recognised allowance for impairment losses of approximately S\$2,353,000 in respect of the loan to the Borrower.

14. CASH AND CASH EQUIVALENTS

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Cash and bank balances	13,093	18,342

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:

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Hong Kong dollar (HKD)	641	360
Australia dollar (AUD)	1,385	6,095

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. SHARE CAPITAL

	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Issued and paid up capital:		
2,000,000,000 ordinary shares	29,866	29,866

A summary of the Group's issued share capital during the period ended 30 June 2020 and year ended 31 December 2019 is as follows:

	Number of ordinary shares	Nominal value of ordinary shares S\$'000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 (audited), 1 January 2020 and 30 June 2020 (unaudited)	2,000,000,000	29,866

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. RELATED PARTY TRANSACTIONS

Name of related companies	Relationship with the Company or the Group
Investment SPVs:	
ZACD (Sennett) Pte. Ltd.	ZACD (Sennett) Pte. Ltd. is a 35.3%-owned associate of the ultimate holding company.
ZACD (Woodlands) Pte. Ltd.	ZACD (Woodlands) Pte. Ltd. is a 29.5%-owned associate of the ultimate holding company.
ZACD (Woodlands2) Pte. Ltd.	ZACD (Woodlands2) Pte. Ltd. is a 37.5%-owned associate of the ultimate holding company.
ZACD (Pasir Ris) Pte. Ltd.	ZACD (Pasir Ris) Pte. Ltd. is a 22.4%-owned associate of the ultimate holding company.
ZACD (CCK) Pte. Ltd.	ZACD (CCK) Pte. Ltd. is a 25.9%-owned associate of the ultimate holding company.
Development SPVs:	
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.
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.
Publique Realty Pte. Ltd.	One of the key management personnel of the Group is a key management personnel of Publique Realty Pte. Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. 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 (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. One of the key management personnel of the Group is a key management personnel of Development2.
ZACD (CS) Ltd.	ZACD (CS) Ltd. is managed by the Group. One of the key management personnel of the Group is a key management personnel of ZACD (CS) Ltd.
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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. RELATED PARTY TRANSACTIONS (cont'd)

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2019 and 2020:

Notes	Six months ended 30 June	
	2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Investment management — dividend income: (i)		
ZACD (Woodlands) Pte. Ltd.	–	186
ZACD (Woodlands2) Pte. Ltd.	–	274
ZACD (Pasir Ris) Pte. Ltd.	66	220
ZACD (Sennett) Pte. Ltd.	–	53
ZACD (CCK) Pte. Ltd.	344	–
	410	733
Investment management — fund management fees: (ii)		
ZACD (BBW6) Ltd.	57	77
ZACD (Shunfu) Ltd.	19	19
ZACD (Shunfu2) Ltd.	19	19
ZACD Income Trust	111	211
ZACD (Development2) Ltd.	54	576
ZACD (CS) Ltd.	513	–
ZACD (Development4) Ltd.	86	–
	859	902

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. RELATED PARTY TRANSACTIONS (cont'd)

		Six months ended 30 June	
		2020	2019
Notes		S\$'000	S\$'000
		(unaudited)	(unaudited)
<hr/>			
Acquisitions and projects management fees:	(iii)		
Landmark JV Pte. Ltd.		–	325
Mandai 7 JV Pte. Ltd.		1,092	–
Publique Realty Pte. Ltd.		112	–
		<hr/>	
		1,204	325
<hr/>			
Property management and tenancy management fees:	(iv)		
BH-ZACD (Tuas Bay) Development Pte. Ltd.		–	41
Publique Realty (Jurong) Pte. Ltd.		–	111
		<hr/>	
		–	152
<hr/>			
Corporate services expense:	(v)		
Magnificent Vine Group Holdings Pte. Ltd.		–	4
Repair and maintenance services expense:	(vi)		
Neww Pte. Ltd.		125	302
Rental expenses:	(vii)		
The ultimate holding company		–	70

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. RELATED PARTY TRANSACTIONS (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.
- (ii) The fund management income included fund establishment fee and fund management fees and was related to the fund management services rendered by the Group. The fees were determined at terms stipulated in the respective service contracts.
- (iii) Acquisitions and projects management fee income was related to acquisitions and projects management rendered by the Group to these related parties who are real estate developers. The fees were determined at terms stipulated in the respective service contracts.
- (iv) 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.
- (v) The corporate services expense was related to corporate and business support services rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. COMMITMENTS

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

18. CONTINGENCIES

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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. CONTINGENCIES (cont'd)

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 12.0% 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 (the "**Previous Facility Agreement**"). BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

Following the issuance of the temporary occupation permit for the BBW6 Development by the Building and Construction Authority under the Building Control Act (Cap. 29) on 23 March 2020, and the confirmation of the final maturity date of the existing loan facilities on 23 July 2020 in accordance with the Previous Facility Agreement, the Development SPVs have been granted the refinancing loan facilities of S\$125,000,000 by the lender for the BBW6 Development, which will be applied towards firstly refinancing partially the existing outstanding loan facilities of S\$55,000,000 under the Previous Facility Agreement and partially repaying their existing shareholders' loans for S\$70,000,000, and thereafter if any funding their respective working capital requirements (the "**Refinancing Facility Agreement**"). Upon the security agent's satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 23 July 2020 under the Previous Facility Agreement, the existing guarantee will be released and discharged.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. CONTINGENCIES (cont'd)

Pursuant to the Refinancing Facility Agreement, the Company is required to provide the guarantee in the lower sum of (i) 12.0% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Development SPVs to the lender from time to time, estimated of approximately S\$15,000,000; and (ii) the aggregate of the principal amount of the refinancing loan facilities of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon. Pursuant thereto, the Company has entered into the Deed of Guarantee in favour of the lender pursuant to which the Company agreed to provide the guarantee, which was executed by the lender and dated by the lender on 20 July 2020.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2020 and 31 December 2019 are as follows:

30 June 2020 (unaudited)

Financial assets

	Fair value through other comprehensive income S\$'000	Financial assets at amortised cost S\$'000	Total S\$'000
Investment in equity securities	1,782	-	1,782
Loans and related receivables	-	9,762	9,762
Trade receivables	-	4,856	4,856
Financial assets included in prepayments, deposits and other receivables	-	773	773
Amount due from ultimate holding company	-	1	1
Amounts due from related parties	-	1,167	1,167
Cash and cash equivalents	-	13,093	13,093
	1,782	29,652	31,434

Financial liabilities

	Financial liabilities at amortised cost S\$'000
Financial liabilities included in trade payables, other payables and accruals	2,663
Amounts due to related parties	266
Lease liabilities	299
	3,228

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

19. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

31 December 2019 (audited)

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)	30 June 2020 S\$'000 (unaudited)	31 December 2019 S\$'000 (audited)
Financial assets				
Investment in equity securities	1,782	2,297	1,782	2,297

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

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

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.

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

Fair value hierarchy

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

Assets measured at fair value:

30 June 2020 (unaudited)

	Fair value measurement using			Total S\$'000
	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	
Investment in equity securities	-	-	1,782	1,782

31 December 2019 (audited)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

The movements in fair value measurements within Level 3 during the reporting periods ended 30 June 2019 and 30 June 2020 are as follows:

	Group	
	Six months ended 30 June	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Investment in equity securities — unlisted:		
At beginning of reporting period	2,297	3,424
Total (loss)/gain recognised in other comprehensive income	(515)	101
At end of reporting period	1,782	3,525

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019:

	Valuation technique	Significant observable input	Range	Sensitivity of fair value to the input
At 30 June 2020 (unaudited)				
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 \$146,000 Increase by 18 percentage points would result in decrease in fair value by \$320,000
At 31 December 2019 (audited)				
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 \$139,000 Increase by 18 percentage points would result in decrease in fair value by \$335,000

The Group did not have any financial liabilities measured at fair value as at 31 December 2019 and 30 June 2020.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

21. AUTHORISATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The interim condensed consolidated financial statements for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors passed on 11 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the six months ended 30 June 2020 (the “**Review Period**”). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

- (1) Executive Overview;
- (2) Financial Review and Business Review;
- (3) Business Outlook; and
- (4) Use of Proceeds

EXECUTIVE OVERVIEW

The Group managed a total of 29 investment structures under the PE structures and fund structures over 28 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing property management services to seven real estate projects in Singapore, and tenancy management services to one property owners in Malaysia. The Group is currently executing nine corporate advisory mandates, including providing investment advisory services for a family office with an asset-under-management of approximately USD100 million.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss of approximately S\$7.9 million for the six months ended 30 June 2020 as compared with a net loss of approximately \$983,000 for the corresponding period in 2019. The further loss was mainly attributable to the allowance for impairment losses on the Group’s trade receivables in respect of the investment management fees amounting to approximately S\$3.7 million, allowance for impairment loss on the advance to ZACD (Development4) Ltd. of approximately S\$2.3 million and increase in professional fees of approximately S\$1.2 million mainly due to a one-off corporate finance activity carried out during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The unaudited revenue of the Group decreased by 6.7% or approximately S\$295,000 from approximately S\$4.4 million for the six months ended 30 June 2019 (the “**Previous Period**”) to approximately S\$4.1 million for the Review Period. The decrease was mainly attributable to the decrease in property management fees as a result of contracts that had ceased and/or have not been renewed at the end of the contract term and lower dividends derived from the investment management business segment, partially offset by the increase in acquisition fee derived in the acquisitions and projects management business segment.

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

Period ended 30 June 2020 (unaudited)	Investment management		Acquisitions and projects management services S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	469	885	1,286	975	475	4,090
Segment results	272	(3,716)	625	(59)	(328)	(3,206)
<i>Reconciliation:</i>						
Other income and gains						897
Corporate and unallocated expenses						(5,623)
Loss before tax						(7,932)

MANAGEMENT DISCUSSION AND ANALYSIS

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

(a) **Investment Management Services**

(i) *SPV investment management*

The unaudited revenue decreased from approximately S\$878,000 for the Previous Period to approximately S\$469,000 for the Review Period, representing a decrease of approximately S\$409,000 or 46.6%. The decrease was mainly due to dividends derived from two Investment SPVs for the Review Period as compared to four Investment SPVs for the Previous Period. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) *Fund management*

The unaudited revenue in fund of the Group decreased from approximately S\$1.0 million for the Previous Period to approximately S\$885,000 for the Review Period, representing a decrease of approximately S\$126,000 or 12.5%. During the Review Period, the Group realised subscription fees of approximately S\$476,000 from a new development fund (the “**Mandai Fund**”) that was established in early 2020. While during the Previous Period, the Group realised establishment fees of approximately S\$560,000 from Landmark Tower Fund and subscription fees of approximately S\$81,000 from ZACD Income Trust. The Group derived lower management fees of approximately S\$100,000 from ZACD Income Trust for the Review Period as compared to the Previous Period mainly due to the Group realising the management fees from the Australia assets’ net property income for the first time in the Previous Period following the acquisition of the Australia assets by ZACD Income Trust and performance on the hospitality asset was affected by the bush fires in late 2019 and the COVID-19 outbreak, leading to lower management fees from the Australia assets’ net property income for the Review Period.

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

The unaudited revenue increased from approximately S\$456,000 for the Previous Period to approximately S\$1.3 million for the Review Period, representing an increase of approximately S\$830,000 or 182.0%. The increase was mainly attributed to an acquisition fee of approximately S\$1.1 million derived from the developer SPV which the fund vehicle of the Company that was jointly established with an external business partner, following its efforts to secure and complete the acquisition of a freehold site in Mandai Singapore for industrial development in the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) *Property Management and Tenancy Management Services*

The unaudited revenue decreased from approximately S\$1.7 million for the Previous Period to approximately S\$975,000 for the Review Period, representing a decrease of approximately S\$733,000 or 42.9%. 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. Besides staff costs, key expenses incurred by this business segment entail the administrative costs of managing properties. In this respect, the Group is in the midst of setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group is rallying to secure new contracts particularly in the prime areas of Singapore which construe higher management fee, expanding our existing offering via tender on facilities management on government-owned properties in Singapore.

(d) *Financial Advisory Services*

The unaudited revenue increased from approximately S\$332,000 for the Previous Period to approximately S\$475,000 for the Review Period, representing an increase of approximately S\$143,000 or 43.1%. There were new corporate advisory mandates executed in the Review Period and adding on to the ongoing corporate advisory mandates, this contributed to higher incremental fee income realised in the Review Period. We are actively sourcing for more client mandates to bring this business segment to profit. 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. The Group continues to focus on the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

Other income and gains

Other income and gains saw an approximately 112.1% increase from approximately S\$423,000 for the Previous Period to approximately S\$897,000 for the Review Period. The increase was mainly due to government grants in relation to the payout of Jobs Support Scheme announced by the Singapore Government to provide cashflow support to businesses during this period of economic uncertainty affected by the COVID-19 outbreak and foreign exchange gain, partially offset by lower interest income derived from bridging loans extended to ZACD Income Trust, ZACD (Development2) Ltd. and ZACD (Shunfu2) Ltd. as the bridging loans were fully repaid in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs for the Review Period decreased by S\$156,000 as compared to Previous Period.

As at the end of Review Period, the Group had 85 employees as compared to 113 as at the end of the Previous Period. While headcount decreased mainly in the property management services with the majority being 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.

Impairment losses on financial assets

The Group recorded allowance for impairment losses on the Group's trade receivables in respect of the investment management fees amounting to approximately S\$3.7 million, allowance for impairment loss on the advance to ZACD (Development4) Ltd. of approximately S\$2.3 million as elaborated below.

Reference is made to the voluntary announcement dated 20 September 2019, the positive profit alert announcement dated 2 March 2020, the inside information and business update announcements dated 23 July 2020, 24 July 2020 and 6 August 2020 and the profit warning announcement dated 29 July 2020 of the Company in relation to the establishment of a new fund, ZACD Australia Hospitality Fund and ZACD (Development4) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company is the fund holding entity of this new fund pursuant to the Transaction with respect to the Australia Hotel Portfolio (the "**Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. Pursuant to the Announcements, iProsperity Group had failed to pay the Additional Deposit for the Transaction due to severe financial difficulties which may constitute to a default in the Transaction. Such potential default casts significant uncertainty in whether the Transaction could further proceed. The Directors are of the view that if the Transaction was not able to proceed, the collectability of the acquisition fee receivable from the investment vehicle of the Australia Hotel Portfolio and the fund management

MANAGEMENT DISCUSSION AND ANALYSIS

fees receivables from the ZACD Australia Hospitality Fund (collectively, the “**Investment Management Fees Receivables**”) would be impacted. In addition, the recoverability of the advance from the Group to ZACD Australia Hospitality Fund is also at risk. As such, the Group had recognised allowance for impairment losses in the Review Period of approximately S\$3.7 million in respect of the Investment Management Fees Receivable from the ZACD Australia Hospitality Fund and the investment vehicle of the Australia Hotel Portfolio and approximately S\$2.3 million in respect of the advance by the Group to ZACD Australia Hospitality Fund (collectively the “**Impairment Losses**”).

Other expenses, net

Other expenses, net increased by approximately 71.2% from approximately S\$1.4 million for the Previous Period to approximately S\$2.4 million for the Review Period. The increase was mainly attributable to the increase in professional fees of approximately S\$1.2 million mainly due to a one-off corporate finance activity carried out during the Review Period, partially offset by the decrease in the property repair and maintenance outsourcing expenses as a result of the decrease in the number of property management contracts.

Income tax expense

The increase in income tax expense for the Review Period was mainly attributable to the increase in the deferred tax liabilities as a result of capitalised contract cost, partially offset by deferred tax assets on tax losses from some of the fellow subsidiaries. Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the Review Period. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the period attributable to owners of the Company

As a result of the foregoing, we recorded a net loss for the period attributable to the owners of the Group of approximately S\$7.9 million for the Review Period as compared to a net loss of approximately S\$983,000 for the Previous Period.

If the Impairment Losses and the one-off impairment loss on the capitalised contract costs were excluded, the loss of the Group would be approximately S\$1.7 million for the Review Period and approximately S\$983,000 in Previous Period, representing an increase of loss by approximately S\$726,000 or 73.9%.

	Group	
	2020	2019
	S\$'000	S\$'000
Loss for the period	(7,939)	(983)
Impairment Losses	6,030	–
Impairment loss on capitalised contract costs	200	–
Loss before Impairment Losses	(1,709)	(983)

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 30 June 2020 and 31 December 2019, the Group had no banking facilities or borrowings, hence no gearing ratio of the Group was presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and cash equivalents

Cash and cash equivalents amounted to approximately S\$13.1 million and approximately S\$18.3 million as at 30 June 2020 and 31 December 2019 respectively, which were placed with major banks in Singapore and Hong Kong. The decrease was mainly attributable to the advance extended to ZACD Australia Hospitality Fund at approximately S\$12.1 million during the Review Period, partially offset by the repayment of bridging loan from Mandai Fund and repayment of advance from ZACD (Development2) Ltd. totalling approximately S\$5.0 million and the collection of dividends receivables of approximately S\$2.1 million during the Review Period. 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.

Investments in equity securities

The establishment shares were accounted for as investments in equity securities and were measured at fair value. The investments in equity securities amounted to S\$1.8 million and S\$2.3 million as at 30 June 2020 and 31 December 2019, 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 as at 30 June 2020 as compared to as at 31 December 2019 was mainly due to the realisation of dividends from two Investment SPVs.

Trade receivables

Total trade receivables amounted to approximately S\$4.9 million and approximately S\$10.7 million as at 30 June 2020 and 31 December 2019 respectively. It comprises of trade receivables of approximately S\$4.9 million as at 30 June 2020 as compared to trade receivables of approximately S\$8.6 million and dividends receivables of approximately S\$2.1 million as at 31 December 2019.

Trade receivables decreased from approximately S\$8.6 million as at 31 December 2019 to approximately S\$4.9 million as at 30 June 2020, mainly attributed by the allowance for impairment losses on the Investment Management Fees Receivables of approximately S\$3.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on assets

As at 30 June 2020, the Group did not have any charges on assets.

Contingent liabilities

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 12.0% 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 (the “**Previous Facility Agreement**”). BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

Following the issuance of the temporary occupation permit for the BBW6 Development by the Building and Construction Authority under the Building Control Act (Cap. 29) on 23 March 2020, and the confirmation of the final maturity date of the existing loan facilities on 23 July 2020 in accordance with the Previous Facility Agreement, the Development SPVs have been granted the refinancing loan facilities of S\$125,000,000 by the lender for the BBW6 Development, which will be applied towards firstly refinancing partially the existing outstanding loan facilities of S\$55,000,000 under the Previous Facility Agreement and partially repaying their existing shareholders’ loans for S\$70,000,000, and thereafter if any funding their respective working capital requirements (the “**Refinancing Facility Agreement**”). Upon the security agent’s satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 23 July 2020 under the Previous Facility Agreement, the existing guarantee will be released and discharged.

Pursuant to the Refinancing Facility Agreement, the Company is required to provide the guarantee in the lower sum of (i) 12.0% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Development SPVs to the lender from time to time, estimated of approximately S\$15,000,000; and (ii) the aggregate of the principal amount of the refinancing loan facilities of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon. Pursuant thereto, the Company has entered into the Deed of Guarantee in favour of the Lender pursuant to which the Company agreed to provide the guarantee, which was executed by the lender and dated by the lender on 20 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Commitments

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

Dividends

No dividend was paid or proposed by the Company for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the “**Share Option Scheme**”) under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS UPDATE WITH RESPECT TO THE AUSTRALIA HOTEL PORTFOLIO

In respect of the Announcements of the Company in relation to ZACD Australia Hospitality Fund, the Company and ZACD Australia Hospitality Fund are currently working with the Solicitors to seek claims on the ZACD Deposit and all other losses from the Trust Lawyer and iProsperity Group. The Company will make further announcement as and when appropriate pursuant to the requirements under the GEM Listing Rules.

Subsequent to the Transaction with respect to the Australia Hotel Portfolio, the Group was in the midst of setting up a separate investment fund to invest US\$10 million ("**ZACD US Fund**") in a US hotel acquisition led by iProsperity Group. The deposit of US\$10 million for this acquisition was funded by ZACD US Fund as a bridging loan to iProsperity Group to fulfil its payment obligation of the deposit for the acquisition and shall be refunded by iProsperity Group if the acquisition fails to complete. This US\$10 million deposit payment was funded by an anchor investor through a bridging loan to ZACD US Fund as part of his early commitment to the fund and upon setup of the ZACD US Fund, US\$5 million will be converted into equity in the ZACD US Fund and US\$5 million will be repaid by ZACD US Fund to the anchor investor. The Company is currently working with the lawyers to seek various recovery actions against iProsperity Group and its administrators to recover this deposit.

BUSINESS OUTLOOK

Since the outbreak of COVID-19, the Singapore government has taken emergency public health measures and various actions to prevent the spread of COVID-19. The measures include the closure of workplace premises, retail outlets except for those necessary to support the daily living needs of the population in Singapore (the "**Circuit Breaker Period**"). The Circuit Breaker Period had ended on 1 June 2020 with further measures by the Singapore government to embark on a three-phased approach to resume activities safely.

The Group's principal place of business is in Singapore, such measures will lead to disruption to the normal operations of the Group in Singapore and may have an impact on the Group's performance and business expansion plans. The Group will continue to strengthen its cost control measures substantially in order to mitigate the adverse impact from the COVID-19 outbreak. The Group will continue to monitor the situation with the COVID-19 outbreak and the risks and uncertainties faced by the Group as a result thereof and make further adjustments to its operations and business strategies as and when required.

MANAGEMENT DISCUSSION AND ANALYSIS

The impact on our Singapore investment projects will be experiencing slower progress than expected in particular the residential projects. The sales launch of the redevelopment project, The Landmark acquired by LT Fund is delayed as the project face supply chain disruptions due to the COVID-19 pandemic.

With respect to our global investments, the Australia real estate assets invested by ZACD Income Trust experienced business disruptions as the hospitality industry was impacted by global travel bans and restrictions. We hope to see improvement on the performance of the hospitality asset in the later part of the year with the gradual re-opening of the economy in Australia as well as across the world. However, substantial downside risks still remain such as the second/third wave of the COVID-19 infections and the ending of the Australia government's financial support package.

Despite the economic uncertainty affected by the COVID-19 outbreak, we view this as an opportunity to grow and expand the Group's pipeline projects for our investment management business and acquisitions and projects management business including source, identify and acquire assets with attractive returns and looking at more distressed assets with redevelopment / turnaround potential when a profitable opportunity arises.

We also plan to extend our portfolio of estates under management and continue to participate actively in government tenders on facilities management on government-owned properties in Singapore.

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. The Group continues to focus on the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

USE OF PROCEEDS

Total net proceeds raised from the Company's listing in January 2018 approximated HK\$125.2 million (\$\$21.6 million) after deducting underwriting commissions and all related expenses. On 13 March 2020, the Directors resolved to change the use and allocation of the unutilised net proceeds to the bridging reserve fund to further enhance the competitive advantages of the investment management business and to expand the Group's future fund product offerings by further expanding the use of the bridging reserve fund as an initial investment capital to help the Group to seed-fund potential real estate projects where required. For details, please refer to the Company's announcement dated 13 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are details of the use of proceeds up to 30 June 2020:

	Original allocation of net proceeds S\$'000	The reallocation of the use of net proceeds S\$'000	Revised use of net proceeds S\$'000	Utilised amount up to 30 June 2020 S\$'000
Bridging reserve fund	8,900	7,235	16,135	16,135 (100%)
Investment management	3,400	(2,651)	749	749 (100%)
Acquisitions and projects management (<i>Note 1</i>)	900	(325)	575	575 (100%)
Property & tenancy management	3,300	(1,589)	1,711	1,711 (100%)
Financial advisory	3,500	(2,670)	830	830 (100%)
General working capital	1,600	–	1,600	1,600 (100%)
	21,600	–	21,600	21,600 (100%)

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2020 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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

At 30 June 2020, the interests and long positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	-	-
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	-	-
Mr. Siew	Our Company (Note 2)	Beneficial owner	22,000,000 ordinary shares	1.1%	-	-
Mr. Darren Chew	Our Company (Note 3)	Beneficial owner	20,000,000 ordinary shares	1%	-	-
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%	-	-

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo/Ms. Sim	ZACD Land Pte. Ltd. (Note 4)	Interest in a controlled corporation	2 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD Property Pte. Ltd. (Note 5)	Interest in a controlled corporation	2 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD Treasury Limited (Note 6)	Interest in a controlled corporation	10,000 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD CRF (Woodlands) Pte. Ltd. (Note 7)	Interest in a controlled corporation	1,530 ordinary shares	51%	-	-
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo/Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. (Note 9)	Interest in a controlled corporation	2 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo/Ms. Sim	ZACD (Gambas) Pte. Ltd. (Note 11)	Interest in a controlled corporation	2 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 12)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo/Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 13)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Mr. Yeo/Ms. Sim	ZACD Development Sdn. Bhd. (Note 14)	Interest in a controlled corporation	100 ordinary shares	100%	-	-
Mr. Yeo/Ms. Sim	ZACD Development (Kulai) Sdn. Bhd. (Note 15)	Interest in a controlled corporation	2 ordinary shares	100%	-	-

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments Pte. Ltd. ("**ZACD Investments**") respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Siew is a Director of the Company.
3. Mr. Darren Chew is a Director of the Company.
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 issued shares of ZACD Land Pte. Ltd. held by ZACD Investments by virtue of the SFO.
5. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. 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.
6. 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.
7. 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.
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 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.
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 (Berwick Drive) Pte. Ltd. held by ZACD Investments by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

10. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 27 May 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Tuas Bay) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Tuas Bay) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,100,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 12.10% of the enlarged issued capital of ZACD (Tuas Bay) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Tuas Bay) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Tuas Bay) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Tuas Bay) Pte. Ltd. by virtue of the SFO.
11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. 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.
12. 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.
13. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

14. 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.
15. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Development Sdn. Bhd. which in turn holds the entire issued capital of ZACD Development (Kulai) Sdn. Bhd. As such, both of them are deemed to be interested in all the issued shares of ZACD Development (Kulai) Sdn. Bhd. indirectly held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

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

At 30 June 2020, 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:

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (Note 1)	1,298,600,000	64.93%
Ms. Sim	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
ZACD Investments Pte. Ltd.	Beneficial owner (Note 1)	1,298,600,000	64.93%
Mr. Rachman Sastra	Beneficial owner and Interest in a controlled Corporation (Note 2)	199,750,000	9.99%
Harmonious Tidings Limited	Beneficial owner (Note 2)	150,000,000	7.5%

Notes:

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

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive directors, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the Interim Results of the Group for the six months ended 30 June 2020.

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

Hong Kong, 11 August 2020

As at the date of this report, the Board of the Company comprises five (5) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Wee Hian Eng Cyrus, Mr. Siew Chen Yei, and Mr. Darren Chew Yong Siang; three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew; and one (1) non-executive director, namely Mr. Chew Hong Ngiap, Ken.