

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 2019

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

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

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 2019 (the “**Interim Results**”), together with the unaudited comparative figures for the six months ended 30 June 2018:

**Unaudited consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2019**

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

**Unaudited consolidated statement of financial position
As at 30 June 2019**

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

**Notes to the unaudited consolidated financial information
For the six months ended 30 June 2019**

1. Corporate information

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

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

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

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

2.1 Basis of preparation

The accounting policies adopted in the preparation of the unaudited consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The unaudited consolidated financial information 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 Group applies IFRS 16 Leases amongst several other amendments and interpretations applicable for the first time in 2019. With exception of IFRS 16, these applications do not have a material impact on the unaudited consolidated financial information of the Group.

3. Operating segment information

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

(a) Investment management

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

(i) *SPV investment management*

The Group provides investment management services to investors of real estate development projects by establishing and incorporating Investment SPV through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV. With respect to a major investor, the Group also derives revenue in return for providing a priority right to this investor to participate in the Group’s real estate development projects. Post establishment and incorporation of the Investment SPV, the Group continues to provide investment management services to the investors by managing the Investment SPV up to the time of project completion. The Group also holds the establishment shares received from investors to remunerate its SPV investment management services provided, through dividend distribution and return of capital from the relevant Investment SPVs.

(ii) *Fund management*

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

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

(b) Project consultancy and management services

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

(c) Property management and tenancy management

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

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

(d) Financial advisory

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

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

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

4. Revenue, and other income and gains

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

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

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

5. (Loss)/profit before tax

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

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

6. Income tax expense

Singapore profits tax is provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current period. No provision for profits tax has been made in the countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in these countries/jurisdictions during the six months ended 30 June 2018 and 2019.

7. (Loss)/earnings per share attributable to owners of the Company

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

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

8. Dividends

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

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

9. Property, plant and equipment

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

10. Investment in equity securities

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

During the six months ended 30 June 2019, the fair value change in respect of the Group's investment in equity securities recognised in other comprehensive income amounted to a gain of S\$101,000 (six months ended 30 June 2018: gain of S\$343,000).

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.

11. Loans and related receivables

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

12. Capitalised contract costs

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

13. Cash and cash equivalents

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

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

14. Share capital

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

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

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

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

15. Related party transactions

- (a) 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 2018 and 2019:

	Notes	Six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Investment management — SPV management fees:	(i)		
The ultimate holding company		–	114
Investment management — dividend income:	(ii)		
ZACD (Woodlands) Pte. Ltd.		186	31
ZACD (Woodlands2) Pte. Ltd.		274	46
ZACD (Pasir Ris) Pte. Ltd.		220	340
ZACD (Sennett) Pte. Ltd.		53	46
ZACD (Punggol Field) Pte. Ltd.		–	27

ZACD (Punggol Central) Pte. Ltd.	–	138
ZACD (Punggol Drive) Pte. Ltd.	–	22
ZACD (Woodlands3) Pte. Ltd.	–	313
ZACD (Kaki Bukit) Pte. Ltd.	–	19
ZACD (KB2) Pte. Ltd.	–	31
ZACD (Sengkang) Pte. Ltd.	–	41
ZACD (AMK) Pte. Ltd.	–	755
ZACD (Anchorvale) Pte. Ltd.	–	447
	<hr/>	
	733	2,256
	<hr/>	
Investment management — fund management fees:	(iii)	
ZACD (BBW6) Ltd.	77	77
ZACD Investments (ARO II) Limited	–	159
ZACD (Shunfu) Ltd.	19	19
ZACD (Shunfu2) Ltd.	19	19
ZACD Income Trust	211	409
ZACD (Development2) Ltd.	576	–
	<hr/>	
	902	683
	<hr/>	
Project consultancy and management fees:	(iv)	
Landmark JV Pte. Ltd.	325	–
BH-ZACD (Tuas Bay) Development Pte. Ltd.	–	262
Wee Hur (Punggol Central) Pte. Ltd.	–	80
	<hr/>	
	325	342
	<hr/>	
Property management and tenancy management fees:	(v)	
BH-ZACD (Tuas Bay) Development Pte. Ltd.	41	81
Publique Realty (Jurong) Pte. Ltd.	111	111
Publique Realty (Pasir Ris) Pte. Ltd.	–	11
Wee Hur (Punggol Central) Pte. Ltd.	–	69
	<hr/>	
	152	272
	<hr/>	
Corporate services expense:	(vi)	
Magnificent Vine Group Holdings Pte. Ltd.	4	527
Repair and maintenance services expense:	(vii)	
New Pte. Ltd.	302	314
Rental expenses:	(viii)	
The ultimate holding company	70	98
SLP International Property Consultants Pte. Ltd.	–	152
	<hr/>	
	70	250
	<hr/>	

Notes:

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

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

16. Commitments

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

17. Contingencies

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

Development”). This amount represents 12% of the total liabilities of the underlying Development SPVs under a facility agreement in proportion of the shareholding of ZACD (BBW6) Ltd.’s (the **“BBW6 Fund”**) in the underlying Development SPVs.

In terms of the above, the Company, acting as the sponsor of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the BBW6 Development. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (**“MD&A”**) for the Group has been prepared and reviewed by the management for the six months ended 30 June 2019 (the **“Review Period”**). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

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

EXECUTIVE OVERVIEW

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

FINANCIAL REVIEW AND BUSINESS REVIEW

Revenue

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

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

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

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

(a) Investment Management Services

i) SPV investment management

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

ii) Fund management

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

(b) Project Consultancy and Management Services

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

(c) Property Management and Tenancy Management Services

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

(d) Financial Advisory Services

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

Other income and gains

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

Staff costs

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

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

Other expenses, net

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

Income tax expense

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Capital Structure

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

Exposure to foreign exchange

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

Investments in equity securities

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

Trade receivables

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

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

Current liabilities

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

Charges on assets

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

Contingent liabilities

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

of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the BBW6 Development. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

Commitments

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

Dividends

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

Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the “**Share Option Scheme**”) under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 30 June 2019.

BUSINESS OUTLOOK

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

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

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

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

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

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

Singapore Property Market Update

Private home prices in Singapore bounced to a five-year high in the Q2 2019 after slipping in the prior two quarters in the face of property curbs. The private residential property index increased 1.3 % to 150.5 points due to higher value transactions of non-landed homes in the core central region and rest of central region. With approximately 60 new projects potentially to be launched in 2019 and a growing stockpile of unsold units from earlier launches, it is likely to be a classic buyers' market.

However, property prices are likely to remain stable in 2019 as developers have paid high prices for land during the en-bloc fever and may not be willing to accept a lower sell down rate. Prices and rentals of industrial space remained relatively stable for most market segments. The industrial property price and rental indices should continue to stabilise in 2019. A potential over-supply could occur in the next 3 years, which would place a cap on rental and capital values growth.

Australia Property Market Update

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

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

USE OF PROCEEDS

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

The use of proceeds is further elaborated as follows:

Total net proceeds raised S\$21.6 million		IPO proceed allocated S\$'000	Utilisation up to 30 June 2019 %
BRIDGING RESERVE FUND	<ul style="list-style-type: none"> • Increase investment sourcing capabilities • Areas of utilization: <ol style="list-style-type: none"> i) Tenders or sales for land parcels and real estate assets in Singapore and Australia ii) Take up the investment stake of real estate projects with real estate developer partners 	8,900	100.0%
INVESTMENT MANAGEMENT	<ul style="list-style-type: none"> • Develop investor network by recruiting experienced managers • Expand research and consultancy capabilities • Hire supporting staff to smoothen general operations in Singapore 	3,400	13.5%
PROJECT CONSULTANCY & MANAGEMENT	<ul style="list-style-type: none"> • Hiring more real estate developer relationship managers • Recruiting building construction and architectural professional • Expand expertise to assist new potential real estate projects acquired through use of bridging reserve fund 	900	29.1%
PROPERTY & TENANCY MANAGEMENT	<ul style="list-style-type: none"> • Set up of property management team including establishing client service centre and recruiting support staff • Potential acquisition of project management companies • Upgrade software system on workflow processing • Purchase commercial vehicle to support business activities 	3,300	43.8%
FINANCIAL ADVISORY	<ul style="list-style-type: none"> • Enhance product marketing and distribution in Hong Kong • Expand corporate finance team and compliance and general administration team 	3,500	9.9%
GENERAL WORKING CAPITAL	<ul style="list-style-type: none"> • General working capital 	1,600	100.0%

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code ("CG Code") contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2019 and up to the date of this report, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

The Audit Committee was established pursuant to a resolution of the Directors passed on 13 December 2017 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing the financial 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 of the Group for the six months ended 30 June 2019.

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

The interim report for the six months ended 30 June 2019 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

Hong Kong, 8 August 2019

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