

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



杰地集团有限公司*

(A company incorporated in the Republic of Singapore with limited liability)

(Stock code: 8313)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

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

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

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

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

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

** for identification purposes only*

INTERIM FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2021

- The unaudited revenue of the Group decreased by 54.6% or approximately S\$2.2 million from approximately S\$4.1 million for the six months ended 30 June 2020 (the “**Previous Period**”) to approximately S\$1.9 million for the six months ended 30 June 2021 (the “**Review Period**”). The decrease was mainly attributable to the decrease in property management fees as a result of the strategic re-alignment of the property management services in December 2020, decrease in acquisition fee derived in the acquisitions and projects management and decrease in fee income from financial advisory business segment.
- Total staff costs decreased from approximately S\$3.8 million for the Previous Period to approximately S\$2.3 million for the Review Period, representing a decrease of approximately S\$1.5 million or 40.6%. As at the end of Review Period, the Group had 44 employees as compared to 85 as at the end of Previous Period.
- The Group reported a net loss of approximately S\$1.2 million for the Review Period as compared with a net loss of approximately S\$7.9 million for the Previous Period, representing a decrease in net loss of approximately S\$6.7 million or 85.4%. The improvement was mainly attributable to the Group had recognised in the Previous Period, allowance for impairment losses of approximately S\$3.7 million in respect of the Group’s investment management fees receivables pursuant to ZACD Australia Hospitality Fund and approximately S\$2.3 million in respect of the advance by the Group to ZACD Australia Hospitality Fund and S\$200,000 in respect of the capitalised commission fees incurred in relation to the ZACD Australia Hospitality Fund and approximately S\$1.3 million of a one-off corporate finance activity carried out during the Previous Period while in the Review Period, the Group recognised allowance for impairment losses of approximately S\$134,000 in respect of the financial advisory fees receivables and there was no such one-off corporate finance event in the Review Period. There was also a decrease in the Group’s expenses mainly in staff costs by approximately S\$1.5 million. This was partially offset by the decrease in revenue by approximately S\$2.2 million.
- No dividend was paid or proposed by the Company for the six months ended 30 June 2021 (Six months ended 30 June 2020: Nil).
- Basic and diluted loss per share during the six months ended 30 June 2021 was approximately S\$0.06 cents (Six months ended 30 June 2020: loss of S\$0.40 cents).

INTERIM RESULTS

This is an interim results announcement made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries as the “**Group**”).

The board of directors (the “**Board**”) of the Company hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2021 (the “**Interim Results**”), together with the unaudited comparative figures for the six months ended 30 June 2020:

**Unaudited consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2021**

		Six months ended 30 June	
	Note	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Revenue	4	1,855	4,090
Other income and gains	4	399	897
Staff costs		(2,286)	(3,847)
Depreciation		(62)	(133)
Amortisation of right-of-use asset		(117)	(259)
Amortisation of capitalised contract costs		(48)	(39)
Impairment losses on financial assets	5	(107)	(6,030)
Impairment loss on capitalised contract costs		–	(200)
Marketing expenses		(9)	(8)
Other expenses, net		(740)	(2,394)
Interest expense		(47)	(9)
Loss before tax	5	(1,162)	(7,932)
Income tax expense	6	–	(7)
Loss for the period attributable to owners of the Company		(1,162)	(7,939)
Other comprehensive loss:			
<u>Items that will not be reclassified to profit or loss:</u>			
Fair value changes on investment in equity securities		(415)	(515)
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations		(32)	(66)
Other comprehensive loss for the period		(447)	(581)
Total comprehensive loss for the period attributable to owners of the Company		(1,609)	(8,520)
Loss per share attributable to owners of the Company	7		
- Basic (cents)		(0.06)	(0.40)
- Diluted (cents)		(0.06)	(0.40)

**Unaudited consolidated statement of financial position
As at 30 June 2021**

	Note	30 June 2021 \$'000 (unaudited)	31 December 2020 \$'000 (audited)
Non-current assets			
Property, plant and equipment		174	236
Right-of-use asset		–	117
Investment in equity securities	9	1,054	1,469
Investment in fund entities	10	1,743	–
Prepayments, deposits and other receivables		270	281
Total non-current assets		3,241	2,103
Current assets			
Trade receivables	11	4,858	4,940
Amount due from ultimate holding company		4	5
Amounts due from related parties (non-trade)		1,504	1,177
Prepayments, deposits and other receivables		314	436
Capitalised contract costs		287	275
Loans and related receivables	12	4,477	–
Cash and cash equivalents	13	4,980	12,664
Total current assets		16,424	19,497
Current liabilities			
Trade payables, other payables and accruals		1,347	1,429
Amount due to ultimate holding company		–	1
Amounts due to related parties (non-trade)		239	349
Lease liabilities		–	121
Bank borrowing	14	629	255
Total current liabilities		2,215	2,155
Net current assets		14,209	17,342
Non-current liabilities			
Other payables		28	39
Bank borrowing	14	2,375	2,750
Deferred tax liabilities		65	65
Total non-current liabilities		2,468	2,854
Net assets		14,982	16,591
Equity			
Share capital	15	29,866	29,866
Reserves		(14,884)	(13,275)
Total equity		14,982	16,591

**Notes to the unaudited consolidated financial information
For the six months ended 30 June 2021**

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.

2. Bases of preparation and changes to the Group’s accounting policies

2.1 Basis of preparation

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

The unaudited condensed consolidated financial information is 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 Results are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 SPVs under the convertible loan structure. Under the trust structure, the Group derives performance fees from the profits made by the investors through dividend distribution received by the Group’s ultimate holding company on behalf of investors.

(ii) *Fund management*

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

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

(b) Acquisitions and projects management

Acquisitions and projects management include the Group's services in sourcing, assessing and securing quality real estate assets for real estate developers and services rendered by the Group to real estate developers generally comprise services in the areas of tender consultancy and research, design development consultancy, marketing project management, sales administration and handover and property defects management services coordination of legal services, as well as finance and corporate services. These services are provided to real estate developers and help to address various needs during each major stage of real estate development projects.

(c) Property management and tenancy management

The Group's property management services primarily include maintenance management services and ancillary services, such as accounting and financial services. Properties managed by the Group comprise residential properties as well as non-residential properties including commercial buildings, office buildings and industrial parks.

The Group's tenancy management services primarily relate to defect management, rental management, lease advisory services, administrative management and tenants care management.

(d) Financial advisory

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

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

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Singapore	1,688	3,668
Malaysia	19	217
Australia	45	41
Other countries/jurisdictions	103	164
	1,855	4,090

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

(b) Non-current assets

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
	Singapore	108
Other countries/jurisdictions	66	82
	174	353

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

4. Revenue, and other income and gains

Revenue represents the aggregate of service fee income earned from the provision of investment management services, 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 2021 (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	765	543	380	–	–	1,688
Malaysia	–	–	–	19	–	19
Australia	–	–	45	–	–	45
Other countries/jurisdictions	–	–	–	–	103	103
	765	543	425	19	103	1,855
Timing of services						
At a point in time	723	178	380	–	–	1,281
Over time	42	365	45	19	103	574
	765	543	425	19	103	1,855
Six months ended 30 June 2020 (unaudited)						
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

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

	Six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Revenue		
Investment management		
— SPV investment management fees	765	469
— Fund management fees	543	885
Acquisitions and projects management service fees	425	1,286
Property management and tenancy management fees	19	975
Financial advisory fees	103	475
	1,855	4,090
Other income and gains		
Government grants*	288	634
Interest income	74	12
Foreign exchange differences, net	27	190
Others	10	61
	399	897

* 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 Growth Incentive and Jobs Support Scheme provided by the Singapore Government and employment of Australian Workers under JobKeeper Payment Scheme provided by the Australia Government. There were no unfulfilled conditions or contingencies relating to these grants.

5. Loss before tax

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

	Six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Auditor's remuneration	100	100
Dividend income from the establishment shares included in SPV investment management fees	(548)	(410)
Foreign exchange differences, net	(27)	(190)
Professional fees	120	1,369
Impairment loss on trade receivables, net (Note 11)	107	3,677
Impairment loss on loans and receivables (Note 12)	-	2,353
	-	4,699

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 2021 (Six months ended 30 June 2020: 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 2021 (Six months ended 30 June 2020: Nil).

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

	Six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (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

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	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	(1,162)	(7,939)
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 2021 (Six months ended 30 June 2020: Nil).

9. Investment in equity securities

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Unlisted equity shares, at fair value	581	996
Contractual rights over unlisted equity shares, at fair value	473	473
	1,054	1,469

During the six months ended 30 June 2021, 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\$415,000 (Six months ended 30 June 2020: loss of S\$515,000).

The 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).

10. Investment in fund entities

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Investment in fund entities, at fair value	1,743	–

During the six months ended 30 June 2021, the Company invested HKD 10.0 million (equivalent to approximately S\$1,743,000) of seed capital into ZACD HK IPO Fund to facilitate the initial set up of the fund.

The ZACD HK IPO Fund is a close-ended fund that is a sub-fund of ZACD Capital Partners VCC, an umbrella VCC. The sub-fund is established for the purpose of subscribing at the managers' discretion, for Hong Kong initial public offerings including primary and secondary listings that present high potential for capital appreciation on or around listing day.

There is no material change in the fair value of the investment in the ZACD HK IPO Fund from the date of investment to 30 June 2021.

11. Trade receivables

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Trade receivables	8,827	8,807
Less: allowance for impairment losses (Note 5)	(3,969)	(3,867)
	4,858	4,940

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

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
At beginning of reporting period	3,867	–
Allowance for impairment losses (Note 5)	134	3,867
Reversal of impairment losses no longer applicable (Note 5)	(27)	–
Written off allowance for impairment losses	(5)	–
At end of reporting period	3,969	3,867

11. Trade receivables (continued)

As at 31 December 2020, an allowance of S\$3,867,000 was made against fund management fees receivables pursuant to the ZACD Australia Hospitality Fund (Note 12). Management has assessed these receivables as doubtful debts and has accordingly recorded a full allowance on the receivables.

As at 30 June 2021, an allowance of S\$134,000 made against financial advisory fees receivables. Management has reassessed and make necessary impairment losses for irrecoverable amounts.

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

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 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Within 1 month	888	1,065
1 to 2 months	169	78
2 to 3 months	307	99
Over 3 months	3,167	3,629
	4,531	4,871

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

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Dividend receivables	327	69
Neither past due nor impaired	888	1,065
Less than 1 month past due	169	78
1 to 3 months past due	3,474	3,728
	4,858	4,940

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.

11. Trade receivables (continued)

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 2021 and 31 December 2020, 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.

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Ultimate holding company	94	–
Related parties*	3,480	2,783
	3,574	2,783

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

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
BH-ZACD (Woodlands) Development Pte. Ltd.	8	8
Landmark JV Pte. Ltd.	1,185	1,185
Mandai 7 JV Pte. Ltd.	200	570
ZACD (Sengkang) Pte. Ltd.	27	–
ZACD (Pasir Ris) Pte. Ltd.	30	–
ZACD (Development2) Ltd.	540	400
ZACD (Anchorvale) Pte. Ltd.	–	14
ZACD (Canberra) Pte. Ltd.	3	–
ZACD (CCK) Pte. Ltd.	–	39
ZACD (Punggol Field) Pte. Ltd.	48	–
ZACD (Woodlands3) Pte. Ltd.	–	16
ZACD (Punggol Drive) Pte. Ltd.	40	–
ZACD (Woodlands) Pte. Ltd.	181	–
ZACD (Development4) Ltd.	807	509
ZACD (Mandai) Ltd.	47	42
ZACD Property Pte. Ltd.	180	–
Kurnia Rezeki Utama Sdn Bhd	6	–
ZACD Mount Emily Residential Development Fund	178	–
	3,480	2,783

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

12. Loans and related receivables

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Current		
Bridging loans funded to:		
ZACD (Development4) Ltd.	12,128	12,128
ZACD Mount Emily Residential Development Fund	4,404	–
Interest receivables on loan to:		
ZACD Mount Emily Residential Development Fund	73	–
Advances to:		
ZACD (Development4) Ltd.	17	209
Less: allowance for impairment losses	(12,145)	(12,337)
	4,477	–
	4,477	–

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

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
At beginning of reporting period	(12,337)	–
Allowance for impairment losses	–	(12,337)
Reversal of impairment losses no longer applicable	192	–
At end of reporting period	(12,145)	(12,337)
	(12,145)	(12,337)

Advances to ZACD (Development 4) Ltd.

On 30 June 2021, ZACD (Development4) Ltd., the fund vehicle of ZACD Australia Hospitality Fund converted outstanding advances of S\$192,300 owing to the Company and issued 186,260 redeemable preference shares (“RPS”) to the Company. The amount remains impaired as at 30 June 2021 pursuant to the announcements made by the Company as disclosed below.

Bridging 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.

12. Loans and related receivables (continued)

Bridging facility to ZACD (Development4) Ltd. (continued)

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.

As at 30 June 2021, S\$12,145,000 has been drawn down on the Facility by the Borrower.

Pursuant to the announcements made by the Company, the Group had recognised allowance for impairment losses of approximately S\$12,145,000 in respect of the loan to the Borrower.

Bridging facility to ZACD Mount Emily Residential Development Fund

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

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

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

As at 30 June 2021, S\$4,404,000 has been drawn down on the Facility by the Borrower which bears interest at 6% per annum.

13. Cash and cash equivalents

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Cash and bank balances	4,980	12,664

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 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
Hongkong dollar (HKD)	117	254
Australia dollar (AUD)	619	711

14. Bank borrowing

	30 June 2021 S\$'000 (unaudited)	31 December 2020 S\$'000 (audited)
<u>Current</u>		
Interest payable on bank loan	4	5
Temporary bridging loan	625	250
	629	255
<u>Non-current</u>		
Temporary bridging loan	2,375	2,750
Total bank borrowing	3,004	3,005

Temporary bridging loan (“TBL”)

This related to a 5-year temporary bridging loan under Enterprise Financing Scheme (“EFS”) as announced at Solidarity Budget 2020. The EFS is enhanced to help SMEs with their working capital needs.

The interest rate is fixed at 3.0% per annum or such other rate as may be approved by Enterprise Singapore under EFS.

14. Bank borrowing (continued)

The TBL is repayable over 60 monthly instalments with interest rate set out above and on the aggregate amount of the TBL that has been disbursed. For the first 12 monthly instalments commencing one month from the date of first drawdown, only interest is serviced. Thereafter, the monthly instalment payments (comprising principal and interest) shall commence one month from the due date of the last monthly interest payment. The monthly instalment payments is calculated based on the outstanding TBL amount over the remaining tenor of the TBL at the applicable interest rate.

15. Share capital

	30 June 2021 S\$'000 (unaudited)	31 December 2020 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 2021 and year ended 31 December 2020 is as follows:

	Number of ordinary shares	Nominal value of ordinary shares S\$'000
Issued and fully paid: At 1 January 2020, 31 December 2020 (audited), 1 January 2021 and 30 June 2021 (unaudited)	2,000,000,000	29,866

16. Related party transactions

In addition to the transactions and balances detailed elsewhere in this announcement, the Group had the following material transactions with related parties during the six months ended 30 June 2021 and 2020:

	Notes	Six months ended 30 June	
		2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Investment management — dividend income:	(i)		
ZACD (Woodlands) Pte. Ltd.		181	—
ZACD (Punggol Drive) Pte. Ltd.		40	—
ZACD (Pasir Ris) Pte. Ltd.		29	66
ZACD (Sennett) Pte. Ltd.		28	—
ZACD (Sengkang) Pte. Ltd.		27	—
ZACD (CCK) Pte. Ltd.		196	344
ZACD (Punggol Field) Pte. Ltd.		47	—
		548	410
Investment management — Performance fee:	(ii)		
ZACD Investment Pte. Ltd.		94	—
Investment management — fund management fees:	(iii)		
ZACD (BBW6) Ltd.		—	57
ZACD (Shunfu) Ltd.		19	19
ZACD (Shunfu2) Ltd.		19	19
ZACD (Development2) Ltd.		61	54
ZACD (Mandai) Ltd.		85	513
ZACD (Development4) Ltd.		—	86
ZACD Mount Emily Residential Development Fund		178	—
		362	748
Acquisitions and projects management fees:	(iv)		
ZACD Property Pte. Ltd.		180	—
Mandai 7 JV Pte. Ltd.		200	1,092
Publique Realty Pte. Ltd.		—	112
		380	1,204
Repair and maintenance services expense:	(v)		
Neew Pte. Ltd.		—	125

16. Related party transactions (continued)

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 performance fee income derived from the ultimate holding company was related to the Group's right to receive payment when dividends were derived by the ultimate holding company from the Investment SPV under the trust structure adopted by the Group.
- (iii) The fund management income included fund establishment fee and fund management fees and was related to the fund management services rendered by the Group. The fees were determined at terms stipulated in the respective service contracts.
- (iv) Acquisitions and projects management fee income was related to acquisitions and projects management rendered by the Group to these related parties who are real estate developers. The fees were determined at terms stipulated in the respective service contracts.
- (iv) 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.

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.

17. Commitments

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

18. Financial guarantees

On 20 March 2020, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$28,985,400 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to an industrial development project located at 7 Mandai Estate, Singapore (the "**Mandai Development**"). This amount represents 60.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Mandai) Ltd (the "**Mandai Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the Mandai Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the Mandai Development. Mandai Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

18. Financial guarantees (continued)

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

On 6 June 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a mixed-use development project located at Bukit Batok West Avenue 6, Singapore (the “**BBW6 Development**”). This amount represents 12.0% 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 has 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.

18. Financial guarantees (continued)

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.

19. Contingent liabilities

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 announcements dated 29 July 2020, 28 October 2020 and 1 February 2021 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**”). Pursuant to the Announcements, the legal proceedings commenced on 6 August 2020 by the Company and ZACD Australia Hospitality Fund in the Supreme Court of New South Wales in Australia against the Trust Lawyer for inter alia the recovery of the ZACD Deposit and other ancillary reliefs is currently in progress.

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 (the “**US Hotel Transaction**”). 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.

19. Contingent liabilities (continued)

Further external counsels are of the opinion, having studied the circumstances surrounding the mentioned cases as well as the documents in the matter, that there exists no evidence of any negligence, fraud or dishonesty on the part of the Group or any officer of the Company and its involved subsidiaries. Therefore, no provision for this contingent liability has been made in the Group's financial statements as at 30 June 2021. As at 30 June 2021, legal fees incurred in relation to legal actions taken against the Trust Lawyer and iProsperity Group amounted to S\$866,000 (31 December 2020: S\$523,000) where S\$807,000 (31 December 2020: S\$509,000) is currently reflected as a recoverable asset from ZACD Australia Hospitality Fund, S\$12,000 is held as deposit by the Company's lawyer for ongoing court fees and disbursements and S\$47,000 (31 December 2020: S\$14,000) was charged to the profit or loss.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the six months ended 30 June 2021 (the “**Review Period**”). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

- (1) Executive Overview;
- (2) Financial Review and Business Review; and
- (3) Business Outlook

EXECUTIVE OVERVIEW

The Group managed a total of 30 investment structures under the PE structures and fund structures over 30 real estate projects and assets in Singapore, Malaysia, Indonesia, Australia and Hong Kong. The Group provided ongoing acquisitions and projects management services to two real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is currently 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\$1.2 million for the six months ended 30 June 2021 as compared to a net loss of approximately S\$7.9 million for the six months ended 30 June 2020 (the “**Previous Period**”), representing a decrease in net loss of approximately S\$6.7 million or 85.4%. The improvement was mainly attributable to the Group had recognised in the Previous Period, allowance for impairment losses of approximately S\$3.7 million in respect of the Group's investment management fees receivables pursuant to ZACD Australia Hospitality Fund and approximately S\$2.3 million in respect of the advance by the Group to ZACD Australia Hospitality Fund and S\$200,000 in respect of the capitalised commission fees incurred in relation to the ZACD Australia Hospitality Fund and approximately S\$1.3 million of a one-off corporate finance activity carried out during the Previous Period while in the Review Period, the Group recognised allowance for impairment losses of approximately S\$134,000 in respect of the financial advisory fees receivables and there was no such one-off corporate finance event in the Review Period. There was also a decrease in the Group's expenses mainly in staff costs by approximately S\$1.5 million. This was partially offset by the decrease in revenue by approximately S\$2.2 million.

The Group's loss was also inevitably affected by the COVID-19 pandemic, as travel restrictions and lockdowns were imposed all around the world. The financial impact brought on by this one-off event however cannot be reliably estimated.

Revenue

The unaudited revenue of the Group decreased by 54.6% or approximately S\$2.2 million from approximately S\$4.1 million for the Previous Period to approximately S\$1.9 million for the Review Period. The decrease was mainly attributable to the decrease in property management fees as a result of the strategic re-alignment of the property management services in December 2020, decrease in acquisition fee derived in the acquisitions and projects management and decrease in fee income from financial advisory 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 2021 (unaudited)	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
Segment revenue						
External customers	765	543	425	19	103	1,855
Segment results`	424	73	158	(6)	(597)	52
<i>Reconciliation:</i>						
Other income and gains						399
Corporate and unallocated expenses						(1,613)
Loss before tax						(1,162)
Period ended 30 June 2020 (unaudited)	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
Segment revenue						
External customers	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)

(a) Investment Management Services

i) SPV investment management

The unaudited revenue increased from approximately S\$469,000 for the Previous Period to approximately S\$765,000 for the Review Period, representing an increase of approximately S\$296,000 or 63.1%. The increase was mainly due to dividends derived from seven Investment SPVs for the Review Period as compared to two Investment SPVs for the Previous Period and higher performance fees. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

(a) Investment Management Services

ii) Fund management

The unaudited revenue in fund of the Group decreased from approximately S\$885,000 for the Previous Period to approximately S\$543,000 for the Review Period, representing a decrease of approximately S\$342,000 or 38.6%. During the Review Period, the Group realised establishment fees of approximately S\$178,000 from a new development fund (the “**Mount Emily Residential Development Fund**”) that was established in the Review Period. While during the Previous 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.

(b) Acquisitions and Projects Management Services

The unaudited revenue decreased from approximately S\$1.3 million for the Previous Period to approximately S\$425,000 for the Review Period, representing a decrease of approximately S\$861,000 or 67.0%. The decrease was mainly attributed to the Group derived an acquisition fee of approximately S\$180,000 from the developer SPV of Mount Emily Residential Development Fund following its efforts to secure and complete the acquisition of the freehold site in Mount Emily Singapore for residential development in the Review Period while acquisition fee of approximately S\$1.1 million was derived from the developer SPV of Mandai Fund that 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 Previous Period.

(c) Property Management and Tenancy Management Services

The unaudited revenue decreased from approximately S\$975,000 for the Previous Period to approximately S\$19,000 for the Review Period, representing a decrease of approximately S\$956,000 or 98.0%. Reference is made to the voluntary announcement dated 28 December 2020 where the property management contracts that are for residential and industrial properties were either ceased at the end of the contract term or novated to independent third party managing agents by December 2020. Since the strategic re-alignment of this business segment, there has not been new contracts entered as the Group is still evaluating the strategic direction of this business segment.

(d) Financial Advisory Services

The unaudited revenue decreased from approximately S\$475,000 for the Previous Period to approximately S\$103,000 for the Review Period, representing a decrease of approximately S\$372,000 or 78.3%. The decrease was mainly due to the slowdown in the corporate advisory activities as a result of the COVID-19 pandemic and tighter listing requirements by The Exchange which have adversely affected the sentiment of Singapore-based companies pursuing a potential listing in Hong Kong. The Group continues to cautiously monitor the business progress with a view to better refine the strategy and direction of the Group. 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 a decrease of approximately S\$498,000 or 55.5% from approximately S\$897,000 for the Previous Period to approximately S\$399,000 for the Review Period. The decrease was mainly due to government grants in relation to the payout of Jobs Support Scheme announced by the Singapore Government in 2020 to provide cashflow support to businesses during the period of economic uncertainty affected by the COVID-19 outbreak and the majority of these government grants were paid out in 2020 and a decrease in foreign exchange gain, partially offset by an increase in interest income derived from the bridging loan extended to ZACD Mount Emily Residential Development Fund in the Review Period.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs decreased from approximately S\$3.8 million for the Previous Period to approximately S\$2.3 million for the Review Period, representing a decrease of approximately S\$1.5 million or 40.6%.

As at the end of Review Period, the Group had 44 employees as compared to 85 as at the end of the Previous Period. While headcount decreased mainly in the property management services as a result of the strategic re-alignment of this business segment in December 2020, 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

During the review period, the Group recorded allowance for impairment losses on the Group's trade receivables in respect of the financial advisory fees amounting to approximately S\$134,000.

During the previous period, 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 and allowance for impairment loss on the bridging advance to ZACD (Development4) Ltd. of approximately S\$2.3 million pursuant to the Transaction with respect to the Australia Hotel Portfolio as elaborated in the Group's Interim Results for the six months ended 30 June 2020 and the Group's Annual Results for the year ended 31 December 2020.

Other expenses, net

Other expenses, net decreased by approximately S\$1.7 million or 69.0% from approximately S\$2.4 million for the Previous Period to approximately S\$740,000 for the Review Period. The decrease was mainly attributable to the decrease in professional fees of approximately S\$1.2 million mainly due to a one-off corporate finance activity carried out during the Previous Period, decrease in the property repair and maintenance outsourcing expenses as a result of the strategic re-alignment of the property management services and decrease in fees payment on referral programs on fund investors and corporate advisory mandates.

Income tax expense

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.

LIQUIDITY AND CAPITAL RESOURCES

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

Trade receivables that were past due but not impaired relate to a number of customers that have sizable business operations, long business relationship and/or good track record with the Group. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments, monitoring prompt recovery and laid down recovery procedures which include evaluating the risk level on a case-by-case basis having taken into account the relationship with respective customers, payment history, financial position and general economic environment; and designing appropriate follow-up actions, for example, making phone calls, issuing demand letters and initiating legal proceedings or actions. Management will then assess and make adequate impairment losses for irrecoverable amounts if necessary.

Bank borrowings

As at 30 June 2021, the Group had bank borrowings amounted to S\$3.0 million (31 December 2020: S\$3.0 million). The bank borrowing is a 5-year temporary bridging loan under Enterprise Financing Scheme (“EFS”) as announced at Solidarity Budget 2020. The EFS is enhanced to help SMEs with their working capital needs. As at 30 June 2021, the gearing ratio of the Group, calculated based on the Group’s total bank borrowings divided by total equity was approximately 0.2 : 1.

Cash and cash equivalents

Cash and cash equivalents amounted to approximately S\$5.0 million and approximately S\$12.7 million as at 30 June 2021 and 31 December 2020 respectively, which were placed with major banks in Singapore and Hong Kong. The decrease was mainly attributable to the bridging advance extended to ZACD Mount Emily Residential Development Fund of approximately S\$4.4 million to secure the acquisition of Mount Emily Properties, investment into ZACD HK IPO Fund of HKD 10.0 million (equivalent to approximately S\$1.7 million), professional fees payment totalling approximately S\$300,000 in respect to the ongoing legal proceedings pursuant to the ZACD Australia Hospitality Fund and ZACD US Fund and short term advances to related companies totalling approximately S\$224,000 for initial set up with respect to ZACD HK IPO Fund 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.

Investment in equity securities

The establishment shares were accounted for as investments in equity securities and were measured at fair value. The investments in equity securities with respect to the establishment shares amounted to S\$1.1 million and S\$1.5 million as at 30 June 2021 and 31 December 2020, 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 2021 as compared to as at 31 December 2020 was mainly due to the realisation of the fair value as the Group recorded dividends from the Investment SPVs during the Review Period, with revisions made to the future dividend distributions expected to be received by the Group for certain projects.

Investment in fund entities

During the Review Period, the Group invested HKD 10.0 million (equivalent to approximately S\$1.7 million) of seed capital into ZACD HK IPO Fund to facilitate the initial set up of the fund.

The ZACD HK IPO Fund is a close-ended fund that is a sub-fund of ZACD Capital Partners VCC, an umbrella VCC. The sub-fund is established for the purpose of subscribing at the managers' discretion, for Hong Kong initial public offerings including primary and secondary listings that present high potential for capital appreciation on or around listing day.

There is no material change in the fair value of the investment in the ZACD HK IPO Fund from the date of investment to 30 June 2021.

Trade receivables

Total trade receivables amounted to approximately S\$4.9 million and approximately S\$4.9 million as at 30 June 2021 and 31 December 2020 respectively. It comprises of trade receivables of approximately S\$4.5 million and dividends receivables of approximately S\$327,000 as at 30 June 2021 as compared to trade receivables of approximately S\$4.9 million as at 31 December 2020.

Charges on assets

As at 30 June 2021, the Group did not have any charges on assets.

Financial guarantees

Please refer to note 18 Financial guarantees in the notes to the unaudited consolidated financial information.

Contingent liabilities

Please refer to note 19 Contingent liabilities in the notes to the unaudited consolidated financial information.

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 2021 (Six months ended 30 June 2020: 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 2021.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in this announcement, no significant event that would materially affect the Group’s operating and financial performance took place subsequent to 30 June 2021 and up to the date of this announcement.

BUSINESS OUTLOOK

Singapore’s economy continued to grow in the second quarter of 2021, a surge of 14.3% year-on-year, recording the strongest economic growth in 11 years, rebounding from its worst economic slump a year ago due to the COVID-19 pandemic. Private residential property prices rose in Q2 2021 for the fifth consecutive quarter. While residential property prices have been trending up, there may be a slower growth in the prices, coupled with lower transaction volumes as some developers may delay new launches and ongoing sales may be affected due to the restrictions of limiting social gathering group sizes imposed by the Singapore Government to contain the growing COVID-19 clusters.

Although there has been some economic recovery, the COVID-19 pandemic has impacted the Singapore real estate industry where construction costs have increased coupled with the highly competitive land biddings for real estate development, the Group is taking a prudent investment strategy on acquiring and investing in projects.

The Group’s financial performance is inevitably affected by the COVID-19 pandemic, as travel restrictions and lockdowns were imposed all around the world. However, the Group continues working to expand its assets under management and will continue to source and identify growth opportunities from assets with attractive returns and distressed assets with redevelopment/turnaround potential when an attractive opportunity arises, focusing in Singapore and surrounds to create a pipeline of assets for acquisition for our investment management business and acquisitions and projects management business. In addition, the Group continues to expand the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

The Group will continue to strengthen its cost control measures to mitigate the adverse impact from the prolonged COVID-19 pandemic and monitor the situation and make further adjustments to its operations and business strategies as and when required.

BUSINESS OUTLOOK (continued)

The redevelopment of Mount Emily Project, a newly secured freehold residential site at Mount Emily, plans to capitalise on the growing demand for smaller units and is expected to generate a lot of interest on account of its central location.

The freehold industrial project acquired by Mandai Fund, FoodFab@Mandai was launched successfully in late March 2021 and sales has been progressing well. Demand for food factories is expected to remain strong, fuelled by demand for food delivery services and the government's push to raise productivity, as outlined in the Food Manufacturing Industry Transformation Map rolled out in 2018.

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 2021 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

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

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

The interim report for the six months ended 30 June 2021 will be despatched to the shareholders and available on the Company's website (www.zacdgroup.com) and the designated website of the Exchange (www.hkexnews.hk) in due course.

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

Singapore, 5 August 2021

As at the date of this announcement, the Board of the Company comprises four (4) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Siew Chen Yei, and Mr. Patrick Chin Meng Liong; 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.