

# zacd

ZACD GROUP LTD.

杰地集团有限公司\*

A company incorporated in Singapore with limited liability

Stock code: 8313

## GLOBAL OFFERING

### JOINT SPONSORS



### FINANCIAL ADVISER

### JOINT GLOBAL COORDINATORS



### JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS



# IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



**ZACD GROUP LTD.**  
**杰地集团有限公司\***

(A company incorporated in Singapore with limited liability)

## LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### BY WAY OF GLOBAL OFFERING

Number of Offer Shares	: 500,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	: 50,000,000 Shares (subject to reallocation)
Number of International Placing Shares	: 450,000,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price	: Not more than HK\$0.33 per Offer Share and expected to be not less than HK\$0.26 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Stock code	: 8313

#### Joint Sponsors

China Everbright Capital Limited



Innovax Capital Limited



#### Financial Adviser

Zhongtai International Capital Limited



#### Joint Global Coordinators

China Everbright Securities  
(HK) Limited



Innovax Securities Limited



Zhongtai International Securities Limited



#### Joint Bookrunners and Joint Lead Managers

China Everbright Securities  
(HK) Limited



Innovax Securities Limited



Zhongtai International  
Securities Limited



CLC Securities Limited



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" attached to Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Friday, 5 January 2018, or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.26 per Offer Share, unless otherwise announced. If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not become unconditional and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the above indicative Offer Price range at any time prior to the Price Determination Date. In such a case, notice of the reduction in the indicative Offer Price range will be available on our website at [www.zacdgroup.com](http://www.zacdgroup.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to the exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable United States securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" of this prospectus.

Prospective investors of the Offer Shares should note that the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us (for ourselves and on behalf of the executive Directors and our Controlling Shareholders), upon the occurrence of any of the events set forth in the paragraph headed "Underwriting — Underwriting arrangements — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, but without limitation to, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out. Should the Joint Global Coordinators (for themselves and on behalf of the Underwriters) terminate the Underwriting Agreements in accordance with the terms of the Underwriting Agreements, the Global Offering will not proceed and will lapse.

\* for identification purposes only

28 December 2017

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## CHARACTERISTICS OF GEM

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### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in a gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM-listed issuers.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*If there is any change in the following expected timetable of the Public Offer, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com).*

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from..... 9:00 a.m. on Thursday,  
28 December 2017

Latest time to complete electronic applications under

**HK eIPO White Form** service through the designated  
website [www.hkeipo.hk](http://www.hkeipo.hk)<sup>(2)</sup> ..... 11:30 a.m. on Thursday,  
4 January 2018

Application lists of the Public Offer open<sup>(3)</sup> ..... 11:45 a.m. on Thursday,  
4 January 2018

Latest time to lodge **WHITE** and **YELLOW**

Application Forms ..... 12:00 noon on Thursday,  
4 January 2018

Latest time to give **electronic application**

**instructions** to HKSCC<sup>(4)</sup> ..... 12:00 noon on Thursday,  
4 January 2018

Latest time to complete payment of **HK eIPO White Form**

applications by effecting internet banking transfer(s)  
or PPS payment transfer(s) ..... 12:00 noon on Thursday,  
4 January 2018

Application lists of the Public Offer close ..... 12:00 noon on Thursday,  
4 January 2018

Expected Price Determination Date<sup>(5)</sup> ..... Friday, 5 January 2018

(1) Announcement of:

- the final Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Public Offer; and
- the basis of allocation of the Public Offer Shares

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## EXPECTED TIMETABLE<sup>(1)</sup>

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to be published on the Stock Exchange's website  
at **www.hkexnews.hk** and our Company's website  
at **www.zacdgroup.com** on or before<sup>(6)</sup>..... Monday, 15 January 2018

(2) Announcement of results of allocations in the  
Public Offer (including successful  
applicants' identification document numbers or  
business registration numbers, where appropriate)  
to be available through a variety of channels  
including the Stock Exchange's website at **www.hkexnews.hk**  
and our Company's website at **www.zacdgroup.com**  
(See "How to Apply for Public Offer Shares  
— 11. Publication of Results" in this prospectus) from ..... Monday, 15 January 2018

(3) A full announcement of the Public Offer  
containing (1) and (2) above to be published on  
the Stock Exchange's website at **www.hkexnews.hk**  
and our Company's website at **www.zacdgroup.com** from..... Monday, 15 January 2018

Results of allocations for the Public Offer

will be available at **www.tricor.com.hk/ipo/result**  
with a "search by ID or business registration numbers" function ..... Monday, 15 January 2018

Despatch/collection of Share certificates in respect

of wholly or partially successful applications pursuant  
to the Public Offer or deposit of the Share certificates  
into CCASS on or before<sup>(6)(7)</sup> ..... Monday, 15 January 2018

Despatch of **HK eIPO White Form** e-Auto Refund

payment instructions/refund cheques on or before<sup>(7)(8)</sup> ..... Monday, 15 January 2018

Dealings in Shares on the Stock Exchange to

commence on..... Tuesday, 16 January 2018

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*Notes:*

- (1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 January 2018, the application lists will not open on that day. See “How to Apply for Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Public Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or around Friday, 5 January 2018 and, in any event, not later than Wednesday, 10 January 2018. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Wednesday, 10 January 2018, the Global Offering will not proceed and will lapse accordingly.
- (6) Share certificates for the Offer Shares are expected to be issued on or before Monday, 15 January 2018 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on the Listing Date. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely at their own risk.
- (7) Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** for 1,000,000 Public Offer Shares or more and who have provided all information required by their Application Forms may collect refund cheques (where applicable) and Share certificates (where applicable) from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 15 January 2018 or any other place and date hereafter notified by our Company as the place and date of despatch of Share certificates/refund cheques. Individual applicants who opt for collection in person must not authorise any other person to make collection on their behalf. Applicants being corporations which opt for collection in person must attend by their authorised representatives, each bearing a letter of authorisation from such corporation stamped with the corporation’s chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity and authorisation documents (where applicable) acceptable to our Hong Kong Share Registrar. Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants’ own risk to the addresses specified in the relevant Application Forms promptly thereafter. Applicants who apply on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more and who have provided all information required by their Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant’s stock account or CCASS Investor Participant’s stock account, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Public Offer Shares are the same as those for applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form**. See “How to Apply for Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus for further details.
- (8) **e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.**

See “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Public Offer Shares” in this prospectus for details relating to the structure and conditions of the Global Offering and procedures on the applications for the Public Offer Shares, including the expected timetable, terms and conditions of an application, effect of bad weather, and the despatch of refund cheques and Share certificates.

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### IMPORTANT NOTICE TO INVESTORS

*You should rely only on the information contained in this prospectus to make your investment decision.*

*This prospectus is issued by our Company solely in connection with the Global Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.*

*Our Company, the Joint Sponsors, the Financial Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.*

*Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Joint Sponsors, the Financial Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Global Offering.*

*The contents on the website at [www.zacdgroup.com](http://www.zacdgroup.com), which is the official website of our Company, do not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this prospectus, respectively.*

### OVERVIEW

Our Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and elsewhere in the Asia-Pacific region. Known for our pioneering spirit and acute business strategies, we have a reputation for identifying and seizing market opportunities before others to capture the first mover advantages ahead of the economic cycles. According to the Savills Report, in 2016, Singapore’s investment market returned to growth in 2016 with a real estate investment amount of approximately S\$18.6 billion and in the first half of 2017 with a real estate investment amount of approximately S\$11.7 billion. The real estate AUM for real estate investment management services in Singapore grew at a CAGR of approximately 26.7% between 2012 and 2016, while real estate AUM under Singapore-based managers is expected to continue to grow at a rate of approximately 20.4% per annum from 2017 to 2021. We believe there are ample opportunities for us to capitalise on the expected increases in demand for real estate investment and development. As at the Latest Practicable Date, our Group had a total AUM of over S\$240 million. Our Group is principally engaged in the following businesses:

- (i) **Investment management services:** We identify investment opportunities in real estate based projects (mainly residential, commercial and industrial properties), market them to our pool of investors, and establish investment vehicles (i.e. Investment SPVs) to consolidate their investment in these real estate projects. We provide investment management services to our investors by managing the investment vehicles and helping our clients to realise investment returns throughout the term of each Investment Project.

We have established a stable investor base. As at the Latest Practicable Date, our Group had an investor base of over 200 accredited investors and institutional investors. Approximately 37.6% of the investors in the real estate projects we managed are repeat investors who have invested in more than one of our Investment Projects.

Our Group also holds a CMS Licence issued by the MAS for conducting fund management activities in Singapore. During the Track Record Period, we managed four real estate private equity funds, namely the ARO II Fund, the BBW6 Fund and the S1 Fund and the S2 Fund.

## SUMMARY

- (ii) **Project consultancy and management services:** With our expertise, we provide project consultancy and management services to clients comprising real estate developers and construction companies in Singapore, including advising on land tender strategies and pricing, advising on unit mix, design and layout of real estate projects, and advising on market positioning of property developments and sales launches. We also provide handover and property defects management services during the defects liability period;
- (iii) **Property management and tenancy management services:** In addition to our investment management services and project consultancy and management services, we also provide property management services to real estate developers and MCSTs including property maintenance management services and accounting and financial services. In addition, we provide tenancy management services to help property owners oversee their property assets including property maintenance management, rental management, lease advisory services, administrative management and tenants care management; and
- (iv) **Financial advisory services:** In December 2016, we commenced our provision of corporate finance advisory services in Hong Kong after we obtained licences to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO in December 2016.

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, the revenue of our Group amounted to approximately S\$8.7 million, S\$11.5 million and S\$7.5 million, respectively, representing a growth of approximately 31.9% from 2015 to 2016. The provision of investment management services was our major source of revenue during the Track Record Period. A breakdown of our Group's revenue by business segment is set out below:

	For the year ended 31 December				For the six months ended 30 June	
	2015		2016		2017	
	S\$'000 (approximately)	%	S\$'000 (approximately)	%	S\$'000 (approximately)	%
Investment management services						
— SPV investment management (PE structures)	7,147	82.0	8,263	71.9	4,018	53.4
— Fund management	—	—	176	1.5	719	9.6
Project consultancy and management services	1,268	14.6	858	7.5	844	11.2
Property management and tenancy management services	296	3.4	2,196	19.1	1,895	25.2
Financial advisory services	—	—	—	—	46	0.6
<b>Total</b>	<b><u>8,711</u></b>	<b><u>100.0</u></b>	<b><u>11,493</u></b>	<b><u>100.0</u></b>	<b><u>7,522</u></b>	<b><u>100.0</u></b>

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## SUMMARY

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The following table sets forth the breakdown of revenue from SPV investment management (PE structures) by nature for the periods indicated:

	For the year ended 31 December		For the six months ended 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Management fees	1,320	790	273
Establishment Fees and dividends from Establishment Shares ( <i>Note</i> )	4,322	6,487	3,124
Performance fees	1,505	986	621
 Total	 7,147	 8,263	 4,018

*Note: During the Track Record Period, Establishment Fees of S\$1,000 were recognised in 2015 in connection with our services for establishment and incorporation of Investment SPV. In return of our services, we were awarded the rights over entitlement to the Establishment Shares as our Establishment Fees when investors subscribed convertible loans of the Investment SPV upon initial set up stage. Upon the time of subscription of the convertible loans by the investors, the Investment SPV did not commence any operations and had a minimal net assets position. In the opinion of our directors, when we were awarded the rights over entitlement to the Establishment Shares, the initial fair value of the rights was approximate to the initial nominal value of the share of the Investment SPVs, which is the same as the initial conversion price that third party investors will apply to convert the convertible loans into equity shares in the Investment SPV. The rights over entitlement to the Establishment Shares are accounted for as available-for-sale financial assets subsequently and measured at fair value using discounted cashflow model.*

## OUR BUSINESS MODEL

### Investment Management Services

During the Track Record Period, the Investment SPVs were incorporated by ZACD Investments, one of our Controlling Shareholders, as the sole initial subscriber. Thereafter, investments were made by these Investment SPVs into such Investment Projects. We provide investment management services to the investors by managing the Investment SPVs. During the Track Record Period, 22 out of a total of 25 Investment Projects that we managed adopted PE structures, comprising the convertible loan structures and trust structures.

#### *Convertible loans structures*

Under the convertible loan structures, the investors provide Convertible Loans to the Investment SPV in which they invest and the Convertible Loans would be converted into shares of that Investment SPV after the TOP date of the underlying real estate project in which the Investment SPV invests. The entire life cycle of investments under our convertible loan structures, from identifying investment opportunities to the realisation of the underlying real estate projects, would normally take over five years. After realisation of the underlying real estate projects, we would continue to provide investment management services to the investors until completion of

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## SUMMARY

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sales of all the property units in the real estate project. At the end of the life cycle of the investment, the Investment SPVs and the Development SPVs will be voluntarily liquidated. We derive our revenue from collecting (i) Management Fees; (ii) Establishment Fees (paid in the form of Establishment Shares); and (iii) Performance Fees. In addition, we also derive dividends from Establishment Shares. We determine the Management Fees and Establishment Fees based on industry norms, complexity of the investment and commercial negotiations on a project-by-project basis. The amount of dividends derived from the Establishment Shares will depend on the financial performance of the specific Investment Project. Please refer to the section headed “Business — Investment Management Services” for further details.

### *Trust structures*

During the Track Record Period, our Group adopted trust structures for only two of the 25 Investment Projects. Under the trust structures, ZACD Investments entered into trust deeds with each of the investors pursuant to which ZACD Investments holds an equity stake (the “**Trust Equity Stake**”) in the Investment SPV on trust for each investor in proportion to the investment amount of each investor. ZACD Investments then invested into the Investment SPV as the sole shareholder of the Investment SPV, which in turn makes an equity or debt investment (in the form of shareholders’ loans) in the Development SPV. Each investor, as a beneficiary of the Trust Equity Stake, is entitled to all the dividends and distributions arising from their respective proportion of the total investment amount. We manage the entire investment management process including the administration, coordination, monitoring and management of the underlying real estate project, and collect Management Fees of approximately 2% per annum on the total investment amount directly from ZACD Investments. We also collect performance fees in the range of 10% to 25% of profits made by the investors (including ZACD Investments). In January 2017, we stopped charging Management Fees under these trust structures as the underlying real estate projects were substantially completed or established. Please refer to the section headed “Business — Investment Management Services — (I) SPV Investment management (PE structures) — B. Trust structures” for further details.

### *Fund management*

We started to adopt fund structures as one of the investment vehicles of our Investment Projects since 2016. We, acting as the fund manager, managed four real estate private equity funds, namely the ARO II Fund, the BBW6 Fund and the S1 Fund and the S2 Fund during the Track Record Period. Investors investing in these funds commit capital upon subscription into the funds, which will be subsequently drawn down for investment opportunities. The fund life of our funds is usually for a period of three to five years. As at the Latest Practicable Date, the funds that we managed are corporate entities owned by ZACD Investments or us. As a fund manager, the scope of our services includes management of the funds’ investment portfolio to maximize its value. We charge a fund management fee of up to 2% per annum of the committed capital and a performance fee of up to 15% of the net proceeds from the realisation of investments after full repayment of the invested capital to investors. We determine our fund management fees and performance fees of the funds that we manage by taking into account factors such as type of assets held under the fund,

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## SUMMARY

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complexity of the investment, fund tenure and fund size. In addition to fund management fee and performance fee, we also charge fund establishment fee up to 3% of the committed capital for the S1 Fund and the S2 Fund. Please refer to the section headed “Business — Investment Management Services — II. Fund Management” for further details. Since November 2017, we acted as the fund manager of ZACD Income Trust. Please refer to the paragraph headed “Recent Developments — ZACD Income Trust” in this section for further details.

### **Project consultancy and management services**

We offer project consultancy and management services to real estate developers and construction companies in Singapore to address the issues arising during various major stages of a property development project, from the land tender stage to marketing and sales of property units. During the Track Record Period, out of a total of five, five and eight projects to which we provided project consultancy and management services, five, three and four projects were the underlying real estate projects of the Investment SPVs for which we provided investment management services. We provide our project consultancy and management services for both residential and industrial real estate projects. We enter into service agreements with our real estate developers or construction companies clients and derive our revenue from charging our customers a fixed, pre-negotiated fee. Such fee is generally determined with reference to market rates and subject to arms-length commercial negotiations. The tenure of the contract spans across the duration of the underlying real estate project, which is typically for three to five years.

### **Property management and tenancy management services**

#### *Property management*

We provide property management services for residential properties and non-residential properties (including condominiums and industrial buildings) mainly in Singapore with service scope covering maintenance management services, accounting and financial services, administrative services, professional consultancy services and optional services. We are typically appointed by real estate developers and MCSTs to provide property management services for residential properties and we are appointed by real estate developers or the property owners for non-residential properties.

We would enter into preliminary property management agreements with the real estate developers for real estate projects which have not established their MCSTs, whereas we enter into property management agreements with the MCST if the real estate project has established its own MCST. We derive our revenue under this business segment by charging a fixed amount of property management fees on a monthly basis. In addition, on a case-by-case basis the real estate developer or MCST is required to reimburse us for certain operating costs and charges such as electricity and water, including bills and maintenance and repair costs.

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## SUMMARY

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### *Tenancy management*

We provide advisory services and tenancy management for our customers who are looking to sell or lease their properties. Our services include liaising with parties such as MCSTs and property agents on behalf of the customers on matters such as rental collection and lease renewal and assisting with property tax filings. We usually outsource the defects rectification work to suppliers offering property maintenance, renovation and remodelling services. Our tenancy management agreements typically have a fixed term of one or two years and we derive our revenue from charging our customers a fixed monthly management fee per property unit. Under our tenancy management agreements, we are usually entitled to a commission that is equal to: (i) one month of rent for every new lease of a property unit; or (ii) half a month of rent for every renewal of an existing lease.

### **Financial advisory services**

We have recently expanded our foothold in Hong Kong to (i) develop our distribution and fundraising efforts in Hong Kong; and (ii) develop a corporate financial advisory business to further enhance our integrated suite of services and capitalise upon our existing network of investors and clients. ZACD Financial was incorporated in October 2015 and commenced business in December 2016. Our financial advisory services provided or to be provided primarily relate to capital raising, mergers and acquisitions, joint-ventures and general strategic advice and we derive our revenue in this segment by collecting financial advisory fees. During the Track Record Period, the Group completed one corporate financial advisory transaction which recorded a revenue of approximately S\$46,000 from the provision of corporate financial advisory services comprising assistance in deal negotiation, transaction execution and closing matters relating to an acquisition by SLPI. Recently, we have launched the ZACD Income Trust, which is a general purpose fund focusing in acquiring high-yielding real estate assets in the Asia Pacific region with a target fund size of up to S\$30 million in the remainder of 2017. We also expect our financial advisory arm to continue marketing and distributing new fund products under our investment management business segment to new clients sourced by our Hong Kong office. We also expect to provide financial advisory services to corporations on potential transactions such as advising on the structure and timing of the transaction, sourcing for potential investors and counterparties, dealing with negotiations with the relevant stakeholders and coordinating the due diligence process. Furthermore, we are actively seeking opportunities to act as financial advisor and partnering with a sponsor firm or bank in Hong Kong to advise companies from Singapore or Malaysia which are seeking a listing in Hong Kong. We intend to apply net proceeds from the Global Offering to expand among others, our financial advisory business. Please refer to the section headed “Business — Our Strategies” in this prospectus for further details on our expansion strategy.

## SUMMARY

### SUMMARY OF INVESTMENT PROJECTS

The following table sets out the investment vehicles managed by us under our investment management business during the Track Record Period:

Investment Project/Funds	Date of establishment	Property Type	Key real estate developer partner <sup>(1)</sup>	Construction status of project as at the Latest Practicable Date	TOP date	Whether pre-sales have commenced as at the Latest Practicable Date	Saleable floor area	Saleable floor area	No. of units	Units unsold as at the Latest Practicable Date
						Practicable Date	(sq.m.)	%		Practicable Date
<b>Convertible loan structures</b>										
1. Nin Residence	6 Jul 2010	Residential	Qingjian	Completed	Oct 2014	Yes	18,703.0	—	219	—
2. Premier@Kaki Bukit	8 Oct 2010	Industrial	Wee Hur	Completed	Aug 2014	Yes	72,548.0	—	482	—
3. Riverparc Residence	18 Oct 2010	Residential	Qingjian	Completed	Jun 2014	Yes	56,280.0	—	504	—
4. Investment Project A	2 May 2011	Industrial	Developer A	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>
5. Riversound Residence	5 Jul 2011	Residential	Qingjian	Completed	May 2015	Yes	62,423.0	—	590	—
6. Investment Project B	28 Sep 2011	Residential	Developer B	Completed	Apr 2016	Yes	51,449.0	—	530	—
7. Investment Project C	17 Nov 2011	Industrial	Developer C	Completed	Jul 2014	Yes	44,920.0	—	385	—
8. Parc Centros	10 Jan 2012	Residential	Wee Hur	Completed	May 2016	Yes	56,889.0	—	618	—
9. Investment Project D	9 Apr 2012	Industrial	Developer D	Completed	Nov 2014	Yes	47,387.0	—	288	—
10. Investment Project E	25 Jun 2012	Residential	Developer B	Completed	Mar 2017	Yes	49,097.0	—	463	—
11. Woodlands Industrial Xchange	13 Feb 2013	Industrial	Qingjian	Completed	Jun 2016	Yes	26,615.0	—	161	—
12. Investment Project F <sup>(3)</sup>	13 Feb 2013	Industrial	Developer B	Completed	Jun 2016	Yes	69,689.0	53.1	384	54.9
13. West Star <sup>(3)</sup>	27 May 2013	Industrial	Qingjian	Completed	Mar 2017	Yes	41,121.0	37.5	109	45.0
14. Bellewoods	7 Jun 2013	Residential	Qingjian	Completed	Mar 2017	Yes	60,885.0	—	561	—
15. Bellewaters	24 Jun 2013	Residential	Qingjian	Completed	May 2017	Yes	69,690.0	—	651	—
16. Mega@Woodlands <sup>(3)</sup>	18 Jul 2014	Industrial	Wee Hur	In progress	TOP expected to be issued in the third quarter of 2019 <sup>(6)</sup>	Yes	98,258.0	65.9	517	64.0
17. The Visionaire <sup>(3)</sup>	16 Oct 2014	Residential	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2018 <sup>(6)</sup>	Yes	61,258.0	0.4	632	0.5
18. Investment Project G	31 Oct 2014	Industrial	Developer E	In progress	TOP expected to be issued in the third quarter of 2018 <sup>(6)</sup>	Yes	86,700.0	34.4	82	27.6
19. Investment Project H (1st Tranche)	6 Feb 2015	Residential/commercial	Developer F	In progress	NA <sup>(7)</sup>	No <sup>(7)</sup>	28,254.0	100.0	300	100.0
Investment Project H (2nd Tranche)	6 Aug 2015	Residential/commercial	Developer F							
20. iNZ Residences <sup>(3)</sup>	7 Sep 2015	Residential	Qingjian	In progress	TOP expected to be issued in the third quarter of 2019 <sup>(6)</sup>	Yes	49,979.0	5.8	497	6.2
<b>Trust structures</b>										
21. Investment Project I	28 May 2014	Residential	Developer G	Completed	Feb 2016	Yes	457.1	—	2	—
22. Investment Project J <sup>(3)</sup>	30 Sep 2014	Industrial	Developer C	In progress	TOP expected to be issued in the third quarter of 2018	Yes	42,838.9	15.6	230	13.9
<b>Fund structures</b>										
23. ARO II Fund	16 Apr 2016	Varied	N/A	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>
24. BBW6 Fund	5 Oct 2016	Mixed use	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2021 <sup>(6)</sup>	Yes	42,058.0	52.9	624	45.2
25. S1 Fund	1 May 2017	Residential	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2022 <sup>(6)</sup>	No	104,246.0	100.0	1,192	100.0
S2 Fund	1 May 2017	Residential	Qingjian							

## SUMMARY

Investment Project/Funds	No. of investors	Investment amounts <sup>(2)</sup>				Establishment Shares entitled to or received by the Group as at the Latest Practicable Date	Amount of stake invested into the Development SPV or the development holding company under the fund structures by the investment structures as at the Latest Practicable Date	Trailing return <sup>(4)</sup> on investment realised as at the Latest Practicable Date	Conversion status as at the Latest Practicable Date	
		Investors (excluding ZACD Investments)		ZACD Investments						Total
		US\$'000	%	US\$'000	%					
		US\$'000	%	US\$'000	%					
<b>Convertible loan structures</b>										
1. Nin Residence	7	4,400	73.3	1,600	26.7	6,000	15.3	15	49%	Converted
2. Premier@Kaki Bukit	6	2,500	83.3	500	16.7	3,000	14.3	10	354%	Converted
3. Riverparc Residence	12	7,050	88.1	950	11.9	8,000	14.4	16	141%	Converted
4. Investment Project A	10	6,550	68.2	3,050	31.8	9,600	15.0	7.5 <sup>(9)(10)</sup>	366%	Converted
5. Riversound Residence	20	10,950	94.4	650	5.6	11,600	14.8	12	63%	Converted
6. Investment Project B	24	17,150	84.1	3,250	15.9	20,400	15.0	30	69%	Converted
7. Investment Project C	11	4,500	88.2	600	11.8	5,100	14.7	15	168%	Converted
8. Parc Centros	20	11,750	68.3	5,450	31.7	17,200	17.3	20	122%	Converted
9. Investment Project D	20	7,950	81.8	1,770	18.2	9,720	15.5	15	62%	Converted
10. Investment Project E	27	11,430	89.6	1,320	10.4	12,750	14.7	15	Unrealised	Converted <sup>(11)</sup>
11. Woodlands Industrial Xchange	22	5,550	72.1	2,150	27.9	7,700	16.3	55	38%	Converted
12. Investment Project F <sup>(3)</sup>	27	12,550	74.6	4,280	25.4	16,830	—	45	Unrealised	Unconverted <sup>(12)</sup>
13. West Star <sup>(3)</sup>	9	5,500	80.9	1,300	19.1	6,800	—	40	Unrealised	Unconverted <sup>(12)</sup>
14. Bellewoods	16	7,250	89.5	850	10.5	8,100	10.8	10	Unrealised	Converted <sup>(11)</sup>
15. Bellewaters	18	8,450	91.8	750	8.2	9,200	9.5	10	Unrealised	Converted <sup>(11)</sup>
16. Mega@Woodlands <sup>(3)</sup>	18	8,550	85.5	1,450	14.5	10,000	—	25	Unrealised	Unconverted
17. The Visionaire <sup>(3)</sup>	6	3,200	69.6	1,400	30.4	4,600	—	5	Unrealised	Unconverted
18. Investment Project G	9	1,900	59.4	1,300	40.6	3,200	18.2	10 <sup>(9)(10)</sup>	Unrealised	Unconverted
19. Investment Project H (1st Tranche)	18	5,750	74.2	2,000	25.8	7,750	18.8	18 <sup>(9)(10)(13)</sup>	Unrealised	Unconverted
Investment Project H (2nd Tranche)	7	2,900	90.6	300	9.4	3,200	15.3	7 <sup>(9)(10)(13)</sup>	Unrealised	Unconverted
20. iNZ Residences <sup>(3)</sup>	15	5,650	80.3	1,390	19.7	7,040	—	11	Unrealised	Unconverted
<b>Sub-total</b>	—	—	—	—	—	187,790	—	—	—	—
<b>Trust structures</b>										
21. Investment Project I	19	1,400	93.3	101	6.7	1,501	N/A	60	Unrealised	N/A
22. Investment Project J <sup>(3)</sup>	7	1,242	63.7	708	36.3	1,950	N/A	10	Unrealised	N/A
<b>Sub-total</b>	—	—	—	—	—	3,451	—	—	—	—
<b>Fund structures</b>										
23. ARO II Fund	61	15,850	100.0	—	—	15,850	N/A	N/A	Unrealised	N/A
24. BBW6 Fund	52	15,500	100.0	—	—	15,500	N/A	12	Unrealised	N/A
25. S1 Fund	39	60,000	97.1	450	2.9	15,500	N/A	4 <sup>(10)</sup>	Unrealised	N/A
S2 Fund	16	150.0	100.0	—	—	60,000	N/A	16	Unrealised	N/A
<b>Sub-total</b>	—	—	—	—	—	106,850	—	—	—	—



## SUMMARY

<u>Investment Project/Funds</u>	<b>Our Group's segment revenue generated from investment management business</b>					
	<b>For the year ended 31 December</b>				<b>For the six months ended 30 June</b>	
	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
<b>Convertible loan structures</b>						
1. Nin Residence	244	3.5	522	6.2	—	—
2. Premier@Kaki Bukit	2,167	30.7	408	4.9	—	—
3. Riverparc Residence	1,846	26.1	733	8.7	—	—
4. Investment Project A	34	0.5	—	—	—	—
5. Riversound Residence	45	0.6	1,427	17.0	—	—
6. Investment Project B	57	0.8	—	—	2,276	48.0
7. Investment Project C	746	10.6	159	1.9	—	—
8. Parc Centros	63	0.9	3,740	44.5	925	19.6
9. Investment Project D	871	12.4	110	1.3	366	7.7
10. Investment Project E	83	1.2	34	0.4	—	—
11. Woodlands Industrial Xchange	83	1.2	382	4.5	179	3.8
12. Investment Project F <sup>(3)</sup>	161	2.3	13	0.2	—	—
13. West Star <sup>(3)</sup>	69	1.0	23	0.3	—	—
14. Bellewoods	56	0.8	56	0.7	23	0.5
15. Bellewaters	52	0.7	52	0.6	22	0.5
16. Mega@Woodlands <sup>(3)</sup>	115	1.6	115	1.4	57	1.2
17. The Visionaire <sup>(3)</sup>	53	0.8	52	0.6	26	0.5
18. Investment Project G	55	0.8	41	0.5	—	—
19. Investment Project H (1st Tranche)	125	1.8	136	1.6	68	1.4
Investment Project H (2nd Tranche)	23	0.3	54	0.6	27	0.6
20. iNZ Residences <sup>(3)</sup>	33	0.5	98	1.2	49	1.0
<b>Trust structures</b>						
21. Investment Project I	30	0.4	30	0.4	—	—
22. Investment Project J <sup>(3)</sup>	36	0.5	36	0.4	—	—
<b>Fund structures</b>						
23. ARO II Fund	—	—	159	1.9	159	3.4
24. BBW6 Fund	—	—	17	0.2	95	2.0
25. S1 Fund	—	—	—	—	465	9.8
S2 Fund	—	—	—	—	—	—
Total	<u>7,047</u>	<u>100.0</u>	<u>8,397</u>	<u>100.0</u>	<u>4,737</u>	<u>100.0</u>

*Notes:*

- (1) Our key real estate developer partners invest into the relevant real estate project through the relevant Development SPV or the development holding company under a fund structure.
- (2) Including investment by way of equity and/or debt including shareholders' loans, convertible bonds or redeemable preference shares.
- (3) These are the Investment SPVs for which we have novated our obligations as investment manager to Avalon. The completions of the novations have taken place on 24 November 2017. After completion, we will no longer provide investment management services in respect of these six Investment SPVs. Immediately before the completion of the novations, the percentage of establishment shares entitled to or received by the Group was (i) 16.3% in respect of

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## SUMMARY

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Investment Project F, (ii) 15.2% in respect of West Star, (iii) 14.8% in respect of Mega@Woodlands, (iv) 13.4% in respect of The Visionaire, and (v) 12.3% in respect of iNZ Residences. Please refer to the section entitled “History, Development and Reorganisation — Our History” in this prospectus for further details.

- (4) Trailing return on investment as at the Latest Practicable Date is calculated by dividing the total distributions and dividends received after taxes and fees as at the Latest Practicable Date over the total capital invested by investors. Trailing return on investment would increase if there are further returns received from the Developments SPVs after the Latest Practicable Date.
- (5) Not applicable as the Investment Project is a mature estate as at the time of investment. The Development SPV or the development holding company under a fund structure leases the units instead of developing them.
- (6) The expected period is based on management estimates after taking into account the construction progress of the project, and may be subject to change.
- (7) There is no expected TOP period due to a delay in the land title clearance. The pre-sales for the Investment Project is expected to commence in the first quarter of 2018.
- (8) Not applicable as the ARO II Fund is a close-ended real estate private equity general purpose fund, and does not develop any property development projects. As at the Latest Practicable Date, the details of the assets held by the ARO II Fund are as follows:

<u>Asset Name</u>	<u>Location</u>	<u>Construction Completion Date</u>	<u>Saleable Floor Area</u> (sq.m.)	<u>Status</u>
Tebrau Dormitory	Johor, Malaysia	6 November 2009	18,940.0	Acquired
294 Bay Road	Melbourne, Australia	End of 2010	4,922.0	Acquired
Aires Serviced Apartment	Perth, Australia	Expected mid-2018 <sup>(6)</sup>	2,160.0	In process of acquiring

- (9) Those investment stakes are made by way of convertible bonds, loans and redeemable preference shares, and not equity.
- (10) Refers to the effective investment stakes as these are indirect investments into the relevant Development SPV or the development holding company under a fund structure.
- (11) As these projects were recently converted, there is no realised return as at the Latest Practicable Date.
- (12) The Convertible Loans remained unconverted despite the TOP dates have passed since the relevant outstanding Convertible Loans had not been substantially repaid due to the relevant project’s sale status and after consultation with the Convertible Loan investors, they preferred to initiate the conversion only after the outstanding Convertible Loans have been substantially repaid.
- (13) Investment Project H is held under two Development SPVs for the two tranches.

## COMPETITIVE LANDSCAPE

According to the Savills Report, Singapore has a diverse competitive landscape for investment management services. Small- to mid-sized private equity real estate firms (below USD500 million in terms of funds raised in last 10 years) collectively have about 10% market share. The competitive landscape in this bandwidth is more fragmented, and there are few barriers to entry for this bandwidth, as Singapore’s financial regulatory environment for investment management is

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relatively open and conducive for small-sized investment management start-ups. In particular, there are very few private equity real estate-focused firms with CMS licenses that concentrate on real estate development sites or projects in Singapore. In addition, they mainly focus on only pre-stage or early stage development activities and do not provide the end-to-end real estate project consultancy and property management services that our Group offers. Excluding real estate developers that have fund management platforms, there are relatively limited integrated real estate investment managers in Singapore and elsewhere in the Asia-Pacific region. Our Group, despite being a small- to mid-sized investment management firm has a market share of less than 1.0% in Singapore in terms of AUM and is also one of the market players in this category.

The property management industry for private properties (particularly for strata management) is much more fragmented. Industry participants comprise many small to mid-sized players, with the top five companies accounting for an estimated 30% to 35% of market share in terms of number of strata-titled units. Leading players are mainly global real estate consultancy firms, as well as independent property management firms which have diversified into other services. The other segment for the industry is mainly represented by real estate operating companies, REITs, private real estate funds and other institutional owners. While some of these entities set up subsidiaries to manage these properties, they also use facility and tenancy management services from third-party companies.

### **OUR CUSTOMERS**

Our customers during the Track Record Period mainly include investors, Investment SPVs, real estate developers and MCSTs. For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, our five largest customers accounted for approximately 67.3%, 59.8% and 54.3% of our total revenue, respectively, and our largest customer accounted for approximately 19.5%, 29.8% and 23.8% of our total revenue, respectively. We have maintained business relationships with our five largest customers for as long as eight years.

### **OUR RELATIONSHIP WITH KEY REAL ESTATE DEVELOPER PARTNERS**

With our experience in the real estate industry, we have developed stable business relationships with real estate developers partners in Singapore. Qingjian and Wee Hur are our key real estate developer partners and we have more than seven years of business relationship with each of Wee Hur and Qingjian starting from 2010. During the Track Record Period, we cooperated with Qingjian and Wee Hur in a total of 14 real estate projects representing approximately 56.0% of the total number of real estate projects. We consider that our strong business ties with Qingjian and Wee Hur would not affect the business prospects of our Group as (i) we have a diversified business; (ii) the bridging reserve fund to be set up by us will help us proactively seek investment opportunities; (iii) the entire life cycle of investments in our real estate projects is relatively long and our pipeline of Investment Projects will be sufficient to support our business operations; and (iv) there are positive market prospects in the real estate investment market and we believe that there are ample opportunities for us to capitalise on the expected increases in demand for real estate investment and development. Please refer to the section “Risk Factors — Our success depends on

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## SUMMARY

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the continuation of our business relationships with certain key real estate developer partners” for further detail on the risks to which we may be exposed due to our close relationship with Qingjian and Wee Hur.

### OUR SUPPLIERS

Due to the nature of our business, we engage suppliers only in our property management and tenancy management business segment. Our suppliers during the Track Record Period comprise a contractor company and two accounting firms.

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, we had two, two and three suppliers respectively. During the same periods, the percentage of our total costs attributable to our largest supplier were 72.4%, 79.0% and 80.2%, respectively.

### OUR COMPETITIVE STRENGTHS

We believe that our competitive strengths as set out below have driven our growth in revenue and gross profits and distinguished us from our competitors:

- We are an asset manager specialising in the real estate sector, with the ability to provide a comprehensive suite of integrated services across the real estate value chain
- Ability to combine and leverage our experience, market knowledge and resources from the comprehensive suite of services we offer
- Established and stable investor base
- Proven investment management track record
- Well-established relationships with our key real estate developer partners
- Experienced management team with expertise and a proven track record

Please refer to the section entitled “Business — Our Competitive Strengths” for further details.

### OUR STRATEGIES

Our principal business strategies are:

- Setting up a bridging reserve fund to enhance investments sourcing capabilities
- Further expanding our investment management business
- Expanding our property management business
- Expanding our financial advisory services business

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## SUMMARY

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- Expanding our project consultancy and management business

Please refer to the section entitled “Business — Our Strategies” for further details.

### HIGHLIGHTS OF RISK FACTORS

Our Directors consider that there are risks and uncertainties relating to our business and the industry in which we operate, and some pertinent risks are highlighted below:

- Our success depends on the continuation of our business relationships with certain key real estate developer partners
- We will be required to provide a corporate guarantee in replacement of a guarantee provided by one of our Controlling Shareholders of S\$152.8 million upon listing and that our Group may incur liabilities upon a call on the guarantee arising in the event of default
- The investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return
- All of our project consultancy and management services business is project-based. Our revenue and profit margins depend on the terms of the service contracts and may not be regular
- All of our business in property management and tenancy management services is contract-based. Profit margins depend on the volume of the service contracts we secure and the terms of the service contracts, and our customers may not necessarily renew their service contracts with us
- We are dependent on our Directors and senior management and we may not be able to attract and retain talented personnel
- Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations

### OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any option granted under the Share Option Scheme), ZACD Investments is expected to hold 75% of the enlarged issued share capital of our Company. As at the Latest Practicable Date, ZACD Investments was owned by Mr. Yeo and his spouse, Ms. Sim, as to 51% and 49%, respectively. Accordingly, for the purpose of the GEM Listing Rules, ZACD Investments, Mr. Yeo and Ms. Sim are our Controlling Shareholders. Mr. Yeo and Ms. Sim are a group of our Controlling

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Shareholders by virtue of their relationships of being spouses and their decision to restrict their ability to exercise direct control over our Company by holding their interests through a common investment holding company, namely ZACD Investments.

Upon Listing, there will be a number of continuing connected transactions between our Group and our Controlling Shareholders and their associates in relation to (i) sub-leases of two offices in Singapore; (ii) receiving of human resources services; (iii) receiving of repair and maintenance services; and (iv) provision of investment management services. For further details on these continuing connected transactions, please refer to the section headed “Connected Transactions” in this prospectus.

### **REVENUE, NET PROFIT AND OPERATING CASH FLOW CONTRIBUTED BY CONNECTED PERSONS DURING THE TRACK RECORD PERIOD**

During the Track Record Period, we derived revenue, net profit and operating cash flow from connected persons of our Company in respect of the following business segments: (i) investment management services, (ii) project consultancy and management services, (iii) property management and tenancy management services and (iv) financial advisory services. The revenue contributed by the connected persons for the two years ended 31 December 2016 and the six months ended 30 June 2017 was S\$1.5 million, S\$5.4 million and S\$1.6 million, respectively. The net profit contributed by the connected persons for the two years ended 31 December 2016 and the six months ended 30 June 2017 was S\$1.0 million, S\$3.3 million and S\$1.1 million, respectively. The operating cash flow before working capital changes contributed by the connected persons for the two years ended 31 December 2016 and the six months ended 30 June 2017 was S\$1.1 million, S\$3.4 million and S\$1.1 million, respectively.

The revenue contributed by the connected persons of the Company (the “**Connected Persons**”) were derived from the transactions amount with ZACD International, ZACD Capital and ZACD Financial (the “**Relevant Operating Subsidiary(ies)**”) incurred during the Track Record Period. In arriving at the net profit and operating cash flow before working capital changes contributed by the Connected Persons, our Group applied the basis and assumptions below:

1. The operating cash flow before working capital changes contributed by the Connected Persons was arrived at based on the revenue earned by the Relevant Operating Subsidiaries from the Connected Persons, adjusted for the operating cash flow margin (the “**OCF margin**”) for the respective year/period (i.e. operating cash flow divided by revenue times 100%) of the respective Relevant Operating Subsidiaries who rendered services to the Connected Persons. Where the Relevant Operating Subsidiary had a negative OCF margin for the respective year/period, our Group has applied zero as the OCF margin to the Relevant Operating Subsidiary.
2. Net profit contributed by the Connected Persons was arrived at based on revenue earned by our Group from the Connected Persons, adjusted for the profit margin for the respective year/period (i.e. net profit divided by revenue times 100%) of the respective Relevant Operating Subsidiaries who rendered services to the Connected Persons. Where

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## SUMMARY

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the Relevant Operating Subsidiary had a negative profit margin for respective year/period, our Group has applied zero as the profit margin to the Relevant Operating Subsidiary.

The Joint Sponsors confirmed that they have (i) noted and reviewed the calculations of the breakdowns related to the revenue, net profit and operating cash flow contributed by the Connected Persons based on our Group's management accounts, (ii) discussed and reviewed with the management regarding the basis and assumptions involved in the calculations, and (iii) discussed with the management and our Company's legal advisers in identifying the relevant Connected Persons and ensure that the persons identified by our Company are connected persons as defined under the GEM Listing Rules and have been included in the breakdowns and calculations. Having taken into account the above, the Joint Sponsors are of the view that the basis and assumptions applied by the management of our Company in arriving at the net profit and operating cash flow before working capital changes contributed by the Connected Persons are reasonable.

### SUMMARY FINANCIAL INFORMATION AND OPERATING RESULTS

The following is a summary of our consolidated financial information for the Track Record Period. For further details and analysis of our financial information, please refer to the section entitled "Financial Information" of this prospectus.

#### Highlight of consolidated statements of profit or loss

	For the year ended 31 December				For the six months ended 30 June	
	2015		2016		2017	
	S\$'000	HK\$'000 <sup>(Note)</sup>	S\$'000	HK\$'000 <sup>(Note)</sup>	S\$'000	HK\$'000 <sup>(Note)</sup>
Revenue	8,711	49,120	11,493	64,576	7,522	41,635
Profit before tax	6,040	34,059	3,413	19,177	1,791	9,913
Profit for the year/period	5,986	33,754	3,587	20,155	1,848	10,229

*Note:* For illustration purpose only, the above amounts denominated in S\$ have been translated to HK\$ by adopting the average S\$:HK\$ exchange rate of each month for each of the financial years/period during the Track Record Period as quoted from the MAS.

## SUMMARY

### Highlight of consolidated statements of financial position

	As at 31 December				As at 30 June	
	2015		2016		2017	
	S\$'000	HK\$'000 <sup>(Note)</sup>	S\$'000	HK\$'000 <sup>(Note)</sup>	S\$'000	HK\$'000 <sup>(Note)</sup>
Total non-current assets	15,218	83,432	17,480	93,727	14,324	81,202
Total current assets	8,820	48,355	9,415	50,483	10,604	60,113
Total current liabilities	2,338	12,818	4,398	23,582	3,577	20,278
Net current assets	6,482	35,537	5,017	26,901	7,027	39,836
Total assets less current liabilities	21,700	118,969	22,497	120,627	21,351	121,037
Total non-current liabilities	489	2,681	172	922	97	550
Net assets	21,211	116,288	22,325	119,705	21,254	120,488
Total equity	21,211	116,288	22,325	119,705	21,254	120,488

*Note:* For illustration purpose only, the above amounts denominated in S\$ have been translated to HK\$ by adopting the S\$:HK\$ exchange rate of the respective dates as quoted from the MAS.

### Highlight of consolidated statements of cash flows

	For the year ended 31 December				For the six months ended 30 June	
	2015		2016		2017	
	S\$'000	HK\$'000	S\$'000	HK\$'000	S\$'000	HK\$'000
Operating cash flows before changes in working capital	6,056	34,149 <sup>(2)</sup>	3,587	20,155 <sup>(2)</sup>	1,883	10,422 <sup>(2)</sup>
Net cash flows from/(used in) operating activities	(561)	(3,163) <sup>(2)</sup>	1,674	9,406 <sup>(2)</sup>	(848)	(4,694) <sup>(2)</sup>
Net cash flows from/(used in) investing activities	(114)	(643) <sup>(2)</sup>	(1,824)	(10,249) <sup>(2)</sup>	1,464	8,103 <sup>(2)</sup>
Net cash flows from/(used in) financing activities	613	3,457 <sup>(2)</sup>	3,476	19,531 <sup>(2)</sup>	(258)	(1,428) <sup>(2)</sup>
Cash and cash equivalents at beginning of year/period	1,025	5,780 <sup>(1)</sup>	964	5,285 <sup>(1)</sup>	4,371	23,437 <sup>(1)</sup>
Cash and cash equivalents at end of year/period	964	5,285 <sup>(1)</sup>	4,371	23,437 <sup>(1)</sup>	4,735	26,842 <sup>(1)</sup>

*Notes:*

- (1) For illustration purpose only, the above amounts denominated in S\$ have been translated to HK\$ by adopting the S\$:HK\$ exchange rate of the respective dates as quoted from the MAS.
- (2) For illustration purpose only, the above amounts denominated in S\$ have been translated to HK\$ by adopting the average S\$:HK\$ exchange rate of each month for each of the financial years/period during the Track Record Period as quoted from the MAS.



## SUMMARY

Our Group incurred a net operating cash outflow of S\$848,000 for the six months ended 30 June 2017 primarily due to (i) operating cash inflow before changes in working capital of, after incurring the one-off Listing expenses of S\$1.2 million, S\$1.9 million, offset by (ii) increase in trade receivables of S\$2.0 million relating primarily to revenue earned but yet to be settled; (iii) decrease in trade payables, other payables and accruals and amounts due to related parties for an aggregated amount of approximately S\$634,000, relating primarily to settlement made during the period.

For the two financial years ended 31 December 2015 and 2016 and for the six months ended 30 June 2017, our operating cash flow before working capital changes contributed by our connected persons amounted to S\$1.1 million, S\$3.4 million and S\$1.1 million respectively, representing 17.5%, 76.5% and 57.9% respectively, of the total operating cash flow before working capital changes (after adding back relevant Listing expenses) for the period.

### KEY FINANCIAL RATIOS

The following table sets forth key financial ratios as of and for the periods ended the dates indicated:

	<u>For the year ended 31 December</u>		<u>For the six months ended 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net profit margin	68.7%	31.2%	24.6%
Return on equity	28.2%	16.1%	NA <sup>(Note)</sup>
Return on total assets	24.9%	13.3%	NA <sup>(Note)</sup>
	<u>As at 31 December 2015</u>	<u>As at 31 December 2016</u>	<u>As at 30 June 2017</u>
Current ratio	3.8	2.1	3.0

*Note:* For the six months ended 30 June 2017, the calculation of return on equity and return on total assets are not applicable since the calculation is on a full-year basis.

Please refer to the section entitled “Financial information — Key financial ratios” of this prospectus for a description of the calculations of the ratios above.

### FAIR VALUE CHANGES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

Fair value changes on available-for-sale financial assets, representing the unrealised revaluation differences of the Establishment Shares received or contractual rights over the Establishment Shares to be awarded by the investors of the Investment SPVs for which our Group acts as the investment manager, amounted to gain of approximately S\$383,000 and S\$1.9 million,

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## SUMMARY

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for 2015 and 2016, and loss of approximately S\$2.9 million for the six months ended 30 June 2017, respectively, and were recognised as other comprehensive income/(loss) in the consolidated statements of comprehensive income. For details, please refer to the paragraph “Financial Information — Available-for-sale financial assets” in this prospectus.

### RECENT DEVELOPMENTS

#### Business Transfer Agreements

During our periodic internal strategic review of our investment portfolio, we have identified certain Investment Projects with relatively slower growth rates or with expected TOP dates which occur more than a year from the date of the internal strategic review. As such, we are of the view that we would incur relatively higher opportunity costs of continuing to manage these identified Investment Projects, when our resources and management time could achieve potentially higher investment returns if diverted to other existing or new Investment Projects. One of the strategic options that we considered was to divest the identified Investment Projects and we have then negotiated with two potential buyers to divest such Investment Projects. After considering the commercial terms and interest of the potential buyers in each of the identified Investment Project, we had on 7 November 2017 entered into certain business transfer agreements (collectively, the “**Business Transfer Agreements**”) with Avalon, an Independent Third Party, pursuant to which we agreed to novate ZACD International’s obligations as investment manager in six Investment SPVs. Pursuant to the Business Transfer Agreements, subject to the satisfaction or waiver of certain conditions set out therein, ZACD International agreed to sell, and Avalon agreed to purchase, the business of provision of investment management services for the aforementioned Investment SPVs (the “**Transferred Business**”). Completions of the business transfers have taken place on 24 November 2017. As advised by our Singapore Legal Advisers, following the completion, Avalon would assume the responsibility, and would perform all obligations and liabilities, of ZACD International in relation to the Transferred Business.

Under the respective Convertible Loan Agreements, we will receive, among other payments, Establishment Fees from the provision of investment management services in respect of each of the six real estate projects. Such Establishment Fees comprise a specified number of Establishment Shares paid by the investors to us upon conversion of the Convertible Loan after the TOP date of the underlying real estate project. We will also be entitled to the dividends in respect of such Establishment Shares as may be distributed from the Development SPV from the sales proceeds of the property units. Pursuant to the Business Transfer Agreements, the consideration will be settled by (i) Avalon paying to ZACD International a fixed amount equivalent to an aggregate of S\$100,000 at completion and (ii) contingent future payments equivalent to 90% of all dividends or other distributions of any kind to be paid by the relevant Investment SPVs in respect of the Establishment Shares relating to the real estate projects after the completion date. The consideration of the novation was determined with reference to the expected future dividends or distributions from the six Investment Projects and the structure of the payment offer.

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## SUMMARY

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### **ZACD Income Trust**

The ZACD Income Trust was established in November 2017 and is a general purpose fund with a target fund size of up to S\$30 million in the remainder of 2017 and up to S\$100 million in 2018, which will focus on acquiring high-yielding real estate assets in the Asia-Pacific region, and may undertake asset enhancement on such assets, such as building renovation and improvement and new structure expansion, with the aim of improving overall investment returns. The fund objective is to invest into real estate and real estate-related assets across all sectors balanced with moderate risk capital appreciation. We were in the process of raising fund from investors as at the Latest Practicable Date.

We have been appointed as the fund manager of ZACD Income Trust. The initial term of the fund is four years, and may be extended by two years from the expiry of the initial four-year period commencing on the closing date, at the discretion of the fund manager. We are entitled to (i) an establishment fee of 4% of the committed capital, (ii) a management fee of 0.25% of the committed capital plus 5% of net property income per annum, and (iii) a performance fee of 15% of the remaining net distributable cash in excess of the return of the capital contributions made by the investors.

### **Other recent developments**

In July 2017, in line with our strategy to explore real estate investment opportunities outside of Singapore within the Asia-Pacific region, the ARO II Fund acquired certain residential and commercial real estate properties in Australia. The acquisition was headed by Ms. Sim, our executive Director and chairman of our Board, who has over 10 years of experience in the real estate industry and has experience in both Singapore and international real estate property investments. For details of Ms. Sim's experience, please refer to the section headed "Directors and Senior Management" in this prospectus.

Our business model, revenue structure and cost structure basically remained unchanged, subsequent to the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we managed a total of 21 investment structures under the PE structures and fund structures, including the S1 Fund and the S2 Fund which were established after the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we provided project consultancy and management services to a total of 10 real estate projects in Singapore. As at the Latest Practicable Date, we provided ongoing property management services to 24 real estate projects in Singapore and Malaysia and tenancy management services to 15 property owners in Singapore. Subsequent to the Track Record Period and the Latest Practicable Date, save for the Listing expenses as disclosed in the paragraph headed "Listing Expenses" in this section below, we did not have any significant non-recurrent items in our consolidated statement of profit or loss and other comprehensive income.

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## SUMMARY

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Save for the aforesaid, our Directors have confirmed that as of the date of this prospectus, there had been no material adverse change in our financial, operational and trading positions or prospects or in the general regulatory economic and market conditions in Singapore and Hong Kong or in the industry in which we operate that materially and adversely affected our business, results of operations or financial condition.

### REASONS FOR THE GLOBAL OFFERING

Prior to the Listing, funding of our business activities was primarily from internally generated cash. As we do not have sufficient fixed assets available for security or pledge that is generally required to obtain banking facilities necessary to finance meaningful business expansion, it is difficult for us to obtain debt financing from banks on commercially viable terms. Our Directors believe that the ability to be the first-mover is a key element for us to maintain market competitiveness. We have, therefore, drawn up business plans of setting up a bridging reserve fund, which will require considerable additional financial resources. Please refer to the section entitled “Business — Our strategies — Setting up a bridging reserve fund to enhance investments sourcing capabilities” of this prospectus for further details. In addition, we also plan to expand our property management business by setting up a client service centre and investing in mobile application systems to provide greater efficiency in our services, both of which will also require considerable additional funds. As such, our Directors believe that the Listing will enable us to raise additional funds immediately and have access to the equity capital markets for raising funds in the future to fulfil our capital needs. Our Directors also believe that it would be easier and more cost-effective for us to obtain sufficient debt financing from banks to fund our future operations and development with a listing status.

Furthermore, we aim to expand our business reach to Hong Kong as we foresee a market potential in this region. As part of our effort to achieve this objective, we plan to expand our financial advisory business in Hong Kong with part of the proceeds from the Global Offering. We believe that becoming a company listed on the Stock Exchange can further support our expansion plan to the Hong Kong market.

We also believe that our profile as a company listed on the Stock Exchange will serve as a stepping stone in achieving our business objective of further strengthening our position as an asset manager offering integrated solutions across the real estate value chain. In addition to furthering our business objective, we believe that the Listing of our Company can (i) sharpen our competitive strengths; and (ii) raise confidence of potential and existing real estate developer partner, customers, suppliers and staff in our Group. We intend to leverage on such visibility and confidence to (i) attract new customers; (ii) attract new talents; and (iii) strengthen our business relationships with existing customers, suppliers and real estate developer partner. A public listing status on GEM may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares. We further believe that our internal control and corporate governance practices could be further enhanced following the Listing.

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## SUMMARY

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### USE OF PROCEEDS

The estimated net proceeds of the Global Offering, after deducting underwriting fees and total expenses paid and payable by us in connection thereto, are estimated to be approximately HK\$112.7 million before exercise of the Over-allotment Option, assuming an Offer Price of HK\$0.295 per Share, being the midpoint of the proposed Offer Price range of HK\$0.26 to HK\$0.33 per Share. We intend to use such net proceeds as follows:

- approximately 41.2% of the net proceeds for setting up a bridging reserve fund to enhance investments sourcing capabilities to be utilised as follows:
  - (i) to participate in tenders or sales for land parcels and/or real estate assets at a maximum of S\$8.0 million, including but not limited to payment of the deposits for such transactions, which we currently intend to use S\$4.5 million to S\$6.0 million or HK\$26.1 million to HK\$34.8 million for Singapore, and S\$4.6 million to S\$5.7 million or HK\$26.7 million to HK\$33.1 million for Australia. Such funds in the bridging reserve fund to be used for participating in such tenders or sales is expected to be replenished by the funds raised by the investors; and/or
  - (ii) to be used in the future to commit to the take-up of the investment stake of potential real estate projects first before setting up of the investment vehicles and/or securing investment funds from the investors when the real estate developer partners approach us for co-investing in new potential real estate projects.
- approximately 15.8% of the net proceeds for further expansion of our investment management services business, including hiring more experienced relationship managers with existing networks of investors to expand our fund distribution channels, hiring more professionals, analysts and consultants to expand our research and consultancy capabilities, and hiring more supporting staff to support overall investment management operations in Singapore;
- approximately 15.4% of the net proceeds for expanding our property management services business, including setting up of a dedicated client service centre, potential acquisition of project management companies and upgrading our existing infrastructure;
- approximately 16.0% of the net proceeds for expanding our financial advisory services business, including hiring more staff in Hong Kong;
- approximately 4.2% of the net proceeds for expanding our project consultancy and management business, including hiring more real estate developer relationship managers and additional building and construction professionals; and
- the balance of approximately 7.4% of the net proceeds will be used to provide funding for our working capital and other general corporate purposes.

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## SUMMARY

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Please refer to the section entitled “Future Plans and Use of Proceeds” of this prospectus for further details.

### TAXATION

Our Company was incorporated in Singapore and potential investors are advised to consult their own tax advisers concerning the overall tax consequences of acquiring, owning, or selling our Shares. In particular, dealings in our Shares are subject to Hong Kong stamp duty and may also be subject to Singapore stamp duty, provided that an instrument of transfer is executed in Singapore or is subsequently received in Singapore.

Where existing Shares are transferred in Singapore, stamp duty is payable on the contract or agreement entered into for the transfer of our Shares at the rate of 0.20% of the purchase consideration or market value of our Shares, whichever is higher. The purchaser is liable for the stamp duty, unless otherwise agreed by the parties to the transaction.

No stamp duty is payable if no contract or agreement is executed (such as in the case of a transfer of scripless shares, for which no contract or agreement is executed) or if the contract or agreement is executed outside of Singapore. However, stamp duty is payable if the contract or agreement which is executed outside Singapore is subsequently received in Singapore. Stamp duty is not applicable to electronic transfers of our Shares, if such transfers are not pursuant to a contract or agreement being entered into.

CCASS Beneficial Owners are not subject to Singapore stamp duty because no instrument of transfer will be executed or received in Singapore. Upon Listing, Shareholders are not liable for Singapore stamp duty if the relevant instrument of transfer is not executed in or received in Singapore and is lodged with our Hong Kong Share Registrar. The holding of the Shares through CCASS or outside CCASS do not give rise to any additional Singapore income tax implications. There is no comprehensive double tax treaty entered into between Singapore and Hong Kong. Please refer to the section headed “Regulatory Overview — Singapore taxation” in this prospectus.

### GLOBAL OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	<b>Based on the minimum indicative Offer Price of HK\$0.26</b>	<b>Based on the maximum indicative Offer Price of HK\$0.33</b>
Market capitalisation of our Shares <sup>(1)</sup>	HK\$520,000,000	HK\$660,000,000
Unaudited pro forma adjusted net tangible asset value per Share <sup>(2)</sup>	S\$0.02 or HK\$0.12	S\$0.02 or HK\$0.13

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## SUMMARY

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*Notes:*

- (1) The calculation of market capitalisation is based on the 2,000,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information — Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets” and on the basis of 2,000,000,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering.

### **LISTING EXPENSES**

Assuming an Offer Price of HK\$0.295 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total listing expenses are estimated to be approximately S\$6.0 million, of which S\$2.1 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of S\$3.9 million has been or will be reflected in our consolidated statements of profit or loss. Listing expenses of approximately nil, S\$811,000 and S\$1.2 million in relation to services already performed by relevant parties, were reflected in our consolidated statements of profit or loss in 2015, 2016 and the six months ended 30 June 2017, respectively, and an additional amount of S\$1.9 million is expected to be recognised in our consolidated statements of profit or loss subsequent to the Track Record Period and upon Listing.

### **DIVIDEND POLICY**

In 2015, a subsidiary of our Company declared dividends of approximately S\$5.0 million to the ultimate holding company. The dividends were offset against the trade receivables due from the ultimate holding company. In 2016, a subsidiary of our Company declared dividends of approximately S\$6.8 million to the ultimate holding company, of which, approximately S\$2.6 million were settled by cash while approximately S\$4.2 million were offset against the trade receivables due from the ultimate holding company. In the six months ended 30 June 2017, no dividend has been declared by our Group.

The dividends declared by a subsidiary of our Company to our ultimate holding company were approximately S\$5.0 million, S\$6.8 million and nil during 2015, 2016 and the six months ended 30 June 2017, respectively. No dividend has been paid or declared by our Company since its incorporation and during the Track Record Period. Subsequent to the Track Record Period, a dividend of approximately S\$1.5 million was declared by our Company to our ultimate holding company in November 2017, which was settled in cash through internal resources as at the Latest Practicable Date. Save for disclosed above, we have no plan to pay or declare any dividends prior to the Listing.

The recommendation of the payment of dividends is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividends for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may

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## SUMMARY

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deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Act, including the approval of our Shareholders.

Subject to the factors described above, our Board intends to recommend dividends of no less than 30% of our distributable profits to the Shareholders in each financial year beginning from the year ending 31 December 2018.



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## DEFINITIONS

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*Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in the section headed “Glossary of Technical Terms”.*

“A\$”	Australian dollars, the lawful currency of Australia
“ACRA”	Accounting and Corporate Regulatory Authority, the national regulator of business entities, public accountants and corporate service providers in Singapore
“accredited investor” or “institutional investor”	has the meaning ascribed to it in Section 4A of the SFA
“APAC”	Asia-Pacific, consists of Australia, Bangladesh, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Macau, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam
“Application Form(s)”	<b>WHITE</b> Application Form(s) and <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), or where the context so requires, any of them that are used in connection with the Public Offer
“ARO II Fund”	a general purpose real estate fund established in April 2016, of which the fund holding entity, ZACD Investments (ARO II) Ltd., is a public company limited by shares incorporated in Singapore on 30 September 2015
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Avalon”	Avalon Asset Management Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 28 March 2013, an Independent Third Party
“BBW6 Fund”	a single purpose real estate fund established in October 2016, of which the fund holding entity, ZACD (BBW6) Ltd., is a public company limited by shares incorporated in Singapore on 6 September 2016
“Board of Directors” or “Board”	the board of Directors

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## DEFINITIONS

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“Budget”	the budget prepared for each financial year for Singapore, which begins on 1 April of every calendar year and ends on 31 March of the next calendar year, and includes the revised government revenue and expenditure projections for the current financial year, as well as the planned government revenue and expenditures for the upcoming financial year
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Beneficial Owner(s)”	beneficial owners of our Shares who hold preliminary interests and voting rights in our Company attached to the Shares deposited into CCASS and held in the name of the HKSCC Nominees
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Everbright Capital”	China Everbright Capital Limited, a company incorporated in Hong Kong and licenced to conduct type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO

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## DEFINITIONS

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“China Everbright Securities”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong and licenced to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
“CIO Office”	the office headed by the Chief Investment Officer of the Group
“close associates(s)”	has the meaning ascribed to it under the GEM Listing Rules
“CMS Licence”	capital markets services licence issued by the MAS
“Companies Act”	The Companies Act (Chapter 50 of Singapore), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	ZACD Group Ltd. (杰地集團有限公司*), the holding company of our Group and a public company limited by shares incorporated under the laws of Singapore on 8 November 2016. References to “we”, “us” and “our” refer to our Group or, where the context requires, our Company
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Constitution”	the constitution of our Company (as amended from time to time), conditionally adopted on 13 December 2017 and which will become effective upon the Listing, a summary of which is set out in Appendix III to this prospectus

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## DEFINITIONS

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“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this prospectus, refers to ZACD Investments, Mr. Yeo and Ms. Sim. Mr. Yeo and Ms. Sim are a group of Controlling Shareholders by virtue of their relationships of being spouses and their decision to restrict their ability to exercise direct control over our Company by holding their interests through a common investment holding company, namely ZACD Investments
“Convertible Loan(s)”	convertible loan(s) extended by the investors (including ZACD Investments) to an Investment SPV
“Convertible Loan Agreement(s)”	convertible loan agreement and its supplemental thereof entered into between the investors (including ZACD Investments) and ZACD International governing the Convertible Loan and the scope of investment management services
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 13 December 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed “9. Other information — D. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 13 December 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed “Relationship with our Controlling Shareholders — Deed of Non-competition” in this prospectus
“Development SPV(s)”	the investment vehicle(s) owned by the Investment SPV, the key real estate developer partner of the underlying real estate project and other Development SPV investors (if any) under the PE structures
“Director(s)”	the director(s) of our Company
“Establishment Fees”	refers to the establishment fees payable to ZACD International under the PE structures

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## DEFINITIONS

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“Establishment Shares”	the ordinary shares in the relevant Investment SPV (to be) assigned by the investors to ZACD International for payment of the Establishment Fees, as agreed pursuant to the Convertible Loan Agreement
“Financial Adviser”	Zhongtai International Capital Limited
“Founder(s)”	Mr. Yeo and Ms. Sim, the founders of our Group
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“GEM Website”	the Internet website at <a href="http://www.hkgem.com">www.hkgem.com</a> operated by the Stock Exchange for the purposes of GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Global Offering”	the Public Offer and the International Placing
“GREEN Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of <b>HK eIPO White Form</b> at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HK eIPO White Form Service Provider”	the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKSCC”	the Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“HKSCC Nominees”	the HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKEx”	Hong Kong Exchanges and Clearing Limited
“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Legal Counsel”	Mr. But Tong, Adrian, barrister-at-law of Hong Kong
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the GEM Listing Rules)
“INED(s)”	independent non-executive director(s) or, in the context of our Company, our independent non-executive Director(s)
“Innovax Capital”	Innovax Capital Limited, a company incorporated in Hong Kong and licenced to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Innovax Securities”	Innovax Securities Limited, a company incorporated in Hong Kong and licenced to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“International Placing”	the placing of the International Placing Shares for cash at the Offer Price in accordance with and subject to the terms and conditions specified in this prospectus, details of which are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Placing Share(s)”	the 450,000,000 Shares being offered by our Company at the Offer Price for subscription pursuant to the International Placing, together with, where relevant, any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option subject to the terms and conditions as described in the section headed “Structure and conditions of the Global Offering” in this prospectus

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## DEFINITIONS

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“International Placing Underwriters”	the underwriters of the International Placing which are expected to enter into the International Placing Underwriting Agreement on or around the Price Determination Date
“International Placing Underwriting Agreement”	the conditional underwriting agreement expected to be entered into on or around the Price Determination Date among our Company, our Controlling Shareholders, our executive Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Placing Underwriters relating to the International Placing
“Investment Committee”	the committee that is responsible for all investment and divestment decisions within the investment management services business segment, whose members consist of Mr. Yeo, Ms. Sim, Mr. Siew, and Mr. Mak
“Investment Project(s)”	real estate project(s) in which the investors invest through the Investment SPV(s) under the PE structure(s), Trust structure(s) or fund structure(s)
“Investment SPV(s)”	the investment vehicle(s) managed by us under the PE structures and the Trust structures
“Investment Strategy Committee”	the committee which is led by the CIO Office to conduct investment analysis and due diligence on potential investment opportunities
“Joint Bookrunners”	China Everbright Securities, CLC Securities Limited, Innovax Securities and Zhongtai International Securities Limited
“Joint Global Coordinators”	China Everbright Securities, Innovax Securities and Zhongtai International Securities Limited
“Joint Lead Managers”	China Everbright Securities, CLC Securities Limited, Innovax Securities and Zhongtai International Securities Limited
“Joint Policy Statement”	the Joint Policy Statement Regarding the Listing of Overseas Companies jointly issued by the Stock Exchange and the SFC on 27 September 2013
“Joint Sponsors”	China Everbright Capital and Innovax Capital

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## DEFINITIONS

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“Landmark”	Landmark Holdings Ltd, a company incorporated on 19 January 2010, and one of our top five customers during the Track Record Period and an Independent Third Party
“Latest Practicable Date”	19 December 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	listing of the Shares on GEM
“Listing Date”	the date on which the Shares are listed and from which dealings in Shares on the GEM commences, which is expected to be on or about 16 January 2018
“Listing Department”	the listing department of the Stock Exchange
“Main Board”	the Main Board operated by the Stock Exchange
“Management Fees”	refers to the management fees payable to ZACD International under the PE structures
“MAS”	Monetary Authority of Singapore, the central bank of Singapore
“Mr. Mak”	Mr. Mak Chuen Weng, our Chief Investment Officer and Head of the CIO Office
“Mr. Siew”	Mr. Siew Chen Yei, an executive Director
“Mr. Yeo”	Mr. Yeo Choon Guan (Yao Junyuan), the spouse of Ms. Sim, an executive Director, our chief executive officer and one of our Controlling Shareholders
“Ms. Sim”	Ms. Sim Kain Kain, the spouse of Mr. Yeo, an executive Director, the chairman of our Board and one of our Controlling Shareholders
“MVG”	Magnificent Vine Group Holdings Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 3 September 2010, the issued share capital of which is owned by Mr. Yeo and Ms. Sim as to 50% each, a close associate of Mr. Yeo and Ms. Sim and a connected person of our Company
“Nomination Committee”	the nomination committee of the Board



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## DEFINITIONS

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“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.33 per Share and expected to be not less than HK\$0.26 per Share at which the Offer Shares are to be offered under the Global Offering, to be determined in the manner as set out in the section headed “Structure and conditions of the Global Offering” in this prospectus
“Offer Share(s)”	collectively, the International Placing Shares and the Public Offer Shares
“Over-allotment Option”	the option to be granted by our Company to the Joint Global Coordinators, exercisable by the Joint Global Coordinators, at their sole and absolute discretion under the International Placing Underwriting Agreement to require our Company to issue up to an additional 75,000,000 Shares, representing 15% of the number of the Offer Shares at the Offer Price, details of which are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus
“PDPA”	The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore
“PE structure(s)”	private equity structure(s) comprising convertible loan structures and trust structures adopted by ZACD International for investment management services
“PERE”	private equity real estate, an asset class comprising of debt and equity investments in the property markets
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Principal Share Registrar”	Tricor Singapore Pte. Ltd.
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record and fix the Offer Price

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## DEFINITIONS

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“Price Determination Date”	the date, expected to be on or about Friday, 5 January 2018 or such later date as may be agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Global Offering
“professional investors”	has the meaning ascribed to it in Part I of Schedule 1 to the SFO
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 50,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Global Offering” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 27 December 2017 entered into among our Company, our Controlling Shareholders, our executive Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters relating to the Public Offer
“Qingjian”	Qingjian Realty (South Pacific) Group Pte Ltd., a subsidiary of CNQC International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1240)
“RCA”	Real Capital Analytics, a data and analytics firm founded in 2000 that focuses exclusively on the investment market for commercial real estate and which covers all markets globally
“Regulation S”	Regulation S under the U.S. Securities Act
“REIT”	real estate investment trust, an investment vehicle which typically operates income producing real estate
“Remuneration Committee”	the remuneration committee of the Board

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## DEFINITIONS

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“Reorganisation”	the reorganisation arrangements undertaken by our Group in preparation for the Listing, which are described in more detail in the paragraph headed “History, Development and Reorganisation — Reorganisation” in this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“S1 Fund”	a single purpose real estate fund established in May 2017, of which the fund holding entity is a public company limited by shares incorporated in Singapore on 19 December 2016
“S2 Fund”	a single purpose real estate fund established in May 2017, of which the fund holding entity is a public company limited by shares incorporated in Singapore on 23 March 2017
“Savills”	Savills Valuation and Professional Services (S) Pte Ltd, a market research and consulting company and an Independent Third Party
“Savills Report”	a market research report in respect of the investment management services, project consultancy and management services and property management and tenancy management services industries, commissioned by us and prepared by Savills
“SFA”	Securities and Futures Act (Chapter 289 of Singapore), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 13 December 2017, the principal terms of which are summarised under the paragraph headed “8. Share Option Scheme” in Appendix IV to this prospectus

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## DEFINITIONS

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“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act, Chapter 50 of Singapore, as amended or supplemented from time to time
“Singapore Legal Advisers”	Rajah & Tann Singapore LLP, our Group’s legal adviser as to Singapore law
“SLPI”	SLP International Property Consultants Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 25 April 2003, and a direct wholly-owned subsidiary of MVG and a connected person of our Company
“sq.m.”	square metres
“Stabilising Manager”	Innovax Securities
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Stabilising Manager and ZACD Investments, pursuant to which the Stabilising Manager may borrow up to 75,000,000 Shares to cover any over-allotment in the International Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires
“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules and details of the substantial Shareholders of our Group are set out in the section “Substantial Shareholders” in this prospectus
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the two financial years ended 31 December 2016 and the six months ended 30 June 2017
“Trust structure(s)”	trust structure(s) adopted by ZACD International for investment management services
“Underwriters”	the Public Offer Underwriters and the International Placing Underwriters

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## DEFINITIONS

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“Underwriting Agreements”	the Public Offer Underwriting Agreement and the International Placing Underwriting Agreement
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act 1933, as amended or supplemented from time to time
“Wee Hur”	Wee Hur Development Pte Ltd., a wholly owned subsidiary of Wee Hur Holdings Ltd., a Singapore-based company listed on the Main Board of the SGX-ST and one of our key real estate developer partners
“ <b>WHITE</b> Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/ applicants’ own name(s)
“Year of Assessment”	the year in which income tax is calculated and charged and where the assessment is for the income earned in the preceding year, starting on 1 January and ending on 31 December
“ <b>YELLOW</b> Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“ZACD Australia”	ZACD (Australia) Pty Ltd., a company incorporated under the laws of Australia with limited liability on 23 November 2016, and a direct wholly-owned subsidiary of our Company and a member of our Group
“ZACD Capital”	ZACD Capital Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 25 October 2011, and a direct wholly-owned subsidiary of our Company and a member of our Group
“ZACD China”	獅展商務諮詢(上海)有限公司 (ZACD (China) Co., Ltd.*), a wholly-foreign owned enterprise established under the laws of the PRC with limited liability on 13 July 2016, and a direct wholly-owned subsidiary of ZACD International and a member of our Group

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## DEFINITIONS

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“ZACD Financial”	ZACD Financial Group Limited, a company incorporated under the laws of Hong Kong with limited liability on 7 October 2015, and a direct wholly-owned subsidiary of our Company and a member of our Group which holds the SFC licenses to conduct Type 1 ( <i>dealing in securities</i> ), Type 4 ( <i>advising on securities</i> ) and Type 6 ( <i>advising on corporate finance</i> ) regulated activities under the SFO
“ZACD Fund”	ZACD Fund Holdings Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 March 2017, and a direct wholly-owned subsidiary of our Company and a member of our Group
“ZACD Group Holdings”	ZACD Group Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability on 7 October 2015, and a direct wholly-owned subsidiary of our Company and a member of our Group
“ZACD Income Trust”	a general purpose fund established in November 2017 with a target fund size of up to S\$30 million in the remainder of 2017 and up to S\$100 million in 2018, which will focus on acquiring high-yielding real estate assets in the Asia-Pacific region, and may undertake asset enhancement on such assets, such as building renovation and improvement and new structure expansion, with the aim of improving overall investment returns
“ZACD International”	ZACD International Pte. Ltd. (formerly known as ZACD (Bio5) Pte. Ltd.), a company incorporated under the laws of Singapore with limited liability on 28 January 2011, and a direct wholly-owned subsidiary of our Company and a member of our Group
“ZACD Investments”	ZACD Investments Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 June 2005, the issued share capital of which is owned by Mr. Yeo and Ms. Sim as to 51% and 49%, respectively and one of our Controlling Shareholders
“ZACD POSH”	ZACD POSH Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 17 November 2016, and a direct wholly-owned subsidiary of our Company and a member of our Group
“%”	per cent.

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## DEFINITIONS

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*Unless otherwise specified, for the purpose of this prospectus and for illustration purposes only, amounts denominated in Hong Kong dollars have been converted to Singapore dollars at the rate of S\$1.00:HK\$5.8005, and vice versa. For details, please refer to the section headed “Information about this Prospectus and Global Offering — Exchange Rate Conversion” in this prospectus. Our Company does not make any representation that any amounts in Singapore dollars or Hong Kong dollars had been or may be converted at the date of this prospectus or any other date at such rate or any other rate.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*Unless otherwise specified, all times refer to Hong Kong time and references to years in this prospectus are to calendar years.*

*\* For identification purpose only*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.*

“AUM”	assets under management, which refers to moneys and assets contracted to, drawn down by, are under either the discretionary or non-discretionary authority granted by the customer to the company and in respect of which the company is carrying out investment management, as well as those that have been subcontracted to another party
“BCA”	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore
“CAGR”	compound annual growth rate
“CBD”	the central business district of Singapore
“CIS”	collective investment schemes
“HDB”	the Housing and Development Board of Singapore, which is Singapore’s public housing authority and a statutory board under the Ministry of National Development of Singapore
“HNWI”	high net worth individual, which refers to someone with a net worth of over USD1.0 (S\$1.4) million, excluding their primary residence
“IRR”	internal rate of return, the rate of return that discounts future cash flows from an investment to the exact amount of the investment; the discount rate that makes the present value of an investment’s costs (outflows) equal to the present value of the investment’s benefits (inflows). The higher the IRR is on a project and the greater it exceeds the investor’s minimum required rate of return (typically the cost of capital), the more desirable it is to undertake the investment
“JTC”	JTC Corporation, a state-owned real estate company and a statutory board under the Ministry of Trade and Industry of Singapore



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## GLOSSARY OF TECHNICAL TERMS

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“MCST”	Management Corporation Strata Title, which refers to the property owners’ association constituted in respect of strata title property in Singapore pursuant to the Building Maintenance and Strata Management Act
“NLA”	net lettable area
“RFMC”	registered fund management company, as defined by the MAS and registered under paragraph 5(1)(i) of the Second Schedule of the Securities and Future (Licensing and Conduct of Business) Regulations (Rg. 10). A corporation that carries on business in fund management in Singapore would need to either hold a CMS licence in fund management or be registered with the MAS as an RFMC. RFMCs are permitted to carry on business in fund management with no more than 30 qualified investors (of which no more than 15 may be funds or limited partnership fund structures) and the total value of the assets managed does not exceed S\$250 million
“ROI”	return on investment, which also refers to return on equity in this prospectus. Return on equity is commonly referred to as the amount of net income returned as a percentage of shareholders’ equity
“SPV(s)”	special purpose vehicle(s), an investment vehicle typically used for specific investment objectives
“TOP”	temporary occupation permit issued by the Commissioner of Building Control from the Building and Construction Authority of Singapore
“UHNWI”	ultra high net worth individual, which refers to someone with a net worth of over USD30 (S\$42) million, excluding their primary residence
“URA”	the Urban Redevelopment Authority, a national urban planning authority of Singapore and a statutory board under the Ministry of National Development of Singapore
“YOY”	year over year

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy; and
- our profit estimate and other prospective financial information.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of any government relating to any aspect of our business or operations;
- general global economic, market and business conditions;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

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## **FORWARD-LOOKING STATEMENTS**

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Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus.

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## RISK FACTORS

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*Prospective investors should consider carefully all of the information in this prospectus including the risks and uncertainties described below, before making any investment decision in relation to our Company. Potential investors should pay particular attention to the fact that we conduct the majority of our business operations in Singapore, the legal and regulatory environment of which may be subject to the prevailing laws and regulations of Singapore. The business, results of operations, financial conditions and prospects of our Group may be materially and adversely affected by any of these risks and uncertainties. The trading price of the Shares could decline significantly due to any of these risks and uncertainties, and you may lose all or part of your investment. In addition, we are also subject to other risks and uncertainties that are not currently known to us or which currently are deemed to be immaterial. Such risks and uncertainties may also have a material adverse effect on our business, results of operations, financial positions, profitability and future prospects.*

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to the real estate industry; and (iii) risks relating to the Global Offering and our Shares.

### **RISKS RELATING TO OUR BUSINESS**

#### **(i) Risks relating to our investment management services**

##### **Our success depends on the continuation of our business relationships with certain key real estate developer partners**

During the Track Record Period and up to the Latest Practicable Date, we cooperated with a total of nine real estate developer partners in our provision of services across the real estate value chain. Wee Hur and Qingjian are our key real estate developer partners. During the Track Record Period, we cooperated with Wee Hur and Qingjian on a total of 14 real estate projects representing approximately 56.0% of the total number of real estate projects. Out of these 14 real estate projects, we cooperated with Wee Hur on three and two real estate projects within the investment management and project consultancy and management business segments respectively, while we cooperated with Qingjian on 11 and three real estate projects within the investment management and project consultancy and management business segments respectively. During the Track Record Period, the real estate projects on which we cooperated with Wee Hur in our provision of investment management services contributed approximately S\$2.3 million, S\$4.3 million and S\$0.8 million, representing approximately 26.9%, 37.1% and 11.0% of our total revenue, respectively, while real estate projects on which we cooperated with Wee Hur in our provision of project consultancy and management services contributed approximately S\$0.4 million, S\$0.3 million and S\$0.2 million, representing approximately 4.8%, 2.8% and 2.0% of our total revenue, respectively. For the same period, the real estate projects on which we cooperated with Qingjian in our provision of investment management services contributed approximately S\$2.5 million, S\$3.3 million and

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## RISK FACTORS

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S\$0.2 million, representing approximately 28.5%, 29.3% and 2.4% of our total revenue, respectively, while real estate projects on which we cooperated with Qingjian in our provision of project consultancy and management services contributed approximately S\$0.5 million, S\$0.5 million and S\$0.2 million, representing approximately 5.1%, 4.5% and 2.6% of our total revenue, respectively. We cannot assure you that we will continue to collaborate with these partners on new real estate projects, as the continuation of our business relationship depends on various factors such as cost efficiencies, common investment direction and business goals. If we do not collaborate with them on new real estate projects in the future, we will need to obtain new real estate projects from other alternative real estate developer partners. If we are unable to find new real estate projects quickly, we will manage fewer real estate projects within our investment management business segment, and our financial position and results of operations may be materially and adversely affected. Please refer to the section entitled “Business – Our relationship with key real estate developer partners” of this prospectus for further details of our business relationships with Qingjian and Wee Hur.

**We will be required to provide a corporate guarantee in replacement of a guarantee provided by one of our Controlling Shareholders of S\$152.8 million upon listing and that our Group may incur liabilities upon a call on the guarantee arising in the event of default**

In certain Investment Projects, the Development SPV or the development holding company under a fund structure would need to secure bank financing from lending bank(s). If required by the lending bank(s), the shareholders of the Development SPV or the development holding company under a fund structure (including the relevant Investment SPV or the fund holding entities or the ultimate shareholders of the Investment SPV or the fund holding entities) would provide a corporate and/or personal guarantee. During the Track Record Period, ZACD Investments, one of our Controlling Shareholders has provided a guarantee for S\$152.8 million credit facilities which was granted under the S1 Fund and S2 Fund. The said guarantee will be released and replaced by a corporate guarantee to be provided by the Company upon Listing. Upon Listing, corporate guarantee of S\$152.8 million will be provided by the Company. Please refer to the section entitled “Relationship with Our Controlling Shareholder — Financial Independence” of this prospectus for further details of our exposure of the S\$152.8 million corporate guarantee. Should there be any event of default on the part of our Group under the guarantee, our Group may incur liabilities upon a call on the guarantee arising from such event of default, and our financial position and results of operations may be adversely affected.

**The investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return**

If the investment performance of our Investment Projects or real estate funds is unsatisfactory or if our investments fail to achieve their investment target return in the future, existing clients may decide to reduce their future investments with us. Going forward, we may not be able to gain new clients for our investment management business. In addition, we may

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## RISK FACTORS

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also earn reduced amounts of revenue derived from Establishment Shares or Performance Fees should there be underperformance of our investment management returns. We cannot assure you that we will be able to continue to achieve satisfactory investment returns for our investors. If the investment performance of our Investment Projects or real estate funds is unsatisfactory, our financial position and results of operations may be adversely affected.

**Our success depends on our ability to identify or source real estate projects which are suitable for our Investment Projects**

Our business model depends to a large extent on our ability to identify and source suitable and desirable real estate projects that can achieve our investment target return. The identification and sourcing of real estate projects will depend on a number of factors which may be out of our control, such as (i) the continuation of our relationships with certain key developers or (ii) there may be a limited number of real estate projects in the market that are suitable for our investment target returns. As such, we cannot assure you that we will be able to source new real estate projects that are suitable and desirable for our future Investment Projects. Any failure to do so may have a material adverse impact on our business, financial condition, results of operations and growth prospects.

**We may not be able to replenish our bridging reserve fund in the event we are unable to secure sufficient investors' funds**

We intend to utilise approximately 41.2% of our total estimated net proceeds from the Global Offering for setting up our bridging reserve fund for new real estate investments so as (i) to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions; and (ii) to be used in the future to commit to the take-up of the investment stake in potential real estate projects first before setting up of the investment vehicles and/or securing investment funds from the investors when the real estate developer partners approach us for co-investing in new potential real estate projects. Please refer to the section entitled “Business — Our strategies — Setting up a bridging reserve fund to enhance investment sourcing capabilities” for more details of the bridging reserve fund, reasons for setting up the bridging reserve fund and its objective.

We cannot guarantee that we will be able to secure sufficient investors' funds to replenish our bridging reserve fund. In the event that we are unable to raise sufficient investors' funds, we will be unable to fully replenish our bridging reserve fund, which will adversely affect the liquidity of the bridging reserve fund, hinder our ability to participate in other tenders or sales for land parcels and/or real estate assets, or commit to the take-up of the investment stake of potential real estate projects, therefore delaying our pipeline of projects and development plan. Our financial position and results of operations may be adversely affected as a result.

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## RISK FACTORS

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**We may not be able to commit fully to the allocated investment stake that we took up from any given real estate developer partner**

At the onset of an Investment Project, we typically will gauge the interest level from potential investors via marketing before confirming the investment amount by the Investment SPV in the Development SPV or the development holding company under a fund structure. We will enter into a Convertible Loan Agreement with the investors to secure the commitment of the investment amount via the Convertible Loan, before entering into a binding shareholders' agreement and shareholders' loan agreements with the real estate developer partner and other Development SPV investors via the Investment SPV for investment into the Investment Project. Please refer to the section entitled "Business — Investment management services — SPV investment management (PE structures) — Convertible loan structures" of this prospectus for further details of the business process of our investment management business segment. We are unable to guarantee that an investor will remain fully committed to the investment, and there may be instances where an investor may breach the Convertible Loan Agreement and fail to provide part of or the full amount of the Convertible Loan. There may also be instances where the Investment SPV fails to drawdown the Convertible Loans in part or in full. In the event that we are unable to obtain the full commitment of our investors or we fail to make the loan drawdowns, we may have to reduce an Investment SPV's investment stake in the relevant Development SPV. In such an event, our results of operations would be adversely affected.

**The Development SPVs and the development holding companies under the fund structures may from time to time require additional financing, which in future may not be available or may be on unfavourable terms. Our Investment SPVs and the fund holding entities under the fund structures may also be required to provide for the additional financing.**

In order to fund the investment in real estate projects, the Development SPVs and the development holding companies under the fund structures may require external bank financing or other borrowings. We cannot guarantee that such bank financing or other borrowings will continue to be available in the future, or if it is available, whether it would be on terms and conditions similar to what they currently have or had in the past. Should such external bank financing or other borrowings cease to be available or become available only on less attractive terms, it would have an adverse impact on the results of operations, financial condition and cash flows of the Development SPVs or the development holding company under a fund structure which in turn will affect our profitability.

In the event a Development SPV requires any additional financing, the relevant Development SPV may require its shareholders, including the Investment SPV, to satisfy the financing requirement in proportion of their respective shareholdings in the Development SPV. In turn, the stakeholders of the Investment SPV (i.e. the Convertible Loan holder(s) before the conversion of the Convertible Loan or the shareholders of the Investment SPV after such conversion) would have to contribute to the additional financing if external financing is

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## RISK FACTORS

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insufficient for the purpose or it is not approved by the shareholders. In such case and if a Convertible Loan has been converted, our Group, as a shareholder of the Investment SPV, and other shareholders in the Investment SPV may be obliged to provide additional financing by way of shareholders' loan or equity financing (as determined by the shareholders) in proportion to the shareholdings in the Investment SPV and our contribution to the shareholders' loan or equity financing may adversely affect our cash flow. If a shareholders' loan is required and we failed to contribute in accordance to the shareholders' agreement, we may be considered in default of the shareholders' agreement and may be subject to compulsory sale of our shares in the Investment SPV to the non-defaulting shareholders (who may subscribe in proportion to their respective shareholdings in the Investment SPV) at nominal price and our profitability may be adversely affected. If equity financing is required for an Investment SPV, if we, as a shareholder of the Investment SPV, failed to subscribe the new shares in proportion to our shareholding, our interests in the Investment SPV may be diluted and our profitability may be adversely affected. In the event that other shareholders of the Investment SPV do not contribute to the financing requirement, our Group is not obliged to take up the non-contributing shareholder(s)' obligations. However, should the Investment SPV as a whole failed to raise sufficient fund to satisfy the financing requirement of the Development SPV, the Investment SPV's interest in the Development SPV may be diluted and our profitability may in turn be adversely affected.

**We have no majority control over the Development SPVs, and any actions taken by our real estate developer partners or other third party Development SPV investors may adversely affect the Investment Projects and in turn affect the operations of our Group**

One of our Group's business segments is investment management of Investment Projects, and we will usually invest capital for a minority equity stake in the Development SPVs or the development holdings companies under the fund structures. With the exception of the ARO II Fund, such Development SPVs or development holding companies are typically controlled by our real estate developer partners or together with other third party Development SPV investors. Since the Investment SPVs or the funds are minority stakeholders and we do not have majority control of the board of directors of the Development SPVs or the development holdings companies under the fund structures, we have limited control over the Investment Projects or the sales and marketing of the completed units. For details on our relationships with the Development SPVs and the development holding company under the fund structures, please refer to section entitled "Business — Development SPVs under the PE Structures and the Development Holding Companies under the fund structures" of this prospectus. In the event that the units in the Investment Projects in which we invested cannot be successfully completed or sold or the development of the underlying real estate does not go according to plans, our Investment SPVs or funds may not be able to proactively rectify the situation. As a result, we may not be able to realise our investments or reach our investment target return, and the performance of our Investment Projects or real estate funds would be affected. This would have an adverse effect on our cash flow, financial position and results of operations.



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Moreover, there can be no assurance that our Group will be able to pursue our stated strategies with respect to the Investment Projects and the market(s) in which they operate. The real estate developer partners may (a) have economic or business interests or goals that are different or inconsistent with those of our Group; (b) adopt actions or strategies contrary to our Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the business venture agreements; any of these may affect our Group's financial conditions or results of operations. We cannot guarantee the capability or performance of our real estate developer partners in developing any particular Investment Projects or real estate funds. Our financial condition and results of operations may be adversely affected by any actions of our real estate developer partners that are beyond our control.

**The due diligence process that we undertake in connection with the Investment Projects or real estate funds that we manage may not fully highlight all inherent facts or risks relating to a particular investment**

Before making investments in the Investment Projects and the funds that we manage, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and assessing the merits of an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations, and we may involve third party consultants and legal advisors in the due diligence process in varying degrees depending on the type of investment. However, such due diligence investigation may not reveal or highlight all relevant and inherent facts or risks relating to a particular investment. Moreover, such an investigation will not guarantee that the investment would be successful. If the investments we manage do not perform as expected, our cash flow, financial position and results of operations would be adversely affected. Please refer to the section entitled "Business — Our investment process — 4. Business operations team — (i) investor on-boarding" for more details.

**There are inherent uncertainties associated with the fair value measurement of our available-for-sale financial assets ("AFS Financial Assets") and the fair value changes of our AFS Financial Assets may materially and adversely affect our financial position and results of operations.**

During the Track Record Period, our AFS Financial Assets can be categorised into (i) unlisted equity shares and (ii) contractual rights over unlisted equity shares. Unlisted equity shares represent the equity shares in the Investment SPVs that are currently held by our Group after the conversion of contractual rights over unlisted equity shares in the Investment SPVs. Contractual rights over unlisted equity shares represent equity shares in the Investment SPVs that are not yet issued to our Group but to which our Group is entitled. As at 31 December 2015 and 2016 and 30 June 2017, the AFS Financial Assets amounted to approximately S\$15.1 million, S\$17.0 million and S\$14.1 million, representing approximately 62.7%, 63.2%

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and 56.4% of the total assets of our Group, respectively. For details of the AFS Financial Assets, please see the section headed “Financial Information — Available-for-sale financial assets”.

The fair value of AFS Financial Assets held by our Group is measured using valuation techniques including the discounted cash flow model as these instruments do not have quoted prices in active markets. The valuation of our AFS Financial Assets is associated with inherent uncertainties which requires our management to make significant judgement, including certain assumptions with respect to cash flow forecasts estimated by our management on the payout of dividend from the Development SPV that the Investment SPVs invest in, which is directly related to the estimated construction progress and sale progress of individual underlying real estate development project as of each reporting date. As such, the fair value of our AFS Financial Assets may fluctuate significantly.

When our Group has, based on our accounting policies, objective evidence that its AFS Financial Assets is impaired, a cumulative loss (measured as the difference between the initial cost and fair value, less any impairment loss previously recognised in the statement of profit or loss) that had been recognised in other comprehensive income is reclassified from available-for-sale financial assets revaluation reserve to profit or loss. Objective evidence would include a significant or prolonged decline in the fair value of the AFS Financial Assets below its cost and our Group adopted a policy to consider deficit more than 20% and duration more than 12 months as significant or prolonged, respectively.

Given the inherent uncertainties associated with our fair value measurement, the valuation of AFS Financial Assets is subject to variations, adjustments and alterations based on our management assessment, market conditions or other factors. As such, potential fair value changes of AFS Financial Assets may adversely affect our financial position and results of operation.

**We operate in a highly competitive industry with numerous competitors and if we do not compete successfully against the existing and potential competitors, our business, market share, profitability and results of operations may be materially and adversely affected**

According to the Savills Report, Singapore has a diverse competitive landscape for investment management services. Competition has been exerting downward pressure on the service fees generated by our operations. Competition may further increase if our competitors expand their product or service offerings or if there is an influx of new players to our existing markets. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position against our current or potential competitors, failure of which could have a material adverse effect on our business, market share, profitability and results of operations.

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(ii) **Risks relating to project consultancy and management services**

**All of our project consultancy and management services business is project-based. Our revenue and profit margins depend on the terms of the service contracts and may not be regular**

All of our revenue generated from our project consultancy and management services is derived from project-based contracts. We believe factors such as the size of project, the operating costs, scope of services to be provided and the amount of fees from these projects, the profit margins may vary from project to project. The terms and conditions of each project, including its payment schedule, may vary in each case after negotiation with our customers and by reference to market conditions. As a result, the revenue or profit margins of our project consultancy and project management business segment may be irregular and are subject to various factors beyond the control of our Group. Moreover, we cannot assure you that we will continue to be able to renew our service contracts with our existing customers at similar or better terms or to secure new service contracts with new customers.

**Our success in our project management and consultancy services depends on our ability to deliver quality services**

Through ZACD International, we are principally engaged in the provision of project consultancy and management solutions, including advising on land tender strategies and primary advising on unit mix, design and layout of real estate projects, and advising on market positioning of property developments and sale launches. If we are unable to provide effective and quality advices and strategies to our customers or to deliver our services according to the terms of the service contracts, our customers may terminate our service agreements or may not necessarily renew the service contracts with us. Should any of these happen, there will be an adverse effect on our reputation, financial condition and results of operations.

**We may not be able to successfully collect project consultancy and management fees from real estate developers and as a result, may incur impairment losses on receivables**

We may encounter difficulties in collecting project consultancy and management fees from real estate developers or construction companies. For instance, if there are disputes over the standard of our services or if there have been delays in the completion of the real estate projects, the real estate developers may refuse or may fail to settle our fees in a timely manner or at all. Even though we seek to collect overdue project consultancy and management fees in a timely manner, we cannot assure you that we can successfully collect all overdue fees effectively. While we have not encountered any past instances of real estate developers failing to settle our project consultancy and management fees, should this happen, there will be an adverse effect on our cash flow, financial position and results of operations.

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### (iii) Risks relating to property management and tenancy management services

**All of our business in property management and tenancy management services is contract-based. Profit margins depend on the volume of the service contracts we secure and the terms of the service contracts, and our customers may not necessarily renew their service contracts with us**

The revenue generated from our property management and tenancy management services varies by service contracts. We believe profit margins significantly depend on various factors, such as the volume of the service contracts we secure, the terms of the service contracts and the length of the contractual periods, the efficiency and quality of our services and the operating costs involved in the provision of our services. For instance, our customers may not necessarily renew their service contract at the end of the contract term. As such, there can be no assurance that the profitability of a project can be maintained or estimated at any particular level.

**Competition from other property management or tenancy management suppliers and service providers may reduce our future revenue or profit margins**

We face competition from other property management or tenancy management suppliers and service providers. Such competition may exert downward fee pressures on our property management and tenancy management business segments or take projects from us. In order for us to maintain our fee structures in a competitive environment, we must be able to ensure that our customers are satisfied with the quality of our property management services and the investment returns of our tenancy management services, such as our customers are willing to pay our property management and tenancy management fees at the existing levels or better and to renew their service contracts with us. Any fee reductions on existing or future property management or tenancy management fees without corresponding decreases in our cost structure or any failure to renew our service contracts would have an adverse impact on our future profitability.

**We rely on our good relationship with our current and prospective suppliers and service providers, which ensures a stable provision of quality services at a reasonable cost**

During the Track Record Period, we have engaged suppliers and service providers for provision of services which support the operation of our business. We have selected our suppliers and service providers based on a number of factors such as prior experience and expertise and service quality. We maintain our relationships with our suppliers and service providers so as to ensure a stable supply of suppliers and service providers at a reasonable cost to facilitate our provision of property services. Our property management services and our ability to provide quality services at reasonable costs therefore depend on whether we are able to maintain such good relationships with our suppliers and service providers. We cannot assure you that such relationships could be continued and if we are unable to do so, the supply, quality and costs of our property management services may be adversely affected.

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**We may not be able to successfully collect property management and tenancy management fees from our customers and as a result, this may harm our cash flow, financial position and results of operations**

We may encounter difficulties in collecting property management or tenancy management fees from our customers. They may refuse to pay our property management or tenancy management fees if there are disputes over the standard of the services we provide. While we seek to collect overdue property and tenancy management fees through various collection measures, we cannot assure you that such measures will be effective. If we fail to collect property management or tenancy management fees in a timely manner or at all, there will be an adverse effect on our cash flow, financial position and results of operations.

**(iv) Risks relating to financial advisory services**

**Our expansion strategies into financial advisory services in Hong Kong are subject to uncertainties and risks and we may not be able to replicate our success in Hong Kong**

Our growth depends on the implementation of our future plans in connection with our business. As explained in the section headed “Future Plans and Use of Proceeds” in this prospectus, a part of our net proceeds will be used for our expansion in Hong Kong. We have recently begun to extend our foothold to Hong Kong through ZACD Financial. As we are entering into a relatively new market and lack a proven track record in the financial advisory industry in Hong Kong, such expansion strategies are subject to uncertainties and risks. The expansion plans of our business may strain our managerial, operational and financial resources and we may not be able to successfully manage the growth of our business. Whether our expansion plans can be implemented successfully depends on a number of factors which are beyond our control and there is no assurance such expansion plans will succeed or attain the desired growth rate our Group expects to achieve.

As the business operations of our Group are principally based in Singapore, we are subject to differences in the business, regulatory and political environment between Hong Kong and Singapore. There is no assurance that our expertise, experience and success will extend to the Hong Kong market and we may not be able to adapt to the relevant laws and regulations. We may also experience unforeseeable delays and difficulties during the recruitment process for prospective responsible officers and relationship managers, which will affect the future expansion plan in Hong Kong. Further, our expansion into Hong Kong may incur material expenses and may not generate profit within the timeframe expected by our Directors and this may have an adverse effect on our financial condition and results of operations.

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(v) **Risks relating to our general operations**

**We are dependent on our Directors and senior management and we may not be able to attract and retain talented personnel**

Our sustainability and continued success depends upon, among other factors, the experience, expertise, network and our ability to retain our management, which includes our Directors and senior management team. Mr. Yeo, our executive Director and chief executive officer, and Ms. Sim, our executive Director and chairman of our Board, each have over 10 years of experience in the real estate industry, respectively, and have extensive experience in both local and international property investments. Mr. Siew, our executive Director and chief financial officer, has over 10 years of experience in corporate finance, mergers and acquisitions, accounting and audit. In addition, our senior management have in-depth industry experience and market knowledge. For further information on the qualifications and experiences of our executive Directors and senior management, please see the section headed “Directors and Senior Management” in this prospectus.

The experience, expertise, network and commitment of our management are crucial to not only our current but future achievements. If we lose any of our key management members, and are unable to recruit, and retain, replacement personnel with equivalent qualifications or talents in a timely manner, our business and growth could be adversely affected.

Our continued success also relies on our ability to attract, hire and retain qualified and skilled managerial, sales and marketing, responsible officers and other personnel for our different business segments. We cannot assure you that we will continue to be able to attract, hire and retain sufficient talented employees for our business needs and growth. Any inability to attract and retain a sufficient number of such qualified and skilled employees could limit our ability to maintain our existing business scale, and therefore our profitability, financial condition and results of operations. In addition, competition for these qualified and skilled individuals could result in higher staff costs in retaining and attracting them and consequently affecting our financial results.

**We had negative cash flows from operating activities for the year ended 31 December 2015 and the six months ended 30 June 2017. If we continue to have negative operating cash flows in the future, our liquidity and financial position may be materially and adversely affected**

We had negative cash flows from operating activities of S\$561,000 and S\$848,000 for the year ended 31 December 2015 and the six months ended 30 June 2017, respectively. See “Financial Information — Liquidity and Capital Resources — Cash Flow”. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. Our liquidity and financial position may be materially and adversely affected by the negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources

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to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

**Any negative publicity involving our services, our Group, our real estate developers and/or real estate developer partners could materially and adversely impact our reputation, business and/or results of operations**

As we operate in an industry where credibility and integrity as well as the trust and confidence of customers are of utmost importance, any negative publicity or news reports or allegations in printed and online media associated with our services, our Group, or real estate projects in which we are involved, whether accurate or not, could reduce our customers' confidence in us and result in a loss of customers, thereby causing harm to our reputation, our business, brands and results of operations.

**Our business strategies and our future plans may not be easily implemented**

Our business strategies are based on our existing plans, taking into account the prevailing market conditions and industry developments, and are subject to inherent market risks and uncertainties at different development and expansion stages. We have identified several growth plans as set out in the sections headed "Business — Our Strategies" in this prospectus. While our strategies are formulated based on our assumptions which are in turn based on our financial projections and future economic outlook, we are unable to foresee or predict all future material changes in the political, legal, fiscal or economic conditions in major markets where we operate. Our assumptions may be inaccurate, which could affect the commercial viability of our strategies. In such event, we may need to adjust our strategies to respond to changing market conditions.

Furthermore, as part of our business strategies and future plans, we intend to expand our investment management business segment by exploring real estate investment opportunities within the Asia-Pacific region and expand our regional business reach in Hong Kong. We may establish ourselves in markets which are different from those in which we are currently operating. We cannot assure you that we will be able to implement our business strategies and plans in such new markets with relative ease and there may be delays or failures in exploring new markets. As we seek real estate investment opportunities outside of Singapore and elsewhere within the Asia-Pacific region, we may invest in real estate projects in some emerging markets, such as Indonesia and Malaysia. Many of these emerging markets are developing economically and politically and do not have firmly established economic markets for investors. Investments in real estate projects in emerging markets may involve a relatively high degree of risk, for example: (i) political or economic developments may result in the nationalisation of key industries such as the construction industry and the real estate industry; (ii) certain national policies which may restrict a foreign-owned company's investment participation; (iii) the potential for significantly higher rates of inflation; and (iv) currency risk or the imposition, extension or continuation of foreign exchange controls.

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We may also encounter delays due to the application process of approvals from the government authorities of these new markets, the timing of which is beyond our control. As we expand our business operations into new geographic regions, we expect to become subject to an increasing number of local rules and regulations in different countries and jurisdictions. As a result, the time and expense in ensuring compliance with the various local regulations may increase, and the risk of losses resulting from non-compliance may also arise at times. If we fail to comply with the related local laws and regulations, we may be subject to penalties by the competent authorities.

Our operations in new markets may also generate lower revenue or incur higher operating costs than operations in our existing markets due to market conditions. Our targeted revenue and profit levels of operations in new markets may take longer time than expected to reach, or may never be reached, thereby affecting our overall profitability. The initial capital expenses and expenditure associated with the development of operations in new markets and business segments may cause our operating results to fluctuate, and we cannot assure you that we will be able to maintain our profitability as we continue to expand into new markets. Such failures to implement our business strategies and expansion plans could materially and adversely affect our financial position and results of operation.

**The failure to obtain or renew, or the unexpected revocation of any of, the required governmental approvals, licences and permits could materially and adversely affect our existing business operations or expansion plans**

We are required to hold relevant licences, approvals and permits in relation to the provision of some of our services. For instance, we are required to hold a valid CMS Licence in Singapore in order for us to conduct fund management activities, as well as our licenses to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) to conduct financial advisory activities in Hong Kong. For more details on the required licences, approvals and permits, please see “Business — Licences, Permits and Certificates” in this prospectus. We may not successfully maintain such approvals, licences or permits relating to our business operations now or in the future and even if maintained, it may not be with similar qualifying terms and conditions. The relevant authorities may impose new conditions or require additional licences or approvals for us to operate our business. In addition, we may not be able to satisfy the requirements for such approvals, licences or permits in the future, and this may result in the unexpected revocation of such approvals, licences and permits. Failure to obtain and maintain, or the revocation of such licences may result in fines, sanctions and in the worst case being compelled to cease our operations in such business segments. This may materially and adversely affect our existing business operations, financial position and results of operations.

**We are subject to the evolving regulatory environment and measures**

We operate in some industries that are highly regulated. For example, the provision of our fund management services in Singapore is regulated by the MAS and our financial advisory activities are regulated by the SFC. Our operations are therefore subject to the



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relevant laws and regulations in the jurisdictions in which we operate our businesses. For further details, please see the section headed “Regulatory Overview” in this prospectus. We cannot assure you that the current regulatory environment and measures will remain unchanged in the future. Any changes in the regulatory environment may increase our operating costs such as administrative costs and compliance costs, and such changes may have a material adverse effect on our business, financial condition and results of operations.

**We may be involved in legal and other disputes, claims and proceedings arising out of our operations from time to time, which could result in significant liabilities and reputation harm**

We may be exposed to legal and other disputes, claims and proceedings that may arise in the ordinary course of our business from time to time, such as commercial disputes, tax proceedings, government investigations and other legal proceedings. Disputes and legal actions may arise if our customers are dissatisfied with our services or allege that our services are inconsistent with the terms stipulated in our contracts. For example, we are exposed to risk of litigation by the investors if the management of any of our real estate funds is alleged to be fraudulent, negligent, or in breach of applicable laws or regulations, the trust deed or constitutive documents. Investors could seek to recover investment losses alleging misconduct. Further, we may be subject to litigation or claims arising from investor dissatisfaction with the performance of the funds we manage. Furthermore, we may be involved in disputes with, and subject to claims by, other parties involved in our business operations, including our suppliers, service providers, employees, or other third parties.

Any of these disputes and claims may lead to legal or other proceedings which could negatively impact our financial position and our reputation, and could divert human resources and management’s attention from our core business activities. If the outcome of any proceedings is unfavorable to us we may be obliged to pay substantial damages and bear significant legal, settlement and other costs. In such event, our results of operations, financial performance and liquidity could be materially and adversely affected.

**We may not be able to detect, deter or prevent all instances of fraud, misconduct or other improper behaviours causing misappropriation of funds committed by our employees in time**

Although we are so far not aware of any instances of any fraud, serious misconduct or improper behaviour causing misappropriation of funds by our employees during the Track Record Period and up to the Latest Practicable Date, we are nevertheless exposed to the risk of fraud, misconduct or improper behavior by our employees since we deal with and handle large amounts of funds and confidential information in our daily operations. Whilst we have implemented strict control measures to the best of our abilities, we cannot assure you that there will not be any such instances in the future. Any serious misconduct or improper behaviour committed by our employees could subject us to financial losses, harm our reputation and may have a material adverse effect on our business, results of operations and financial position.

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**Information technology system failures, breaches of our network security and unauthorised leakage of our customer data or confidential information could interrupt our operations and adversely affect our business**

We rely on our information and technology system across our different business segments in managing our daily operations, and to collect financial or operating data. In particular, we are implementing an integrated investment management software system that covers the full spectrum of processes involved in our fund management activities. Any damage or failure of our computer systems or network infrastructure that causes an interruption or inaccuracies in our operations could have a material adverse effect on our business and results of operations.

We also receive certain personal data or confidential information about our customers when providing our services. If our network security is compromised and such information is stolen or obtained by unauthorised persons or used inappropriately, we may be in breach of the PDPA or other regulations relating to the protection of personal data and information or find ourselves subject to litigation or other proceedings brought by customers or other information providers. This could cause us to incur significant unplanned losses and expenses.

**We may not be able to adequately protect our intellectual property rights, which may have a negative impact on our business and competitive position**

We consider our intellectual property to be crucial business assets, and essential to our branding, market positioning, and future growth. The success of our business and our ability to enter into new markets depends substantially upon our continued ability to use our brand, trade names and trademarks to increase our brand recognition and to further develop our brand. For further details of our intellectual property rights, please see “Business — Intellectual Property” in this prospectus and the paragraph headed “6. Further Information About Our Business — B. Intellectual property” in Appendix IV to this prospectus. Any unauthorised reproduction of our trade names, trademarks or domain names could diminish the value of our brand, our market reputation and competitive advantages. Policing unauthorised use of proprietary information can be difficult and expensive. If we are unable to adequately protect our intellectual property rights, this could have a negative impact on our credibility and reputation, and consequently our business and competitive position.

**Our insurance coverage may not completely cover the risks related to our business and operations**

We maintain insurance policies against major risk and liabilities arising from the operations in our various business segments. For further information, please see “Business — Insurance” in this prospectus. However, we cannot assure you that our insurance coverage covers completely the risks related to our business and operations. Should an uninsured loss or a loss in excess of insured limits occur we could suffer damage to our reputation and financial losses to our future operating income. Any material uninsured loss could have a material adverse effect on our business, financial position and results of operations.

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### RISKS RELATING TO THE REAL ESTATE INDUSTRY

#### **Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations**

The industry in which we operate is affected by macro-economic factors, including changes in international, national, regional and local economic conditions and employment levels. In particular, most of our operations will continue or will be conducted in Singapore, Hong Kong and other Asia-Pacific countries and accordingly, our results of operations are closely affected by the macro-economic conditions in Singapore, Hong Kong and such other countries in which we operate or will operate our businesses. Any deterioration of the economy in Singapore, Hong Kong and other Asia-Pacific countries may lead to a reduction of demand in the real estate industry and investment appetite and hence our services, which could materially and adversely affect our financial condition and results of operations.

Moreover, the occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit generally may have a material and adverse impact on financing available to us, as well as the demand for our services. Turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, and investors may be less willing to invest in real estate funds and projects. These events could materially and adversely affect our business, financial condition and results of operations.

#### **Dependence on the performance of the property market in Singapore and other Asia-Pacific countries**

The performance of our business segments is affected by the cyclical patterns of the property market in Singapore and other Asia-Pacific countries such as Malaysia, Indonesia and Australia. The property market in these countries may be volatile and may experience over-supply and property price fluctuations. It is possible that the governments in these countries from time to time may introduce or adjust monetary and other economic policies to curtail speculation in the property market in the future, and regulatory measures may be further implemented to contain the development of the property market. These will materially affect the willingness of investors and real estate developer partners to invest in real estate projects and real estate funds, and the demand for our services could consequently be adversely affected.

### RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

#### **There has been no prior public market for our Shares**

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range for our Shares was the result of discussions among us and the Joint Global Coordinators on behalf of the Underwriters and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and permission to deal in,

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our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active, liquid public trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. Factors such as variations in our revenue, earnings and cash flows or any other developments of our Company may materially and adversely affect the volume and price at which our Shares will be traded.

**The market price and trading volume of our Shares may be volatile, which could result in substantial losses for investors subscribing to our Shares in the Global Offering**

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory developments, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our Shares may incur substantial losses.

**Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.**

Our Directors will constantly seek opportunities to pursue further growth and development of our business. As such growth and costs in relation thereto cannot be predicted at this juncture, the proceeds raised from the Global Offering may not be sufficient to cover them. As a result, secondary issue(s) of securities after the Global Offering may be necessary in the future as a means to obtain the required capital for capturing such growth opportunities.

New Shares issued to existing and/or new Shareholders after the Global Offering may be priced at a discount to the then prevailing market price of the Shares traded on the Stock Exchange. Under such circumstances, existing Shareholders' equity interests may be diluted. In the event of any failure to utilise the new equity to generate a commensurate increase in the earnings, the earnings per Share of our Company will be diluted, which may result in a decline in the Share price. Our Company may also issue additional Shares pursuant to the Share Option Scheme. In addition, we may need to raise additional funds in the future to finance our business expansion, for existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

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Apart from equity funding conceived above, our Group may also need to raise additional capital through debt financing, which may, however, increase interest expense and our gearing ratio, and contain restrictive covenants regarding dividends, future fund-raising exercises and other financial and operational matters.

### **Singapore tax laws may differ from tax laws of other jurisdictions, including Hong Kong**

The Company is incorporated in Singapore. Prospective investors should consult their tax advisers concerning the overall tax consequences of acquiring, owning, or selling the Shares. Singapore tax law may differ from the tax laws of other jurisdictions, including Hong Kong. In particular, dealings in our Shares are subject to Hong Kong stamp duty and may also be subject to Singapore stamp duty, provided that an instrument of transfer is executed in Singapore or is subsequently received in Singapore. CCASS Beneficial Owners are not subject to Singapore stamp duty because no instrument of transfer will be executed or received in Singapore. Upon Listing, Shareholders are not liable for Singapore stamp duty if the relevant instrument of transfer is not executed in or received in Singapore and is lodged with our Hong Kong Share Registrar. The holding of the Shares through CCASS or outside CCASS do not give rise to any additional Singapore income tax implications. There is no comprehensive double tax treaty entered into between Singapore and Hong Kong. Nevertheless, prospective investors should be aware that should the relevant laws and regulations changed in Singapore and Hong Kong, they may be subject to taxation in Singapore or any other jurisdictions in which the relevant laws and regulations are applicable to the investors. Please refer to the section entitled “Regulatory Overview — Singapore taxation” of this prospectus for further details.

### **Future sale or major divestment of Shares by any of our substantial Shareholders could adversely affect the prevailing market price of our Shares**

The Shares held by certain substantial Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed “Underwriting” in this prospectus. However, we cannot give any assurance that after the restrictions of the lock-up periods expire, these Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

### **The market price of the Shares when trading begins could be lower than the Offer Price**

The Offer Price will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the seventh Business Day after the expected Price Determination Date. Investors may not be able to sell or otherwise deal in the Shares during that period. As a result, holders of the Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur during that period.

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## RISK FACTORS

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**Investors should not place undue reliance on facts, forecasts, estimates and other statistics in this prospectus relating to the economy and our industry obtained from official resources**

Facts, forecasts, estimates and other statistics in this prospectus relating to the economy and the industry in which we operate our business have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information.

Neither we or any of our respective affiliates or advisers, nor the Underwriters or any of their affiliates or advisers, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts, estimates and statistics while making investment decisions.

**We strongly caution you not to place any reliance on any information contained in press articles or other media regarding the Global Offering**

There may have been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, such as the profit estimate information. You should rely solely upon the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding the Global Offering. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions whether to invest in the Global Offering. Prospective investors in the Global Offering are reminded that, in making their decisions as to whether to purchase our Shares, they should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.

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## RISK FACTORS

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### **You may not have the same protection of your shareholder rights under the laws of Singapore compared to what you would have under the laws of Hong Kong**

Our corporate affairs are governed by our Constitution, the Singapore Companies Act and the common law of Singapore. The rights of shareholders to take actions against our Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Singaporean law are to a large extent governed by the common law of Singapore. The common law of Singapore is derived in part from comparatively limited judicial precedent in Singapore and well as from English common law, which has persuasive, but not binding, authority on a court in Singapore. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Singaporean law may not be the same as they would be under statutes or judicial precedent in Hong Kong. In particular, Singapore may have different shareholder protection rights as compared to Hong Kong and may not provide the same protection to investors. Furthermore, shareholders of Singaporean companies may not have standing to initiate a shareholder derivative action in a Hong Kong court.

### **Forward-looking statements contained in this prospectus are subject to risks and uncertainties**

This prospectus contains certain statements that are “forward-looking” and uses forward looking terminology such as “anticipate”, “estimate”, “believe”, “expect”, “may”, “plan”, “consider”, “ought to”, “should”, “would” and “will”. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources.

Subscribers of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company’s plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

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## INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the GEM Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

### UNDERWRITING OF OFFER SHARES

This prospectus is published in connection with the Global Offering. The Listing is sponsored by the Joint Sponsors. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The International Placing is fully underwritten by the International Placing Underwriters under the terms and conditions of the International Placing Underwriting Agreement. The Global Offering is managed by the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers. Further information relating to the Public Offer Underwriters and the Global Offering and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse.

### DETERMINATION OF THE OFFER PRICE

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or about Friday, 5 January 2018, or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.26 per Offer Share, unless otherwise announced. The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the above indicative Offer Price range at any time prior to the Price Determination Date. In such a case, notice of the reduction in the indicative Offer Price range will be available on our website at [www.zacdgroup.com](http://www.zacdgroup.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Wednesday, 10 January 2018, the Global Offering will not become unconditional and will lapse.

Announcement of the final Offer Price, together with the level of indication of interest in the International Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) on Monday, 15 January 2018.



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## **INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING**

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### **SELLING RESTRICTIONS**

Each person acquiring the Offer Shares will be required to confirm or by his/her acquisition of the Offer Shares will be deemed to confirm that he/she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions. Save as mentioned above, no action has been taken in any jurisdiction other than in Hong Kong to permit the offering of the Offer Shares or the general distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Global Offering in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws or any applicable rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

### **INFORMATION ON THE GLOBAL OFFERING**

The Offer Shares are offered for subscription solely on the basis of the information contained, and the representations made in this prospectus. No person is authorised in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Joint Sponsors, the Financial Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or employees or any other persons involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to apply for Public Offer Shares” in this prospectus and in the relevant Application Forms.

### **APPLICATION FOR LISTING ON GEM**

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM.

Save as disclosed herein, no part of the share or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

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## **INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING**

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Under Section 44B(1) of the Companies (WUMP) Ordinance, any allotment or transfer made in respect of any application will be void if permission for the listing of, and dealing in, the Shares on GEM is refused before the expiration of three weeks from the date of closing of the application list or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Investors for the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Joint Sponsors, the Financial Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective directors or employees or any other persons involved in the Global Offering accepts responsibility for any tax effect on, or liability of, holders of Shares resulting from the subscription for, holding of, purchase of, disposal of or dealing in the Shares.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and our Company’s compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

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## **INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING**

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### **HONG KONG SHARE REGISTRAR AND STAMP DUTY**

All the Shares will be registered on the register of members of our Company in Hong Kong to be maintained in Hong Kong by our Hong Kong Share Registrar, Tricor Investor Services Limited. Dealings in the Shares registered in the register of members of the Company of members maintained by the Hong Kong Share Registrar in Hong Kong will be subject to Hong Kong stamp duty.

### **COMMENCEMENT OF DEALING IN THE SHARES**

Dealing in the Shares on GEM is expected to commence on Tuesday, 16 January 2018 under the GEM stock code 8313. Shares will be traded in board lots of 10,000 Shares each.

Our Company will not issue any temporary document of title.

### **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

Details of the structure and conditions of the Global Offering are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus.

### **EXCHANGE RATE CONVERSION**

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Singapore and Hong Kong dollars. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless indicated otherwise, the translations between Singapore and Hong Kong dollars were made at the rate of S\$1 to HK\$5.8005.

### **LANGUAGE TRANSLATION**

The English language version of this prospectus has been translated into the Chinese language and English and Chinese versions of this prospectus are being published separately. If there should be any inconsistency between the English and Chinese versions, the English version shall govern and prevail.

### **ROUNDING**

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

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In preparation for the Global Offering, our Company has sought a number of waivers, as described below, from the Stock Exchange in relation to certain requirements under the GEM Listing Rules.

### CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to certain continuing connected transactions between us and certain connected persons under Chapter 20 of the GEM Listing Rules. For further details, please refer to section headed “Connected Transactions” in this prospectus.

### APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 11.07 of the GEM Listing Rules, our Company must appoint a company secretary who satisfies Rule 5.14 of the GEM Listing Rules. According to Rule 5.14 of the GEM Listing Rules, our Company must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

In order to satisfy the requirements under the GEM Listing Rules, we have appointed Mr. Siew, Mr. Ip Pui Sum and Mr. Tan Kim Swee Bernard (Chen Jinrin Bernard) (“**Mr. Tan**”) as our joint company secretaries. While our Directors consider Mr. Siew and Mr. Tan are capable of discharging their duties as company secretaries of our Company by virtue of their academic background and professional qualifications, however, they may not possess all the specified qualifications required by Rule 5.14 of the GEM Listing Rules. Therefore, our Company has appointed Mr. Ip, who possesses such specified qualifications, to be a joint company secretary of our Company.

Please see paragraphs headed “Directors and Senior Management — Directors — Executive Directors” and “Directors and Senior Management — Joint company secretaries” in this prospectus for the biographies of Mr. Siew, Mr. Ip and Mr. Tan, respectively.

Given the important role of company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the GEM Listing Rules and other relevant laws and regulations, our Company will make or has made the following arrangements:

- (a) Mr. Ip, one of our joint company secretaries in Hong Kong who satisfies the requirements under Rule 5.14 of the GEM Listing Rules, will, throughout his engagement as a joint company secretary of our Company, provide joint company secretarial support and assist Mr. Siew and Mr. Tan so as to enable them to acquire the requisite knowledge and experience (as required under Rule 5.14 of the GEM Listing Rules) in order to discharge their duties and responsibilities as company secretaries of

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## WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

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our Company. Given Mr. Ip's relevant experience, he will be able to advise Mr. Siew, Mr. Tan and our Company on the relevant requirements of the GEM Listing Rules as well as other applicable laws and regulations of Hong Kong;

- (b) Mr. Siew and Mr. Tan, our joint company secretaries of the Company, will be assisted by Mr. Ip for a period of three years commencing on the Listing Date, which should be sufficient for each of them to acquire the requisite knowledge and experience under Rule 5.14 of the GEM Listing Rules; prior to the expiry of the three-year period, a further evaluation of the qualifications and experience of Mr. Siew and Mr. Tan and the need for on-going assistance would be made;
- (c) Our Company will ensure that Mr. Siew and Mr. Tan have access to the relevant trainings and support to enable each of them to familiarise himself with the GEM Listing Rules and the duties required of a company secretary of a Hong Kong listed company, Mr. Siew and Mr. Tan had undertaken to attend such trainings;
- (d) Mr. Ip, who will familiarise himself with the affairs of our Company, will communicate with Mr. Siew and Mr. Tan on a regular basis regarding matters in relation to corporate governance, the GEM Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of our Company. Mr. Ip will work closely with, and provide assistance to Mr. Siew and Mr. Tan with a view to discharging their duties and responsibilities as company secretaries of the Company, including but not limited to organising the Board meetings and Shareholders' meetings of our Company.
- (e) Mr. Siew and Mr. Tan will also be assisted by the compliance adviser and the Hong Kong legal advisers of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our on-going compliance obligations under the GEM Listing Rules and the applicable laws and regulations of Hong Kong.
- (f) Pursuant to Rule 5.14 of the GEM Listing Rules, Mr. Siew, Mr. Tan and Mr. Ip will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarise themselves with the requirements of the GEM Listing Rules and other regulatory requirements of Hong Kong. Mr. Siew, Mr. Tan and Mr. Ip will be advised by our legal advisers as to Hong Kong law and our compliance adviser as and when required.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

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Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 5.14 and 11.07 of the GEM Listing Rules in respect of Mr. Siew and Mr. Tan. The waiver is valid for an initial period of three years commencing on the Listing Date. Prior to the expiry of the initial three-year period, our Company will re-evaluate the qualifications and experience of Mr. Siew and Mr. Tan. Upon the determination by our Company that no on-going assistance is necessary, we will demonstrate to the Stock Exchange that, with the assistance of Mr. Ip over such three-year period, Mr. Siew and Mr. Tan had acquired the requisite knowledge and experience as prescribed in Rule 5.14 of the GEM Listing Rules. The Stock Exchange will then re-evaluate whether any further waiver would be necessary.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. YEO Choon Guan (YAO Junyuan) (姚俊沅)	21 Fort Road #07-05 Fort Gardens Singapore 439089	Singaporean
Ms. SIM Kain Kain (沈娟娟)	35 Broadrick Road Singapore 439505	Singaporean
Mr. SIEW Chen Yei (蕭勁毅)	Flat B, 36/F Mount Davis 33 33 Ka Wai Man Road Kennedy Town, Hong Kong	Malaysian
<i>Independent non-executive Directors</i>		
Mr. KONG Chi Mo (江智武)	Flat 5, 3/F Fuk Wo Mansion 43 Tung Chau Street Kowloon Hong Kong	Chinese
Dr. SIM Mong Keang (沈茂強)	29 Angullia Park #22-01 Orchard View Singapore 239977	Singaporean
Mr. CHEUNG Ying Kwan (張應坤)	Flat G, 2/F, Block 3 Palm Mansions Whampoa Garden Hung Hom Kowloon Hong Kong	Chinese

Further information of our Directors is disclosed in the section headed “Directors and Senior Management” in this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### Joint Sponsors

#### **China Everbright Capital Limited**

24/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

#### **Innovax Capital Limited**

Room 2002, 20th Floor  
Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

#### Joint Global Coordinators

#### **China Everbright Securities (HK) Limited**

24/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

#### **Innovax Securities Limited**

Unit A-C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

#### **Zhongtai International Securities Limited**

7th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Joint Bookrunners and  
Joint Lead Managers and  
Underwriters**

**China Everbright Securities (HK) Limited**  
24/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

**Innovax Securities Limited**  
Unit A–C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

**Zhongtai International Securities Limited**  
7th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**CLC Securities Limited**  
13/F, Nan Fung Tower  
88 Connaught Road Central  
Central  
Hong Kong

**Other Underwriters**

**Eternal Pearl Securities Limited**  
19/F, 88 Gloucester Road  
Wanchai  
Hong Kong

**Marketsense Securities Limited**  
Unit 7801–7803, The Centre  
99 Queen’s Road  
Central  
Hong Kong

**Financial Adviser**

**Zhongtai International Capital Limited**  
7th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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<b>Legal advisers to our Company</b>	<i>As to Hong Kong law</i> <b>Howse Williams Bowers</b> 27/F Alexandra House 18 Chater Road, Central Hong Kong
	<i>As to Singapore law</i> <b>Rajah &amp; Tann Singapore LLP</b> 9 Battery Road #25-01 Singapore 049910
<b>Legal advisers to the Joint Sponsors and the Underwriters</b>	<i>As to Hong Kong law</i> <b>Deacons</b> 5/F Alexandra House 18 Chater Road, Central Hong Kong
	<i>As to Singapore law</i> <b>Angeline Suparto Law Corporation</b> 16 Raffles Quay #20-04 Hong Leong Building Singapore 048581
<b>Auditors and reporting accountants</b>	<b>Ernst &amp; Young</b> <i>Certified Public Accountants</i> 22/F Citic Tower 1 Tim Mei Avenue Central, Hong Kong
<b>Industry consultant</b>	<b>Savills Valuation and Professional Services (S) Pte Ltd</b> 30 Cecil Street #20-03, Prudential Tower Singapore 049712
<b>Compliance adviser</b>	<b>Innovax Capital Limited</b> Room 2002, 20th Floor Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Receiving bank**

**Industrial and Commercial Bank of China (Asia)  
Limited**  
33/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	2 Bukit Merah Central #22-00 Singapore 159835
<b>Head office and principal place of business in Singapore</b>	2 Bukit Merah Central #22-00 Singapore 159835
<b>Principal place of business in Hong Kong</b>	Unit 501, 5/F, Hing Wai Building 36 Queen's Road Central Hong Kong
<b>Company's website</b>	<u><a href="http://www.zacdgroup.com">www.zacdgroup.com</a></u> <i>(the information contained on this website does not form part of this prospectus)</i>
<b>Joint company secretaries</b>	<i>As to Hong Kong law</i> Mr. Siew Chen Yei (蕭勁毅) Flat B, 36/F Mount Davis 33 33 Ka Wai Man Road Kennedy Town, Hong Kong  Mr. Ip Pui Sum (葉沛森) 7/F, Winbase Centre 208 Queen's Road Central Sheung Wan, Hong Kong  <i>As to Singapore law</i> Mr. Tan Kim Swee Bernard (Chen Jinrin Bernard) Block 7 Pine Close #09-119 Singapore 391007
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Siew Chen Yei (蕭勁毅) Flat B, 36/F Mount Davis 33 33 Ka Wai Man Road Kennedy Town, Hong Kong  Mr. Ip Pui Sum (葉沛森) 7/F, Winbase Centre 208 Queen's Road Central Sheung Wan, Hong Kong

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## CORPORATE INFORMATION

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<b>Compliance officer</b>	Mr. Siew Chen Yei (蕭勁毅) Flat B, 36/F Mount Davis 33 33 Ka Wai Man Road Kennedy Town, Hong Kong
<b>Audit Committee</b>	Mr. Kong Chi Mo (江智武) ( <i>Chairman</i> ) Dr. Sim Mong Keang (沈茂強) Mr. Cheung Ying Kwan (張應坤)
<b>Remuneration Committee</b>	Dr. Sim Mong Keang (沈茂強) ( <i>Chairman</i> ) Ms. Sim Kain Kain (沈娟娟) Mr. Kong Chi Mo (江智武) Mr. Cheung Ying Kwan (張應坤)
<b>Nomination Committee</b>	Mr. Cheung Ying Kwan (張應坤) ( <i>Chairman</i> ) Mr. Yeo Choon Guan (Yao Junyuan) (姚俊沅) Mr. Kong Chi Mo (江智武) Dr. Sim Mong Keang (沈茂強)
<b>Principal Share Registrar and transfer office in Singapore</b>	<b>Tricor Singapore Pte Ltd</b> 80 Robinson Road #02-00 Singapore 068898
<b>Hong Kong Share Registrar and transfer office</b>	<b>Tricor Investor Services Limited</b> Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bank</b>	<b>United Overseas Bank</b> UOB Plaza 80 Raffles Place Singapore 048624

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## REGULATORY OVERVIEW

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### OVERVIEW

During the Track Record Period, the business activities of our Group were principally based in Singapore. As at the Latest Practicable Date, ZACD Capital, a subsidiary of our Group, held a CMS Licence under the SFA issued by the MAS for conducting fund management activities in Singapore. Moreover, as at the Latest Practicable Date, ZACD Financial, a subsidiary of our Group, was licenced by the SFC to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO in Hong Kong. Therefore, we are subject to the relevant laws and regulations in both Singapore and Hong Kong.

As part of our expansion strategy in the Asia-Pacific region, our Group is in the process of exploring multiple potential real estate targets in Australia as part of our investment management services business. Therefore, our planned business in Australia will be subject to the relevant laws and regulations in Australia.

This section sets out summaries of certain aspects of Singapore, Hong Kong and Australia laws and regulations, which are relevant to our Group's business operations.

### REGULATORY REQUIREMENTS IN SINGAPORE

#### Securities and Futures Act (Chapter 289 of Singapore) ("SFA")

The SFA is the principal legislation regulating the securities and futures industry in Singapore, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments in Singapore, intermediaries and their conduct of regulated activities. In particular, Part IV of the SFA deals with licensing matters.

The SFA is administered by the Monetary Authority of Singapore ("MAS"), which is the statutory regulatory body that governs the securities and futures markets and leveraged foreign exchange market in Singapore.

#### Types of Regulated Activities

The SFA provides a single licensing regime, known as a capital markets services licence, to carry on different types of regulated activities as specified in Second Schedule of the SFA. There are various types of regulated activities including dealing in securities, trading in futures contracts, advising on corporate finance and fund management. As at the Latest Practicable Date, ZACD Capital, a subsidiary of our Group, was licensed under the SFA to carry out the regulated activity of fund management.

ZACD Capital is licensed to conduct fund management activity on behalf of clients which are accredited investors or institutional investors only (as those terms are defined in the SFA). Currently a large number of licensed managers are subject to this restriction (known generally as accredited investor fund management companies or "AIFMCs").

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### *Overview of Licensing Requirements*

Under the SFA, any person who:

- (i) carries on a business in a regulated activity; or
- (ii) holds itself out as carrying on a business in a regulated activity,

must be licensed under the relevant provisions of the SFA for carrying on such regulated activity, unless one of the exceptions under the SFA and its related regulations applies. It is a serious offence for a person to conduct any regulated activity without holding the appropriate licence.

In addition to the licensing requirements on corporations, any individual who:

- (i) performs any regulated function in relation to a regulated activity carried on as a business; or
- (ii) holds himself out as performing such regulated activity, must be licensed separately under the SFA as a licensed representative.

For fund management activity conducted by a licensed person, it must appoint no less than two relevant persons (at least one of them must be an executive director and chief executive officer) to be responsible for the business of such regulated activity. For this purpose, our Group has appointed Mr. Choi Wai Lam Jerry, the executive director of our fund management services, and Mr. Mak as the two relevant persons. To ensure compliance with the relevant persons requirement under the SFA at all times, our Group currently has one additional qualified staff to fill the gap, in case any existing relevant person leaves our Group. All directors and/or a chief executive officer of a fund management company must be approved by the MAS to hold that appointment.

Further, pursuant to section 97A of the SFA, the prior approval of the MAS is required before any person can acquire effective control of the CMS licence holder. In this regard, “effective control” is obtained if the person has an arrangement whereby the person, alone or acting together with any connected person would, if the arrangement is carried out:

- (i) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the CMS licence holder; or
- (ii) control, directly or indirectly, 20% or more of the voting power in the CMS licence holder.

Based on Condition (1) of the CMS Licence (Licence No. CMS100556-1) issued to ZACD Capital, it is stated that ZACD Capital shall obtain the prior approval of the MAS for any change of its members or shareholdings of its members which will result in any person, alone or acting together with any connected person, being in a position to control not less than

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20% of the voting power in ZACD Capital, or to hold interest in not less than 20% of the issued shares of ZACD Capital. It is stipulated that ZACD Capital shall immediately notify the MAS of any other changes of its members or shareholding of its members.

As part of our Reorganisation, on 28 February 2017, ZACD Investments as vendor transferred to our Company as purchaser all of the issued shares of ZACD Capital. Accordingly, MAS's prior approval is required and ZACD Capital had, on 7 November 2016, informed MAS of the Company's intention to obtain effective control of ZACD Capital. MAS had confirmed on 30 December 2016 that it has no objection. As advised by our Singapore Legal Advisers, there is no strict requirement of prior approval to be obtained from MAS in relation to the Listing.

### **Fit and Proper Requirement**

Persons applying for licences under the SFA as well as its directors, representatives and shareholders must satisfy, and continue to satisfy after the grant of such licences by the MAS, that they are fit and proper persons. Generally, a fit and proper person means one who is financially sound, competent, honest and has not been in breach of relevant laws and regulations.

### **On-Going Obligations of Licensed Entities Which Are AIFMCs**

Licensed entities and their representatives must remain fit and proper as defined under relevant MAS guidelines at all times. They are required to comply with all applicable provisions of the SFA and its subsidiary rules and regulations as well as relevant notices, directives and guidelines issued from time to time by the MAS.

Outlined below are some of the key on-going obligations of a licensed corporation:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the MAS, in accordance with the requirements under the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (as discussed in more detail below);
- maintenance of trust account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Licensing and Conduct of Business) Regulations;
- record keeping requirements;
- submission of audited accounts and other required documents;
- notification to the MAS of certain changes and events;



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## REGULATORY OVERVIEW

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- implementation of appropriate policies and procedures relating to client due diligence, identification and reporting of suspicious transactions and training, in accordance with the requirements under the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing (the “**Anti-Money Laundering Guideline**”) issued by MAS (as discussed in more detail below); and
- business conduct requirements under the Securities and Futures (Licensing and Conduct of Business) Regulations and other applicable notices, directives and guidelines issued by the MAS.

### **Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13) (“SF(FMR)R”)**

A corporation granted a capital markets services licence in respect of certain regulated activities shall at all times meet the base capital requirement (“**BCR**”) thresholds set out in the SF(FMR)R upon obtaining its licence or being registered with the MAS. In view of this obligation, it would be prudent for the licensed corporation to maintain an additional capital buffer over and above the requisite base amount. The BCR thresholds are set out at the First Schedule of the SF(FMR)R, as well as Table 2, Section 3 of the Guidelines on Licensing, Registration & Conduct of Business for Fund Management Companies (“**SFA 04-G05**”). The BCR threshold in respect of a licensed corporation that is an AIFMC is S\$250,000.

Pursuant to regulation 4(1) of the SF(FMR)R, a licensed corporation shall not cause or permit its base capital to fall below the BCR applicable to it. Where the base capital falls below the BCR or where the licensed corporation becomes aware that the base capital will fall below the BCR, the MAS must be notified immediately.

Further, a licensed corporation shall at all times meet the risk-based capital requirement in the SF(FMR)R upon obtaining its licence. These obligations extend to an AIFMC. Pursuant to regulations 6 and 7 of the SF(FMR)R, a licensed corporation shall:

- (i) not cause or permit its financial resources to fall below the total risk requirement; and
- (ii) immediately notify the MAS if its financial resources fall below 120% of its total risk-based capital requirements.

### **Offers relating to investments**

Under the SFA, an offer to acquire an interest in a collective investment scheme has to be authorised by the MAS, unless specific exemptions apply. Advertisements relating to such interests are also prohibited.

The specific exemptions include, among others, that where the offer of any interest in a collective investment scheme is only to “accredited investors” (as defined in section 4A of the SFA), authorisation by the MAS is not required.

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Specifically, pursuant to section 305 of the SFA, where the offer of any interest in a collective investment scheme is only to “relevant persons”, authorisation by the MAS is not required. The categories of persons defined as “relevant persons” include, without limitation:

- (i) an accredited investor;
- (ii) a corporation the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (iii) a trustee of a trust the sole purpose of which is to hold investments and each beneficiary of which is an individual who is an accredited investor.

Further, pursuant to section 304 of the SFA, an offer of any interest in a collective investment scheme to “institutional investors” (as defined in section 4A of the SFA) would not require authorisation from the MAS. The categories of persons defined as “institutional investors” would include, without limitation, a bank that is licensed under the Banking Act (Cap. 19) of Singapore, a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186) of Singapore, or a finance company that is licensed under the Finance Companies Act (Cap. 108) of Singapore.

If a person commits an offence contrary to the SFA by issuing an offer relating to investments without the authorisation of the MAS and no specific exemptions under the SFA applies, he is liable on conviction to a fine not exceeding S\$150,000 or to imprisonment for a term not exceeding 2 years, or both, and, in the case of a continuing offence, to a further fine not exceeding S\$15,000 for every day during which the offence continues.

### **Anti-Money Laundering and Counter-Terrorist Financing (“AML/CFT”)**

Licensed entities are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Singapore as well as various notices and guidelines, such as the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism — Capital Markets Intermediaries (“**SFA 04-N02**”) issued by the MAS, read together with the Guidelines to MAS Notice SFA04-N02 (collectively, the “**AML/CFT Notices and Guidelines**”).

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The AML/CFT Notices and Guidelines provide practical guidance to assist licensed corporations and their senior management in designing and implementing their own AML/CFT policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Singapore. Under the AML/CFT Notices and Guidelines, a licensed corporation (including its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates) should, among other things:

- Take appropriate steps to identify, assess and update its money laundering and terrorism financing risks in relation to the launch or use of new products, new business practices, new delivery mechanisms, or new or developing technologies, and to ensure that appropriate measures and controls are implemented to mitigate and manage such risks;
- Conduct anti-money laundering and customer due diligence (“CDD”) checks on all new customers (extending to the beneficial owners, connected parties of the customer and persons appointed to act on the customer’s behalf), and update its CDD checks on existing customers from time to time;
- Perform such CDD checks where the licensed corporation first establishes business relations with any customer, where the licensed corporation undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with it, or where the licensed corporation has doubts about the veracity or adequacy of any information previously obtained;
- Reserve the right to request for such information as deemed necessary to verify the identity, tax status and/or source of payment of a customer in order to comply with any applicable law or regulation of any jurisdiction;
- Implement internal risk management systems, policies, procedures and controls to determine if particular business relations with or transactions for any customer presents a higher risk for money laundering or terrorism financing;
- Conduct on-going monitoring of activities of its customers to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose;
- Conduct comprehensive on-going screening against the UN watch lists, other relevant money laundering and terrorism financing sources and lists and information provided by the MAS or other relevant authorities in Singapore; and
- Report transactions suspected to contain the proceeds of criminal conduct or that is connected in any way with money laundering, tax evasion or terrorist financing to the Suspicious Transactions Reporting Office and the MAS, and document the basis for its assessment and the decision to report the transaction.

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We set out below a brief summary of the principal legislations in Singapore that are concerned with money laundering and terrorist financing.

**(1) *Terrorism (Suppression of Financing) Act (Chapter 325 of Singapore)***

Among other things, the Terrorism (Suppression of Financing) Act imposes prohibitions against the use and provision of property and services for terrorist purposes or dealing with the property of terrorists. The Terrorism (Suppression of Financing) Act also imposes a duty to disclose information about any transaction or proposed transaction in respect of any property belonging to any terrorist entity, and to disclose information about acts relating to terrorism financing. In addition, the courts are empowered make any orders relating to the seizure, freezing and confiscation of terrorist property. The Terrorism (Suppression of Financing) Act also prescribes that the International Convention for the Suppression of the Financing of Terrorism would form the basis for assistance under the Mutual Assistance in Criminal Acts (Cap. 190A) of Singapore.

**(2) *Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A of Singapore)***

Among other things, the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act imposes requirements relating to client due diligence and record keeping for the purpose of detecting, investigating and prosecuting drug dealing offences and serious offences. It also contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the powers of authorized officers to arrest persons without a warrant, and the confiscation of proceeds from drug trafficking activities. It is an offence under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act if a person deals with any property knowing or having reasonable grounds to believe that it represents the proceeds of drug dealing or criminal conduct. Section 39 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act requires a person to report to a Suspicious Transaction Reporting Officer if he/she knows or has reasonable grounds to suspect that any property (directly or indirectly) represents the proceeds of drug dealing or criminal conduct or is intended to be used or was used in connection with drug dealing and criminal conduct, and failure to make such disclosure constitutes an offence under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act.

**(3) *Organised Crimes Act 2015 (No. 26 of 2015 of Singapore)***

Among other things, the Organised Crimes Act empowers law enforcement officers of the Singapore Police Force, Central Narcotics Bureau, the Immigration & Checkpoints Authority and the Commercial Affairs Department to punish persons who are involved in the activities of organized criminal groups, as well as prevent, restrict and disrupt the activities of organized criminal groups and protect members of the public from the harm caused by such groups. It also empowers a court to make various orders to prevent, restrict or disrupt the involvement of persons associated with such groups. The Organised Crimes Act also enables a law enforcement officer to investigate any offence committed under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act.

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### **(4) *United Nations (Anti-Terrorism Measures) Regulations***

Among other things, the United Nations (Anti-Terrorism Measures) Regulations provide that it would be a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a terrorist, terrorist entity or any other person or entity acting on behalf of or at the direction of a terrorist or terrorist entity. The United Nations (Anti-Terrorism Measures) Regulations also requires a person who has possession, custody or control of any property belonging to a terrorist or terrorist entity, or who has information about any transaction or proposed transaction in respect of any property belonging to a terrorist or terrorist entity, to immediately inform the Commissioner of Police or such other person as the Minister may designate, and failure to make such disclosure constitutes an offence under the United Nations (Anti-Terrorism Measures) Regulations.

### **Exemption from Requirement to hold a CMS licence for Fund Management**

Pursuant to paragraph 5(1)(h) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (“**SF(LCB)R**”), a company will be exempt from the requirement to be registered with or licenced by MAS if it invests solely in immovable assets. This exemption is self-invoking and no filings are required with the MAS, provided that the company invests solely in immovable assets or in securities issued by investment holding companies whose sole purpose is to invest into real estate development projects and/or real estate properties, and where the fund is offered only to accredited and/or institutional investors.

### **Registered Fund Management Company Regime**

Prior to obtaining the CMS licence, ZACD Capital operated under an available exemption from holding a CMS licence by making a filing for registration as a “registered fund management company” (“**RFMC**”) pursuant to paragraph 5(1)(i) of the Second Schedule to the SF(LCB)R. To satisfy the requirements of an RFMC, the clients of a fund management company would need to be “accredited investors” or “institutional investors” as defined under the SFA, and the total value of the assets managed cannot exceed S\$250 million.

An “accredited investor” is defined in section 4A of the SFA. In the case of individuals, section 4A defines an “accredited investor” as individuals whose net personal assets exceeds in value S\$2 million, or whose income in the preceding 12 months is not less than S\$300,000 (or their equivalents in a foreign currency). The Authority may prescribe another amount in place of these amounts. In the case of corporations, section 4A defines an “accredited investor” as one whose net assets exceeds S\$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, as determined by the corporation’s most recent audited balance-sheet. Where the corporation is not required to prepare audited accounts regularly, whether the corporation’s net assets exceeds the prescribed amount in value can be determined with reference to a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the

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state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months. An “accredited investor” can also include the trustee(s) (when acting in that capacity) of such trust(s), or such other person, as the Authority may prescribe.

Although the RFMC has slightly fewer compliance requirements as compared to a CMS licence holder, it must still satisfy significant compliance and regulatory requirements. Similar to some of the AIFMC requirements as described above, an RFMC must satisfy the following requirements, which include:

- (a) satisfying to the MAS that the RFMC, as well as its directors, representatives and shareholders, are fit and proper persons;
- (b) complying with various ongoing business conduct obligations, such as maintaining a minimum paid-up share capital and record keeping;
- (c) meeting the minimum BCR threshold of S\$250,000;
- (d) complying with the relevant AML/CFT Notices and Guidelines; and
- (e) submitting audited accounts to the MAS.

### **Building Maintenance and Strata Management Act (Chapter 30C of Singapore) (“BMSMA”)**

#### ***Management by Owner Real Estate Developers (“Real Estate Developer”) Before Constitution of MCST***

The BMSMA governs the management of a strata subdivided building by a real estate Developer before the MCST is constituted.

Under the BMSMA, after the completion of the development of any building with more than four lots (out of which two or more lots are sold to more than one purchaser) and planning permission is granted for the strata subdivision of the building, the real estate Developer has:

- (a) to establish a maintenance fund on or after the date on which the first temporary occupation permit is issued in respect of any lot before collecting the maintenance charges from any purchaser of any lot in the development;
- (b) to collect maintenance charges and pay the maintenance charges into the maintenance fund; and
- (c) to maintain proper books of accounts in relation to the maintenance fund and to appoint an auditor to audit the maintenance fund annually.

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In the event that the Commissioner of Buildings (as appointed under Section 3(1) of the BMSMA) is satisfied that the management and maintenance of a development is not carried out satisfactorily by the real estate Developer, the Commissioner of Buildings may appoint a managing agent to assume all the powers and duties of the real estate Developer with regards to managing and maintaining the development.

### *Constitution of MCST*

The MCST constituted by virtue of the Land Titles (Strata) Act (Chapter 158 of Singapore) in respect of a strata title plan comprises the subsidiary proprietors from time to time of all lots comprised in that strata title plan. Upon the constitution of the MCST for any development, the real estate Developer continues to exercise the powers of the council of the MCST, until a council of the MCST is elected at the first annual general meeting of the MCST.

The BMSMA provides that the real estate Developer shall hold the first annual general meeting of the MCST no later than the earlier of (a) a date that is one month after the end of the initial period for the MCST or (b) a date that is six weeks after the real estate Developer receives a written request from the subsidiary proprietors of at least 10% of the total number of lots comprised in the strata title plan requesting for the first annual general meeting to be held. The initial period for the MCST means a period starting from the day on which the MCST is constituted, and ending on the earlier of (i) 12 months later, or (ii) on the day when the first annual general meeting of the MCST is held. The agenda for the first annual general meeting of the MCST includes electing a council where there are more than three subsidiary proprietors, and determining the amount to be raised for the management fund and the sinking fund.

Within one week after the first annual general meeting of the MCST, the real estate Developer shall transfer control of the MCST's money to the newly elected council of the MCST, and deliver to the latter all keys and means of access that the real estate Developer possesses for the purposes of exercising the powers and performing the duties of the council.

### *Appointment of Managing Agent by the MCST*

Under the BMSMA, a MCST may appoint a managing agent and delegate part or all of its powers, duties and functions under the BMSMA to the managing agent. These duties may include, *inter alia*, the following:

- (a) to control, manage and administer the common property for the benefit of all the subsidiary proprietors;
- (b) to effect insurance for every subdivided building shown in the strata title plan and keep the building insured under a damage policy;
- (c) to properly maintain and keep in a state of good and serviceable repair the common property and any moveable property vested in the MCST;

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- (d) to comply with any notice or order made by any relevant authority or public authority requiring the abatement of any nuisance on the common property or ordering repairs or other work to be done in respect of the subdivided building or common property;
- (e) to hold an annual general meeting of a MCST in each calendar year and not more than 15 months after the holding of the last preceding annual general meeting; and
- (f) to perform the functions of the chairperson, secretary, treasurer or the council of the MCST.

The managing agent shall not have the power to delegate the powers, duties and functions that the MCST has delegated to the managing agent and the managing agent shall not make a decision on a restricted matter that can be determined only by a unanimous resolution, a special resolution, a 90% resolution, a resolution by consensus or at a general meeting of the MCST. The managing agent shall not canvass for proxy votes relating to any election of members of the council of the MCST.

In exercising the delegated duties of the MCST, the managing agent can be held liable for any contravention of the BMSMA as if it had been committed by the MCST.

### **Housing Real Estate Developers (Control and Licensing) Act (Chapter 130 of Singapore) (“Housing Real Estate Developers Act”)**

Under the Housing Real Estate Developers Act, a housing real estate developer is required to obtain a housing real estate developer’s licence (“**HDL**”) if it undertakes a housing development project comprising more than four units of housing accommodation. A developer is not required to obtain a HDL if it undertakes a development project relating to industrial properties. The Controller of Housing (as appointed under Section 3(1) of the Housing Real Estate Developers Act) may grant a HDL with such conditions as may be imposed. A housing real estate developer who fails to obtain a valid HDL shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and shall also be liable to imprisonment for a term not exceeding five years. A housing real estate developer who fails to comply with any condition of its HDL shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding three years or to both.

The HDL will be issued subject to, *inter alia*, the following conditions:

- (a) strict compliance by the housing real estate developer with the applicable laws governing housing development;
- (b) no options shall be granted and no sale and purchase agreements shall be entered into by the housing real estate developer until the building plans have been approved by the Commissioner of Building Control (as appointed under the Building Control Act, Chapter 29 of Singapore),



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- (c) planning permission and building plan approval not being invalidated by the relevant authorities; and
- (d) the housing real estate developer shall not after the redemption of the mortgage of the land, further encumber the land by way of mortgage or register further charges over it.

The HDL allows a housing real estate developer to start selling the units in the development once the building plan approval has been obtained. The HDL remains in force until the date of the issuance of the certificate of statutory completion for the project and the issue of separate certificates of title or subsidiary strata certificates of title for all the units of the development.

Further, housing real estate developers are required to abide by the rules and regulations under the Housing Real Estate Developers Act. For example, under the Housing real estate Developers Rules, real estate developers are required to provide more information (such as a drawn-to-scale location and site plan of the project, a unit floor plan and a breakdown of the unit's various spaces, such as bedrooms, balconies and bay windows) to buyers before the issuance of an option to purchase. To showcase the real estate developer's track record, real estate developers are also required to disclose at least one completed project before issuing the option to purchase. Housing real estate developers are also required to comply with the Housing Real Estate Developers (Project Account) Rules with respect to the administration of the accounts of their real estate development projects.

The businesses of the Group as set out in the section entitled "Business" of this prospectus do not require the Group to obtain a HDL for the operation of its businesses. However, the Group's managed investment SPVs and fund holding entities are shareholders of certain Development SPVs or the development holding company under a fund structure which are involved in residential developments and these Development SPVs or the development holding company under a fund structure may be required to obtain a HDL for the operation of their businesses.

### **Employees**

The Employment Act (Chapter 91 of Singapore) ("EA") is regulated by the Ministry of Manpower ("MOM") and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month.

Section 38(8) of the EA provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that an employee can perform to 72 hours a month. An employer who breaches the

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above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

### **Employment of Foreign Manpower Act**

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A of Singapore) (“**EFMA**”) and is regulated by the MOM.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained a valid work pass which allows the foreign worker to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) on a second or subsequent conviction, (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or (ii) in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the EA, the EFMA, the Immigration Act (Chapter 133 of Singapore) and the regulations issued pursuant to the Immigration Act.

### **Workplace Safety and Health Act**

Under the Workplace Safety and Health Act (Chapter 354A of Singapore) (“**WSHA**”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, among others, enter, inspect and examine any workplace, to inspect and examine any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with.

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Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The Workplace Safety and Health Council has approved codes of practice for the purpose of providing practical guidance with respect to the requirements of the WSHA relating to safety, health and welfare at the workplace.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations 2006, the employer in a workplace is supposed to, amongst others, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonably practicable steps to eliminate any foreseeable risk, and where it is not reasonably practicable to eliminate the risk, implement reasonably practicable measures and safe work procedures to minimise or control the risk, specify the roles and responsibilities of persons involved in the implementation of any measure or safe work procedure and inform workers of the same, maintain records of such risk assessments and measures or safe work procedure implemented for a period of not less than 3 years, and submit such records to the CWSH when required by the CWSH from time to time.

### **Workmen's Compensation**

The Work Injury Compensation Act (Chapter 354 of Singapore) (“WICA”), which is regulated by the MOM, applies to employees who are engaged under a contract of service or apprenticeship, regardless of their level of earnings. The WICA does not cover self-employed persons or independent contractors. However, the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim wages, costs of medical treatment and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

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## REGULATORY OVERVIEW

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An employee who has suffered an injury arising out of and in the course of his employment can choose to either submit a claim for compensation through the MOM without needing to prove negligence or breach of statutory duty by employer. There is a fixed formula in the WICA on amount of compensation to be awarded.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed him, unless specifically exempted. Failure to do so is an offence carrying a fine of up to S\$10,000 and/or imprisonment of up to 12 months.

### **Central Provident Fund Act**

The Central Provident Fund (“**CPF**”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Chapter 36 of Singapore) (“**CPFA**”), an employer is obliged to make CPF contributions for all employees who are citizens or permanent residents of Singapore who are employed in Singapore under a contract of service and employed under a permanent, part-time or casual basis (with the exception of a contract of service or other agreement entered into in Singapore as a master, a seaman or an apprentice in any vessel where the owners have been exempted from the provisions of the CPFA).

CPF contributions are required for both ordinary wages and additional wages (subject to the respective CPF contribution ceilings) of employees at the applicable prescribed rates which are dependent on, *inter alia*, the amount of monthly wages and the age of the employee. Ordinary wages are wages due wholly and exclusively for an employee’s employment in a month and are payable before the due date of CPF contributions for that month, whereas additional wages are wages which are not granted wholly and exclusively for the employment in a month, such as annual bonus and leave pay.

Under the CPFA, an employer shall pay both the employer’s and employee’s shares of the monthly CPF contribution. However, an employer is entitled to recover its employee’s share of the CPF contribution by deducting such a share from the wages of the employee if such contribution has been paid for that month. An employer who fails to pay the CPF contributions in accordance with the CPFA shall be guilty of an offence and may be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 7 years or to both.

### **Personal Data Protection Act**

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore (“**PDPA**”) governs the collection, use and disclosure of individuals’ personal data by organisations. The PDPA also established the Personal Data Protection Commission (“**PDPC**”) to administer and enforce the PDPA.

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## REGULATORY OVERVIEW

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An organisation is required to comply with the following obligations prescribed by the PDPA:

- (a) obtain the consent of the individual before collecting, using, or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (b) notify the individual of the purpose of collecting his personal data;
- (c) only use personal data for purposes consented by the individual;
- (d) put in place mechanisms for individuals to withdraw their consent;
- (e) take reasonable efforts to ensure that personal data collected is accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation;
- (f) when requested, correct any error or omission in an individual's personal data;
- (g) upon an individual's request, provide an individual with his personal data in the organisation's possession and control, as well as information about the ways in which the personal data has been used or disclosed in the past year;
- (h) protect personal data by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (i) cease to retain personal data as long as it is reasonable to assume that:
  - (i) the purpose for which it was collected is no longer being served by retaining it; and
  - (ii) the retention is no longer necessary for business or legal purpose;
- (j) not to transfer any personal data out of Singapore except in accordance with the requirements set out in the PDPA; and
- (k) implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If the PDPC finds that an organisation is not complying with any provision in the PDPA, it may give the organisation all or any of the following directions:

- (a) to stop collecting, using or disclosing personal data in contravention of the PDPA;
- (b) to destroy personal data collected in contravention of the PDPA;
- (c) to comply with any direction of the PDPC to provide access to or correct the personal data; or

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## REGULATORY OVERVIEW

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(d) to pay a financial penalty of such amount not exceeding S\$1 million.

In addition to the obligation above, the PDPA also established a Do-Not-Call Registry (“**DNC Registry**”) which allows individuals to register their Singapore telephone numbers to opt out of receiving marketing phone calls, mobile text messages, and faxes from organisations.

No person shall send a “specified message” addressed to a Singapore telephone number unless it has been confirmed that the number is not listed on the relevant DNC Registry. A “specified message” is one that, among others, purports to offer to supply or advertise or promote goods and services. Any person who contravenes this provision shall be guilty of an offence and shall be liable to a fine not exceeding S\$10,000.

### **Companies Act**

The Companies Act (Chapter 50 of Singapore) (“**Companies Act**”) generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders’ rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by, the provisions of the constitution of the company. The constitution of a company contains, *inter alia*, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

Please refer to Appendix III entitled “Summary of the Constitution of the Company and Singapore Company Law” for further details.

### **Singapore taxation**

The discussion below relates to the current tax laws in Singapore in connection with income tax, capital gains tax, stamp duty, estate duty and GST that may arise from the purchase, ownership and disposal of our Shares. The discussion is not intended to be a comprehensive or exhaustive description of all the relevant tax considerations that may be applicable to a decision to purchase our Shares. The discussion is only intended to be a general description of the relevant tax implications and is not intended to be and should not be taken to constitute legal or tax advice.

Note that the laws, regulations and interpretations are subject to change at any time, and further, such changes could be made retroactively. Such laws and regulations may also be interpreted differently. It should not be taken for granted the relevant tax authorities or the Singapore courts will accept or agree with the explanations or conclusions that has been set out below. It should also not be assumed that there will be no changes in such laws and regulations.

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Prospective subscribers should seek the counsel of their tax advisers and/or legal advisers on the potential tax consequences arising from the ownership and disposal of our Shares. Our Company, our Directors and any other persons involved in this IPO assumes no responsibility for any tax consequences or liabilities that may arise from the subscription, purchase, holding or disposal of our Shares.

### *Corporate income tax*

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income (“**specified foreign income**”) received or deemed to be received in Singapore on or after 1 June 2003 provided that the following qualifying conditions are met:

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (c) the Comptroller of Income Tax (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore.

The first S\$300,000 of a company's normal chargeable income is partially exempt from tax as follows:

- (a) 75% of up to the first S\$10,000 of chargeable income; and
- (b) 50% of up to the next S\$290,000 of chargeable income.

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## REGULATORY OVERVIEW

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The remaining chargeable income (after the applicable tax exemption of the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently 17.0%.

New companies will also, subject to certain conditions and exceptions, enjoy tax exemption on their normal chargeable income for the first three consecutive Years of Assessment as follows:

- (a) 100% of up to the first S\$100,000 of chargeable income; and
- (b) 50% of up to the next S\$200,000 of chargeable income.

In the 2016 Budget, the Minister for Finance had announced that both resident and non-resident companies will enjoy a corporate income tax rebate from Year of Assessment 2016 to Year of Assessment 2017. This tax rebate will be based on 50% of the tax payable up to a maximum tax rebate of S\$20,000 per year of assessment. This tax rebate will not apply to income derived by a non-resident company that is subject to final withholding tax.

In the 2017 Budget, the Minister for Finance announced that the corporate income tax rebate cap for Year of Assessment 2017 will be raised from S\$20,000 to S\$25,000. The rebate percentage will remain unchanged at 50% of the corporate tax payable. In addition, the rebate will be extended to Year of Assessment 2018 at a reduced rate of 20% of the corporate tax payable, subject to a cap of S\$10,000.

### ***Individual income tax***

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if except for temporary absences, he ordinarily resides in Singapore.

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer, regardless of whether he/she is resident or non-resident of Singapore, is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore by resident individuals.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22.0%, with effect from Year of Assessment 2017.

Income (other than employment income) derived by a non-Singapore tax resident individual is, subject to certain exceptions and conditions, normally taxed at the rate of 22.0% with effect from Year of Assessment 2017. Singapore employment income derived by a non-Singapore tax resident individual is taxed at a flat rate of 15.0% or at the progressive resident rates, whichever yields a higher tax.



### *Dividend distributions*

#### (i) *One tier corporate taxation system*

Singapore adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

#### (ii) *Withholding taxes*

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

### *Gains on Disposals of Ordinary Shares*

Singapore currently does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

Subject to some exceptions, gains derived from the disposal of ordinary shares in an investee company during the period from 1 June 2012 to 31 May 2022 (both dates inclusive) are not taxable if, immediately prior to the date of the share disposal, the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

The abovementioned “safe harbor rule” will not apply if the investee company is in the business of trading or holding Singapore immovable properties (excluding property development), where the shares are not listed on a stock exchange in Singapore or elsewhere.

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments — Recognition and Measurement (“**FRS 39**”) may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

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## REGULATORY OVERVIEW

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### *Stamp Duty for Sale of Shares*

There is no stamp duty payable on the subscription of our Shares.

Where existing Shares are transferred in Singapore, stamp duty is payable on the contract or agreement entered into for the transfer of our Shares at the rate of 0.20% of the purchase consideration or market value of our Shares, whichever is higher. The purchaser is liable for the stamp duty, unless otherwise agreed by the parties to the transaction.

No stamp duty is payable if no contract or agreement is executed (such as in the case of a transfer of scripless shares, for which no contract or agreement is executed) or if the contract or agreement is executed outside of Singapore. However, stamp duty is payable if the contract or agreement which is executed outside Singapore is subsequently received in Singapore. Stamp duty is not applicable to electronic transfers of our Shares, if such transfers are not pursuant to a contract or agreement being entered into.

### *Stamp Duty for Sale of Immovable Property*

A contract agreement or instrument relating to the conveyance, assignment or transfer of any immovable property is subject to the following stamp duties, which are calculated based on the sale consideration or the market value of the property, whichever is higher (the “**Relevant Value**”).

- (i) Buyers of immovable properties are required to pay buyers’ stamp duty on the purchase or acquisition of both industrial properties and residential properties at the following rates:
  - 1% on the first S\$180,000;
  - 2% on the next S\$180,000; and
  - 3% on the remaining Relevant Value.
- (ii) Buyers who are acquiring residential properties on or after 8 December 2011 may also be required to pay additional buyers’ stamp duty (“**ABSD**”) if these buyers fall within the following categories:
  - Singapore Citizens who are buying their second or third and subsequent residential property are subject to pay ABSD at a rate of 7% or 10%, respectively, of the Relevant Value;
  - Singapore Permanent Residents who are buying their first or second and subsequent residential property are subject to pay ABSD at a rate of 5% and 10%, respectively, of the Relevant Value; and
  - Foreigners or corporate entities buying any residential property are subject to pay ABSD at a rate of 15% of the Relevant Value.

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## REGULATORY OVERVIEW

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- (iii) Sellers are liable to pay sellers' stamp duty ("SSD") for the sale of both residential properties and industrial properties, only if these properties (i) were purchased on or after 20 February 2010 and 12 January 2013 respectively, and (ii) were sold within a certain duration.

For residential properties, the amount of SSD payable is dependent on the date of purchase of the property. Generally, for properties purchased on and after 11 March 2017, SSD is payable at the following rates, calculated based on the Relevant Value:

- 12% for the sale of a residential property with a holding period of up to 1 year;
- 8% for the sale of a residential property with a holding period of more than 1 year and up to 2 years;
- 4% for the sale of a residential property with a holding period of more than 2 years and up to 3 years; and
- No SSD is payable for the sale of a residential property with a holding period of more than 3 years.

For industrial properties, SSD is payable only if these properties (i) were purchased on or after 12 January 2013, and (ii) were sold within a certain duration. The SSD is payable at the following rates, calculated based on the Relevant Value:

- 15% for the sale of an industrial property with a holding period of up to 1 year;
- 10% for the sale of an industrial property with a holding period of more than 1 year and up to 2 years;
- 5% for the sale of an industrial property with a holding period of more than 2 years and up to 3 years; and
- No SSD is payable for the sale of an industrial property with a holding period of more than 3 years.

In general, stamp duty is payable on instruments executed in Singapore or if executed outside Singapore, and relates to any property situated in Singapore, which are received in Singapore. Whilst stamp duty relief and remission are available in limited circumstances, such relief and remission are not automatic and must be applied for under the relevant provisions of the Stamp Duties Act (Chapter 312 of Singapore).

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## REGULATORY OVERVIEW

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### *Additional Conveyance Duty (“ACD”)*

ACD is payable on every qualifying acquisition and disposal of an equity interest in a residential property-holding entity whose primary tangible assets, owned directly or indirectly, are Singapore residential properties (“**Residential PHE**”). A Residential PHE can be either or both of the following:

- (i) a target entity (known as the “**Type 1 PHE**”) whose market value of residential properties makes up at least 50% of the value of its tangible assets; or
- (ii) a target entity (known as the “**Type 2 PHE**”) which has 50% or more beneficial interest (whether direct or indirect) in one or more Type 1 PHEs (the “**Related Entities**”) and the sum of the market value of the residential properties beneficially owned by the target entity and its Related Entities is at least 50% of the open market value of the total tangible assets of the target entity and its Related Entities.

ACD is payable in addition to the existing stamp duty that is payable on the transfer of shares, and is required to be paid within 14 days of the date of execution of the instrument effecting the qualifying acquisition or disposal (if executed in Singapore) or 30 days of the receipt of the instrument in Singapore (if executed overseas).

### *ACD for Buyers (“ACDB”)*

A qualifying acquisition of an equity interest in a Residential PHE is one where the buyer (together with any associates) is already a Significant Owner of the Residential PHE before the acquisition; or becomes a Significant Owner of the Residential PHE after the acquisition. ACDB is computed at a tiered rate of 1% to 3% in addition to a flat rate of 15% of the aggregate of the open market value of all the residential properties held in the PHE. Where the Residential PHE may be considered a Type 2 PHE, or both a Type 2 and a Type 1 PHE, the value of any direct and indirect interests in the residential properties (as the case may be) will be taken into account in the computation of ACDB.

A Significant Owner of the Residential PHE refers to a person or an entity who beneficially owns at least a 50% equity interest or at least 50% voting power in a Residential PHE, either on its own or with its associates. Where the buyer or seller is an entity, an “associate” includes (a) subsidiaries which the entity beneficially owns 75% or more voting capital and more than 50% voting power in; (b) holding entities which beneficially own 75% or more voting capital and more than 50% voting power in the entity; (c) other entities in the group that is a subsidiary to the holding entity as mentioned in (b) above; or (d) partners in a partnership, limited partnership or limited liability partnership. Where the buyer or seller is an individual, an “associate” includes (a) family members such as grandparents, parents, children, grandchildren, siblings and spouses; or (b) partners in a partnership, limited partnership or limited liability partnership.

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## REGULATORY OVERVIEW

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### *ACD for Sellers (“ACDS”)*

A qualifying disposal of an equity interest in a Residential PHE is one where the seller (together with any associates) is a Significant Owner of the Residential PHE and the equity interest to be disposed of is acquired on or after 11 March 2017 and disposed of within three years of acquisition on a first-in-first-out basis. ACDS is computed at a flat rate of 12% of the aggregate of the open market value of all the residential properties held in the PHE. Similar to ACDB, where the Residential PHE may be considered a Type 2 PHE, or both a Type 2 and a Type 1 PHE, the value of any direct and indirect interests in the residential properties (as the case may be) will also be taken into account in the computation of ACDS.

### *Estate Duty*

Singapore estate duty was abolished with effect from 15 February 2008.

### *Goods and Services Tax (“GST”)*

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply and so would not be subject to GST. In this regard, generally, GST directly incurred by the GST-registered investor in making such supplies may not be recovered from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally a taxable supply subject to GST at 0%. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course of or furtherance of a business carried on by him, subject to the provisions of the GST Act, may be recovered from the Comptroller of GST.

Investors should seek the counsel of their own tax advisers and/or legal advisers on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the standard rate, currently at 7%. Similar services rendered to an investor belonging outside Singapore are subject to GST at 0%, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

### *Effect of Holding Shares through CCASS or outside CCASS on Tax Payable*

The holding of the Shares through CCASS or outside CCASS do not give rise to any additional Singapore income tax implications.

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## REGULATORY OVERVIEW

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### *Tax Treaties between Singapore and Hong Kong*

There is no comprehensive double tax treaty entered into between Singapore and Hong Kong.

## REGULATORY REQUIREMENTS IN HONG KONG

### **Introduction**

The SFO is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments to the public in Hong Kong, intermediaries and their conduct of regulated activities. In particular, Part V of the SFO deals with licensing and registration matters.

The SFO is administered by the SFC which is the statutory regulatory body that governs the securities and futures markets and non-bank retail leveraged foreign exchange market in Hong Kong.

### **Types of Regulated Activities**

The SFO provides a single licensing regime under which a person needs only one licence to carry on different types of regulated activities as specified in Schedule 5 of the SFO. There are ten types of regulated activities, namely:

- Type 1: dealing in securities;
- Type 2: dealing in futures contracts;
- Type 3: leveraged foreign exchange trading;
- Type 4: advising on securities;
- Type 5: advising on futures contracts;
- Type 6: advising on corporate finance;
- Type 7: providing automated trading services;
- Type 8: securities margin financing;
- Type 9: asset management; and
- Type 10: providing credit rating services.

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## REGULATORY OVERVIEW

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As at the Latest Practicable Date, the following member of our Group was licensed under the SFO to carry out the regulated activities as stated below:

<b>Company</b>	<b>Types of Regulated Activities</b>
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ZACD Financial <sup>(Note)</sup>	Type 1, type 4 and type 6
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*Note:*

The licensing conditions of ZACD Financial are set out as follows:

<b>Effective date</b>	<b>Licensing conditions</b>
2 December 2016	ZACD Financial shall not hold client assets. The terms “hold” and “client assets” are as defined under the Securities and Futures Ordinance.
2 December 2016	ZACD Financial shall only provide services to professional investors. The term “professional investor” is as defined in the Securities and Futures Ordinance and its subsidiary legislation.
2 December 2016	For type 6 regulated activity, ZACD Financial shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities.
2 December 2016	For type 6 regulated activity, ZACD Financial shall not advise on matters/transactions falling within the ambit of the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC.
2 December 2016	For type 1 regulated activity, ZACD Financial shall only carry on the business of dealing in collective investment schemes. The terms “collective investment scheme” and “dealing” are as defined under the Securities and Futures Ordinance.

### Overview of Licensing Requirements

Under the SFO, any person who:

- (i) carries on a business in a regulated activity; or
- (ii) holds itself out as carrying on a business in a regulated activity,

must be licensed under the relevant provisions of the SFO for carrying on such regulated activity, unless one of the exceptions under the SFO applies. It is a serious offence for a person to conduct any regulated activity without holding the appropriate licence.

Further, if a person (whether by itself or another person on its behalf, and whether in Hong Kong or from a place outside Hong Kong) actively markets to the public in Hong Kong any services that it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person is also subject to the licensing requirements under the SFO.

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## REGULATORY OVERVIEW

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In addition to the licensing requirements of corporations, any individual who:

- (i) performs any regulated function in relation to a regulated activity carried on as a business; or
- (ii) holds himself out as performing such regulated activity,

must be licensed separately under the SFO as a licensed representative accredited to his principal.

For each regulated activity conducted by a licensed corporation, it must appoint no less than two responsible officers (at least one of whom must be an executive director) to supervise the business of such regulated activity. A responsible officer is an individual approved by the SFC to supervise the regulated activity or activities of the licensed corporation to which he is accredited. In addition, every director of the licensed corporation who actively participates in or is responsible for directly supervising the licensed corporation's regulated activity or activities must apply to the SFC to become a responsible officer.

The responsible officers of ZACD Financial to supervise the regulated activities under the SFO are Mr. Siew (in respect of type 1, type 4 and type 6 regulated activities), Mr. Baur Darin Daniel who is the managing director of our financial advisory services (in respect of type 1, type 4 and type 6 regulated activities) and Mr. Choi Wai Lam Jerry who is the executive director of our fund management services (in respect of type 1 and type 4 regulated activities). To ensure compliance with the responsible officers minimum requirement in each regulated activity under the SFO at all times, our Group plans to hire two responsible officers who meet the licensing requirements of a responsible officer under the SFO to supervise type 1, type 4 and/or type 6 regulated activities in the first half of 2018. If any existing responsible officer intends to leave our Group and ceases to act as a responsible officer of ZACD Financial, our Group will (i) report to the SFC as soon as practicable and in any event within the prescribed time limit; and (ii) comply with other procedures as prescribed by the SFC from time to time.

### **Fit and Proper Requirement**

Persons applying for licences under the SFO must satisfy, and continue to satisfy after the grant of such licences by the SFC, that they are fit and proper persons to be so licensed. In simple terms, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable.

### **On-Going Obligations of Licensed Corporations**

Licensed corporations, licensed representatives and responsible officers must remain fit and proper as defined under the SFO at all times. They are required to comply with all applicable provisions of the SFO and its subsidiary rules and regulations as well as the codes and guidelines issued by the SFC.



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## REGULATORY OVERVIEW

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Outlined below are some of the key on-going obligations of a licensed corporation:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the SFC, in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (as discussed in more detail below);
- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (as discussed in more detail below);
- maintenance of segregated account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules;
- issuance of contract notes, statements of account and receipts, in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules;
- record keeping requirements prescribed under the Securities and Futures (Keeping of Records) Rules;
- submission of audited accounts and other required documents in accordance with the requirements under the Securities and Futures (Accounts and Audit) Rules;
- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules;
- notification to the SFC of certain changes and events, in accordance with the requirements under Securities and Futures (Licensing and Registration) (Information) Rules;
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification and reporting of suspicious transactions and staff screening, education and training, in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (the “**Anti-Money Laundering Guideline**”) issued by the SFC (as discussed in more detail below); and
- business conduct requirements under the Code of Conduct for Persons Licensed by or Registered with the SFC, the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC, and other applicable codes and guidelines issued by the SFC.

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## REGULATORY OVERVIEW

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### Securities and Futures (Financial Resources) Rules

Pursuant to the Securities and Futures (Financial Resources) Rules, ZACD Financial is required to maintain minimum paid-up share capital of HK\$5,000,000 for the reason that it is (i) a corporation licensed for type 1 regulated activity that does not provide securities margin financing; (ii) a corporation licensed for type 4 regulated activity; and (iii) a corporation licensed for type 6 regulated activity that is subject to the no sponsor work licensing condition.

Pursuant to the Securities and Futures (Financial Resources) Rules, ZACD Financial shall also maintain minimum liquid capital of the higher of the amount of (i) and (ii) below:

- (i) the amount of:
  - HK\$100,000 — in case of a corporation licensed for type 4, type 5, type 6, type 9 or Type 10 regulated activity which is subject to the licensing condition that it shall not hold client assets;
  - HK\$500,000 — in case of (a) a corporation licensed for type 1 regulated activity that is an approved introducing agent or trader; or (b) a corporation licensed for Type 2 regulated activity that is an approved introducing agent, a futures non-clearing dealer or trader; or
  - HK\$3,000,000 — in case of (a) a corporation licensed for type 1 regulated activity that is not an approved introducing agent or trader; or (b) a corporation licensed for type 2 regulated activity that is not an approved introducing agent, a futures non-clearing dealer or trader; (c) a corporation licensed for type 3 regulated activity that is an approved introducing agent; (d) a corporation licensed for type 4, type 5, type 6, type 9 or type 10 regulated activity which is not subject to the licensing condition that it shall not hold client assets; or (e) a corporation licensed for type 7 or type 8 regulated activity; and
- (ii) its variable required liquid capital, as defined in the Securities and Futures (Financial Resources) Rules.

If the licensed corporation is licensed for more than one type of regulated activity, the minimum paid-up share capital and liquid capital that the corporation should maintain shall be the highest amount required among those regulated activities.

### Offence to issue advertisements, invitations or documents relating to investments

Under section 103(1) of the SFO, the issue of advertisement, invitation or document which contains an invitation to the public:

- (i) to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities; or a regulated investment agreement or an agreement to acquire, dispose of, subscribe for or underwrite any other structured product; or

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## REGULATORY OVERVIEW

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- (ii) to acquire an interest in or participate in, or offer to acquire an interest in or participate in, a collective investment scheme,

has to be authorised by the SFC under section 105(1) of the SFO, unless specific exemptions apply.

The specific exemptions include, among others, that under section 103(3)(k) of the SFO, if the issue of the advertisement, invitation or document made in respect of securities or structured products, or interests in any collective investment scheme, that are or are intended to be disposed of only to “professional investors” (as defined in Part 1 of Schedule 1 to the SFO), authorisation of the issue by the SFC is not required.

If a person commits an offence contrary to section 103(1) of the SFO by issuing advertisement, invitation or document relating to investments without the authorisation of the SFC and no specific exemptions under the SFO applies, he is liable:

- (i) on conviction on indictment to a fine of HK\$500,000 and to imprisonment for three years and, in the case of a continuing offence, to a further fine of HK\$20,000 for every day during which the offence continues; or
- (ii) on summary conviction to a fine of HK\$100,000 and to imprisonment for six months and, in the case of a continuing offence, to a further fine of HK\$10,000 for every day during which the offence continues.

### **Anti-Money Laundering and Counter-Terrorist Financing**

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the Anti-Money Laundering Guideline.

The Anti-Money Laundering Guideline provides practical guidance to assist licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Under the Anti-Money Laundering Guideline, licensed corporations should, among other things:

- assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the associated money laundering and terrorist financing risks;
- identify the client and verify the client’s identity using reliable, independent source documents, data or information, and take steps from time to time to ensure that the client’s information is up-to-date and relevant;

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## REGULATORY OVERVIEW

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- conduct on-going monitoring of activities of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose;
- maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the various lists that have been made known to it, as well as comprehensive on-going screening of the client's database or, alternatively, make arrangements to access to such a database maintained by third party service providers; and
- conduct on-going monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the Joint Financial Intelligence Unit, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs and Excise Department to monitor and investigate suspected money laundering.

We set out below a brief summary of the principal legislations in Hong Kong that are concerned with money laundering and terrorist financing.

**(1) *Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong)***

Among other things, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance imposes requirements relating to client due diligence and record-keeping and provides regulatory authorities with the powers to supervise compliance with the requirements under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. In addition, the regulatory authorities are empowered to (i) ensure that proper safeguards exist to prevent contravention of specified provisions in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance; and (ii) mitigate money laundering and terrorist financing risks.

**(2) *Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong)***

Among other things, the Drug Trafficking (Recovery of Proceeds) Ordinance contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities. It is an offence under the Drug Trafficking (Recovery of Proceeds) Ordinance if a person deals with any property knowing or having reasonable grounds to believe it to represent the proceeds of drug trafficking. The Drug Trafficking (Recovery of Proceeds) Ordinance requires a person to report to an authorised officer if he/she knows or suspects that any property (directly or indirectly) represents the proceeds of drug trafficking or

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is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offence under the Drug Trafficking (Recovery of Proceeds) Ordinance.

**(3) *Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong)***

Among other things, the Organised and Serious Crimes Ordinance empowers officers of the Hong Kong Police Force and the Hong Kong Customs and Excise Department to investigate organised crime and triad activities, and it gives the courts jurisdiction to confiscate the proceeds of organised and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences. The Organised and Serious Crimes Ordinance extends the money laundering offence to cover the proceeds of all indictable offences in addition to drug trafficking.

**(4) *United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)***

Among other things, the United Nations (Anti-Terrorism Measures) Ordinance provides that it would be a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate. The United Nations (Anti-Terrorism Measures) Ordinance also requires a person to report his knowledge or suspicion of terrorist property to an authorised officer, and failure to make such disclosure constitutes an offence under the United Nations (Anti-Terrorism Measures) Ordinance.

## REGULATORY REQUIREMENTS IN AUSTRALIA

Set out below are the key laws and regulations in Australia that will have a material impact on our Group's planned business in Australia.

### Foreign Investment

Australia has a non-statutory advisory body called the Foreign Investment Review Board (“**FIRB**”) established to regulate certain types of acquisitions by foreign persons of equity securities in Australian companies and trusts, and of Australian businesses and Australian real property assets (“**foreign person(s)**”). It is utilized by the Treasurer of Australia (“**Treasurer**”) to review foreign investment proposals against the national interest on a case-by-case basis.

The following legislations govern the FIRB process:

- *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (the “**FATA**”);
- *Foreign Acquisitions and Takeovers Regulation 2015 (Cth)* (the “**FATR**”);

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## REGULATORY OVERVIEW

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- *Register of Foreign Ownership of Water or Agricultural Land Act 2015* (Cth) and its accompanying regulations; and
- *Foreign Acquisitions and Takeovers Fees Imposition Act 2015* (Cth) and its accompanying regulations.

In conjunction to these legislations are the Australia's Foreign Investment Policy (the "Policy") and Guidance Notes on the specific application of the law. It should be noted that neither the Policy nor Guidance Notes are binding.

Under FATA, certain acquisitions of Australian interests are defined as significant actions. Some significant actions, called notifiable actions, must be notified to the Treasurer before the actions can be taken.

A foreign person(s) is generally:

- an individual that is not ordinarily resident in Australia;
- foreign government or foreign government investor;
- a corporation, trustee of a trust or general partner of a limited partnership where an individual not ordinarily resident in Australia, foreign corporation or foreign government holds a substantial interest of at least 20%; or
- a corporation, trustee of a trust or general partner of a limited partnership in which two or more foreign persons hold an aggregate substantial interest of at least 40%.

Entities are designated as foreign persons if:

- (a) a foreign holder holds a 'substantial interest' in the entity (ie, 20% or more); or
- (b) two or more unrelated foreign holders hold an aggregate substantial interest of at least 40%.

Trusts and limited partnerships are similarly designated, through their trustee or general partner, based on foreign holders' interests in the trust or limited partnership.

The interests that count towards the 20% substantial interest and 40% aggregate substantial interest threshold held by foreign holders are broadly defined. Holding securities is counted but so is controlling voting power or potential voting power. 'Potential voting power' is a concept that assumes any right to acquire new votes has been exercised with the resulting percentage of votes calculated on a diluted basis (which is why convertible instruments can render the issuer foreign). Any legal or equitable interest is counted, interests under options and conditional agreements are included, and any veto power over board decisions is deemed to be control of 20% of potential voting power.

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For trusts, an interest includes any interest in units of a unit trust, and any beneficial interest in the income or property of a trust.

A person holds a ‘substantial interest’ in a corporation if the person holds, alone or with one or more associates, an interest of at least 20% in the corporation.

Associates includes relatives, persons acting in concert, partners in a partnership, any entity of which the foreign holder is a senior officer and vice versa, any entity in which the foreigner holds a greater than 20% interest and vice versa, any trustee of a trust where the foreigner holds a greater than 20% interest and vice versa. Further, interests of 20% or more will trace up through the chain of entities. If there are sufficient upstream foreign holders, the entity will constitute a foreign person.

With effect from 1 July 2017, the Treasurer has the power to issue exemption certificates allowing foreign persons to undertake multiple acquisitions of Australian businesses and securities in Australia entities without having to obtain individual approval for each transaction.

The Treasurer has the discretion in determining on a case-by-case basis whether a proposed transaction will be contrary to the “national interest”.

The Policy states that the Australian Government typically considers the following factors when assessing foreign investment proposals:

- national security;
- competition;
- other Australian government policies (including tax);
- impact on the economy and the community as well as employees; and
- character of the investor.

It is a criminal offence to proceed without approval. The Treasurer has powers to request information and documents from other parties if relevant to a foreign investment proposal.

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*The information and statistics presented in this section and elsewhere in this prospectus have been derived from an industry report, commissioned by us and independently prepared by Savills Valuation and Professional Services (S) Pte Ltd in connection with the Listing. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organisations, market data providers, communications with other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of this prospectus which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, advisers and affiliates have independently verified such information and statistics and no representation has been given as to its accuracy or completeness. Accordingly, such information should not be unduly relied upon.*

### INTRODUCTION

We commissioned Savills to provide an independent real estate market and industry report (referred to as the Savills Report) with respect to investment management services, project consultancy and management services and property management and tenancy management services. We paid Savills a fee of S\$125,000, which we believe reflects market rates for reports of this type. Unless the context requires otherwise, market estimates or forecasts in this section represent Savills's view on the future development of the selected industries in Singapore and worldwide.

Savills Valuation and Professional Services (S) Pte Ltd, a wholly-owned entity of Savills Singapore Pte Ltd, comprises the valuation and advisory as well as research and consultancy divisions that focus on Singapore and South East Asia. It is part of Savills plc, a real estate services provider listed on the London Stock Exchange with a global network of over 700 offices in more than 60 countries. In preparing the report, Savills relied on the statistics and information obtained through primary and secondary research. Primary research includes interviewing industry insiders and recognised third-party industry associations, while secondary research includes reviewing corporate annual reports, databases of relevant official authorities, independent research reports and publications, as well as the exclusive database established by Savills over the past decades. Forward-looking statements/forecasts were made by Savills based on the following assumptions (i) social, economic and political conditions in the world and Singapore currently discussed will remain stable during the forecast period; (ii) government policies on investment management services industry in Singapore will remain unchanged during the forecast period; and (iii) growth in the investment management services industry in Singapore will be driven by the growing real estate market and financial needs of real estate developers (amid the significant rise in real estate prices), more real estate companies adopting asset light strategies, as well as the increasing need of investors to diversify their portfolio, in terms of geography and sector.

Our Directors took reasonable care in reviewing and discussing the above assumptions and factors with Savills, and nothing has come to the attention of our Directors to indicate that the disclosure of industry data and projections relating to future periods in this section is misleading. Unless otherwise indicated, market estimates and forecasts in this section represent Savills's view on the future development of the relevant industries in Singapore and worldwide.

### REAL ESTATE INVESTMENT MANAGEMENT SERVICES IN SINGAPORE

Real estate investment management involves activities such as strategy formation investment/project sourcing, deal evaluation, investment vehicle/fund establishment and its management (Figure 1).



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**Figure 1: Real Estate Investment Management Value Chain**



Source: Savills Report

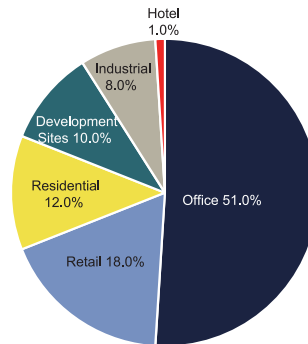
Total assets managed by Singapore-based asset managers was estimated at S\$2.7 trillion in 2016. Alternative AUM i.e., private equity/venture capital, hedge funds, REITs and real estate (also known as Private Equity Real Estate), constituted about 17.4% (S\$478.0 billion) of total AUM in Singapore (Table 1). Real estate products targeted by real estate investment/asset managers in Singapore are mainly commercial, notably office and retail. This is followed by residential and development sites (Figure 2).

**Table 1: Breakdown of AUM in Singapore (2016)**

Type of AUM	Estimated AUM (\$)	% of Total AUM
<b>Traditional (e.g., stocks and bond funds)</b>	2.3 trillion	82.6%
<b>Alternative</b>	478.0 billion	17.4%
Private Equity/Venture Capital	156.7 billion	5.7%
Hedge Fund	137.7 billion	5.0%
REITs	93.8 billion	3.4%
Real Estate	<b>89.8 billion</b>	<b>3.3%</b>
<b>Total AUM by Singapore-based Asset Managers</b>	2.7 trillion	100.0%

Source: MAS, Savills Report

**Figure 2: Acquisitions by Equity Funds/Investment Managers (Singapore; since 2000)**



Source: RCA, Savills Report

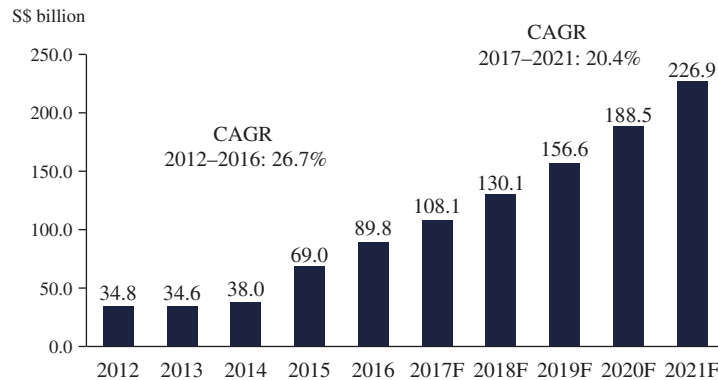
Historically, there are few investment managers in Singapore that predominantly focus in real estate development sites, as most invest in completed projects. For development projects, it is not uncommon that equity funding is sourced using investment management services provided by PERE firms. Generally, real estate developers retain 80.0% to 95.0% stake in the project, while the fund is apportioned a 5.0% to 20.0% share. Other common practices include (i) the use of SPVs for fund establishment; (ii) the use of close-end limited partnership structures; (iii) the use of convertible loans as a capital/financing structure; and (iv) the use of a reserve fund as working capital of the SPV and temporary bridging for seeking opportunities.

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### Demand of Real Estate Investment Management Services

Demand for real estate investment management services in Singapore expanded significantly over the past decade, driven by the city-state's position as a global-Asia financial hub and well-developed real estate investment market. Demand was partly supported by the increase in Asia-focused real estate AUM growing by an estimated 30.3% CAGR between 2012 and 2016. Total AUM in Singapore grew by 14.0% CAGR between 2012 and 2016, while the alternative sector expanded at a faster 20.7% CAGR over the same period. Contribution from real estate was significant, as the sector's AUM grew by an estimated CAGR of 26.7% from S\$34.8 billion in 2012 to S\$89.8 billion in 2016 (Figure 3). This reflected investors' growing appetite for investment strategies that result in enhanced portfolio diversification, the recent shift to undertake more credit and liquidity risk amid low global yields, as well as Singapore's continued attractiveness as a preferred investment fund domicile.

**Figure 3: Cumulative Real Estate AUM under Singapore-based Asset Managers**



Source: MAS, Savills Report

In terms of returns, real estate is one of the leading alternative asset classes globally, as it generated a median net IRR of 14.9% in three years to June 2016 (Table 2). Meanwhile, Asia-focused private real estate funds which started capital drawdowns in 2013 achieved a median net IRR of 17.4%. Real estate AUM under Singapore-based managers is expected to continue to grow at a CAGR of 20.4% per annum from 2017 to 2021, driven by Singapore's growing real estate investment market, continued geographical diversification in other APAC real estate markets and the trend of more traditional real estate players adopting asset light strategies (which requires more investment management services).

**Table 2: Returns for Close-End Private Real Estate and Other Capital Strategies**

Three-year returns to	Real Estate	Private Equity	Buyout	Venture Capital	Mezzanine PE	Distressed PE
Mar 2016	16.5%	13.7%	15.7%	15.0%	13.7%	6.3%
Jun 2016	14.9%	14.4%	17.5%	16.7%	12.7%	6.6%

Source: Savills Report

### Drivers of Investment Management Services in Singapore

- Growing Real Estate Investment Market in Singapore** — Singapore's real estate investment market grew well since the global financial crisis in 2009, with investment amount averaging at S\$21.7 billion per annum between 2010 and 2016. From S\$5.4 billion in 2009, investment amount returned to health in 2010 (S\$26.3 billion), supported by low interest rates and strong capital flows from major economies, notably China. The ensuing uncertainty in the US and Eurozone and implementation of property cooling measures and policies in Singapore (e.g., imposition of seller's stamp duty for residential and industrial properties, imposition of additional buyer's stamp duty for residential properties and implementation of a more stringent

## INDUSTRY OVERVIEW

debt servicing framework for property loans between 2011 and 2013), affected the return and exit horizon for real estate investments. Nonetheless, annual investment amount during the period continued to stay healthy at an average level of S\$25.9 billion.

Although investment amount for en-bloc/collective residential and residential development sites was affected by government measures which mostly targeted residential, strong IPO/transactional activity by commercial and industrial REITs helped hold up investment amount in 2012 and 2013 (Table 3). Investment amount was at a moderate level in 2014 (S\$15.5 billion) and 2015 (S\$14.0 billion), notably in the residential and industrial sectors. This was due to economic uncertainties, continuance of property cooling measures, expectations of the US interest rate hike, as well as compressed yields and oversupply concerns (which impacted the rental market) in some sectors e.g., office, retail and strata-titled industrial. Local investors also ventured overseas to explore investment opportunities in these two years. Singapore's investment market returned to growth in 2016 (S\$18.6 billion) and the first half of 2017 (S\$11.7 billion), recording the highest level of sales since 2013. Activity was led by major deals, mainly residential, office and development sites. Apart from a return of institutional investors seeking for assets to optimise their portfolios, the increase of foreign real estate developers, notably from China and Malaysia, who have started to venture out of their domestic markets due to challenging conditions (e.g., intensifying industry competition and political uncertainty), helped drive Singapore's investment market.

**Table 3: Real Estate Investment Amount (Singapore)**

Sector (S\$ billion)	2012	2013	2014	2015	2016	2017F to 2021F
Office	4.6	5.4	5.5	4.5	6.0	
Industrial	2.1	3.0	1.6	1.5	0.9	Estimated
Retail	2.7	2.3	0.8	1.5	2.0	S\$17.0 to S\$25.0
Hotel	0.9	3.0	0.3	0.6	0.0	billion per annum
Residential	1.5	0.9	0.3	0.5	2.9	(Note)
Development Sites	11.7	10.2	7.0	5.4	5.8	
<b>Total</b>	<b>23.6</b>	<b>24.7</b>	<b>15.5</b>	<b>14.0</b>	<b>18.6</b>	

*Note:* As investment amount is very deal-oriented, it is impractical to forecast the investment amount in a specific forecasted year.

*Source:* RCA, Savills Report

Going forward, real estate investment amount in Singapore is expected to remain healthy, registering at around S\$17.0 to S\$20.0 billion per annum in 2017 and 2018. Backed by stronger economic fundamentals in the coming mid-term, there is a potential for investment amount in Singapore to reach around S\$21.0 to S\$25.0 billion per annum from 2019 to 2021. This is expected to further drive the demand for investment management services in Singapore over the next five years.

- 2. Focus on Geographical and Sectoral Diversification** — There is a rising number of global investors geographically diversifying their portfolios via Singapore, which is a gateway for investment management service providers worldwide. While China and Australia have traditionally been APAC's top two largest real estate investment markets, many investors renewed their interest in smaller markets such as Singapore and Indonesia, which saw a YOY increase in investment amount of 32.8% and 117.0% respectively in 2016, higher than that for China (27.6%) and Australia (-12.4%) (Table 4). During the first half of 2017, real estate investment amount in Singapore and Indonesia reached a healthy level, further reflecting the strong investment growth potential of these markets. Growing interest among investors in APAC real estate markets has driven the need for investment management services by Singapore-based managers.

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**Table 4: Real Estate Investment Amount in Selected APAC Markets**

Market	2014		2015		2016		First Half of 2017
	Sales (S\$ billion)	YOY % Change	Sales (S\$ billion)	YOY % Change	Sales (S\$ billion)	YOY % Change	Sales (S\$ billion)
China	493.6	-20.5%	501.8	1.7%	640.4	27.6%	252.1
Australia	60.6	28.9%	65.3	7.8%	57.2	-12.4%	17.7
Hong Kong	28.9	-5.4%	33.0	14.2%	40.4	22.3%	36.1
Singapore	15.5	-37.1%	14.0	-9.6%	18.6	32.6%	11.7
Malaysia	4.9	-36.5%	5.6	12.6%	2.9	-48.7%	1.5
Indonesia	0.8	17.8%	0.3	-65.7%	0.6	117.0%	0.6

*Source: RCA, Savills Report*

The introduction of the Additional Conveyance Duty by the Singapore government for the sales/purchase of residential properties in property-holding entities from 11 March 2017 is expected to channel investors' focus to alternative (non-residential) sectors. Popular alternative sectors include (i) advanced logistics facilities such as last-mile delivery centres and cold stores; (ii) hospitality assets, particularly in developing markets such as Malaysia and Indonesia; (iii) student housing, especially in Australia; and (iv) data centres in major hubs with comprehensive digital infrastructure such as Singapore. Meanwhile, real estate developers, private equity and REITs are expected to continue the strategy of overseas diversification in the near future for growth. Investor access into alternative and overseas real estate sectors is often performed through investment management services (which are often based in Singapore), and with the impetus to diversify, it is expected to drive the need for such services.

- An Increasing Focus to “De-risk”** — The use of asset light strategies by real estate industry players, which includes carrying out public REIT listings and/or creating investment management platforms, in Singapore is increasing. Their purpose is to recycle capital and redirect it to higher yielding assets, which will improve returns, and to some extent, “de-risk” their projects e.g., reduce financial risk (by reducing equity outlay) and potential liabilities from personal/corporate guarantees.

Industry players usually use external investment management services or establish in-house fund management units, and this subsequently helped drive the investment management industry. The typical model involves development projects being funded by external investors (which usually involves an equity stake), while developers focus on project delivery and management. Rental income/capital gains are subsequently shared between the developer (which also receives management fees) and investors.

More developers in Singapore entered into business ventures/formed consortiums, either with other developers (usually involving a foreign developer) or private equity real estate and related firms in recent years, as they either lacked sufficient liquidity or faced a growing need to de-risk their development projects. Partnerships not only reduce the equity outlay required, they can also potentially pool different critical skillsets and investor contacts across the value chain and industry networks. In addition, some developers and funds may have internal limits set, on a country and/or asset size basis and would therefore invite others to co-invest.

There were also more construction companies venturing into real estate development in Singapore, amid a moderation in construction activity. Perceived as new players, they usually partnered with PERE firms for development projects. Foreign real estate developers, notably from China and Malaysia, were also increasingly active in Singapore and were also concerned with de-risking their projects (Table 5). It is common that foreign real estate developers require local professionals e.g., for project consultancy and management, to deliver projects more proficiently. More small- to -mid-sized and new-to-market real estate developers are likely to require private equity funding, notably from firms offering integrated real estate investment management services.

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**Table 5: Cross-border Capital Flows into Development Sites in Singapore**

	2012	2013	2014	2015	2016	First Half of 2017
S\$ billion	2.8	1.7	2.1	3.5	3.8	3.7
YOY % Change	-36.7%	-38.6%	20.4%	69.6%	8.0%	—

Source: RCA, Savills Report

### Pricing Analysis of Real Estate Investment Management Services in Singapore

Common economic incentives for private equity real estate investment/fund management include (i) management fees, typically based as a percentage fee of commitments made by a LP during the fund's lifetime. From 2012 to 2016, average/median management fee (based on committed capital) hovered around 1.5% per annum during the average three-year investment period; and (ii) carried interest, usually set as a percentage of profits after achieving a pre-agreed hurdle rate of return on capital or project milestone. Median carried interest charged is traditionally at 20.0%. Management fees and carried interest in Singapore are largely in line with global standards, though with intensifying competition among managers, some management fees charged were from 0.8% to 1.0% per annum.

### Key Development Trends/Opportunities for Real Estate Investment Management Services in Singapore and APAC Markets

- Uplift from Positive Global and Regional Outlook** — Prospects for the real estate investment management services industry in Singapore (i.e., Singapore-based managers) are expected to receive an uplift from the overall positive sentiments on real estate as an asset class and capital target. While investment managers are cautious in the short-term due to factors such as high asset pricing and volatility/uncertainty in the global markets, they have significant unused capital available.

Investment management services in Singapore will also be driven by Asia's real estate investment market growth. Real estate investment amount in APAC markets, a reflection of this growth, started to pick up after declining in 2014 and 2015 (Table 6). It accounted for close to half of global investment amount in 2016, further reflecting the region's strong growth potential. Savills estimates that while real estate AUM for APAC markets will grow at a moderated pace compared with the last five years (2012 to 2016: 30.3% CAGR), it will still be significant and is likely to range from 20.0% to 25.0% CAGR over the next five years.

**Table 6: Annual Real Estate Investment Amount (APAC Markets and Singapore)**

S\$ billion	2012	2013	2014	2015	2016	First Half of 2017
APAC Markets	584.0	836.4	734.7	737.7	860.4	343.4
Singapore (% of APAC Markets)	23.6 (4.0%)	24.7 (3.0%)	15.5 (2.1%)	14.0 (1.9%)	18.6 (2.2%)	11.7 (3.4%)

Source: RCA, Savills Report

- Continued Growth in the Real Estate Investment Market** — Despite rental yield compression in most real estate sectors in APAC markets, investment into real estate in Singapore is likely to continue at a healthy level as private equity funds and HNWI's have either raised new money, or need to diversify into stable yielding assets to reduce concentration risk. In particular, HNWI's and UHNWI's in Singapore are likely to continue to support real estate demand and this group of investors typically require investment management services. About 41.0% of HNWI's/UHNWI's are intending to increase their indirect real estate holdings in the next five years, and this is likely to drive the demand for

## INDUSTRY OVERVIEW

real estate investment management services. This is in line with other industry sources, which show that the growth of HNWIs in Singapore is expected to remain healthy over the next decade (Table 7).

**Table 7: Growth in the Number of HNWIs and UHNWIs (Singapore)**

Type	2006	2016	2026 F	CAGR (2006 to 2016)	Estimated CAGR (2016 to 2026 F)
HNWI	137,500	217,300	304,200	4.7%	3.4%
UHNWI	1,580	2,500	3,500		

Source: Knight Frank Wealth Report 2017, Savills Report

3. **Private Equity Real Estate Firms Focus on Development Sites** — For Singapore, prospects for private equity real estate firms to participate in development projects remain relatively sound, as they are more likely to enjoy a higher total return<sup>1</sup> than completed core investments. Alongside the declining land supply, tenders of government land sales sites have been hotly contested since the second quarter of 2016, with increasing participation by foreign real estate developers and construction companies (Table 8). Coupled with real estate developers looking to replenish their declining land banks, competition in upcoming land tenders is expected to intensify. With the rising land prices in Singapore, some real estate developers are seeking to sharpen their bidding edge by co-investing in development sites with private equity real estate sources/investment management companies as limited partners.

**Table 8: Land Supply and Prices from the Government Land Sales Programme**

	2012	2013	2014	2015	2016
Land Area (sq.m.)	863,000	742,200	705,900	320,100	269,000
Permissible Gross Floor Area (sq.m.)	1,985,851	1,618,700	1,422,300	867,100	706,300
Average Land Price (S\$ per sq.m.)	12,414	13,126	9,579	16,755	21,716

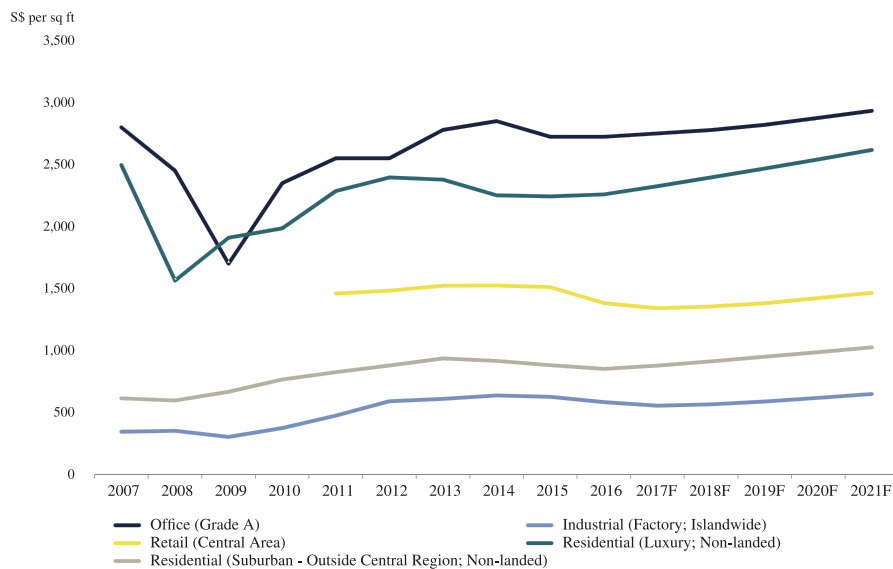
Source: URA, HDB, JTC, Savills Report

4. **Sectoral Opportunities** — While real estate prices in Singapore have been on a decline in recent quarters, there are signs of recovery in various sectors, especially residential. Although offices emerged as investors' top pick in recent quarters, there are also opportunities in:
- (i) **Industrial** — While there are pockets of growth e.g., logistics and data centres, they are not sufficient to hold up overall performance. Industrial rents are likely to soften in the short term and is expected to impact pricing in 2017. This may open up new investment opportunities in the sector, given that prices may recover gradually from 2018 onwards. Future growth in industrial prices is underpinned by an expected recovery in the traditional industries e.g., oil & gas and marine & offshore, as well as new industries e.g., advanced manufacturing and data-driven technology firms. Price growth for industrial properties with longer tenures (e.g., 60 years and above) is likely to be stronger as they are increasingly limited, as the government reduced the land lease tenure of new industrial land in its land sale programme since 2012; and
  - (ii) **Residential** — Housing prices have fallen 11.6% from its peak in third quarter of 2013, but demand is strengthening, especially in the luxury segment where total sales of new and existing houses improved 48.7% from 2015. With the relaxation in regulations in March 2017, coupled with the fact that Singapore's residential prices are relatively attractive compared with other developed markets in APAC, it is likely that prices will begin increasing in later 2017, barring any external shocks.

<sup>1</sup> Using stock prices of real estate developers and REITs in Singapore as a proxy to the performance of private equity real estate funds, the average total returns (dividend return and capital gain) from 2012 to May 2017, on an annualised basis, for real estate developers was 15.8%, higher compared with S-REITs (10.8%). Of the S-REITs, industrial REITs was the best performing class, clocking in a 12.4% annualised return over the period.

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**Figure 4: Property Prices of Selected Real Estate Sectors (Singapore)**



Source: URA, JTC, Savills Report

Figure 4 (above) highlights the property prices of various real estate markets in Singapore, which generally reflects signs of bottoming and even an impending turnaround for some sectors e.g., residential. Going forward, property prices in the office, luxury and suburban residential sectors are expected to reach new peaks in the next five years, while that for industrial and retail are expected to recover to their previous peaks in 2015.

### Key Development Trends/Opportunities for Australia Real Estate Market

- Uplift from Renewed Economic Momentum** — Australia’s economy has been in a growth phase for over 25 years and is increasingly becoming a choice of destination for global capital. The 5-year average for GDP growth in the Australian economy was recorded at an annualized rate of 2.5%, a figure well above most of its developed peers. While there has been much discourse on the Australian economy being heavily reliant on the mining industry (and consecutively the export of resources) as a source of growth, it has made a successful structural shift towards the non-resource-based sectors. In addition, the mining industry has historically made up between 5% and 8% of the overall economy. Since 2016, we are seeing the domestic economy being increasingly supported by growth in the services’ industries, responsible for 1.3% of overall GDP growth, which was 2.0% over the year to June 2017. With recent evidence suggesting that the drag on the overall economy resulting from the downturn in mining investments over the last five years has largely passed, this points to a renewal in economic growth back to long-term averages. In particular, growth in the financial services, education and health care sectors is likely to continue to drive overall growth in the Australian economy, with these sectors the main drivers for occupier demand in CBD markets across the country, particularly Sydney and Melbourne.
- Continued Growth Across Most Real Estate Sectors** — While there was a slowdown in investment sales over the first half of 2017, this was largely the result of a shortage of assets for sale, rather than a curbing of investor appetite, which remained strong, particularly for prime office and industrial assets (Table 9). Foreign investor interest in Australian real estate assets in the recent years has been particularly pronounced, underpinned by the country’s strong underlying economic fundamentals and stability, as well as its high level of market transparency. From 2012 to 2016, the cross-border capital flew into Australian real estate accounted for 30% to 40% of overall real estate investment amount. In particular, cross-border capital amounted to AUD21.5 billion in 2016, which was 7.6% higher than the AUD20.0 billion in 2015 and was also the highest in the last decade. Foreign investor interest in Australian real estate continue to be strong, particularly in Sydney and Melbourne, and there was also renewed interest in Brisbane and Perth. The office and industrial sectors were key

## INDUSTRY OVERVIEW

target sectors for foreign investors in the first half of 2017 (similar to the last five years), accounting for 64% of cross-border capital flows into Australian real estate in the same period (AUD5.3 billion).

**Table 9: Annual Real Estate Investment Amount (Australia)**

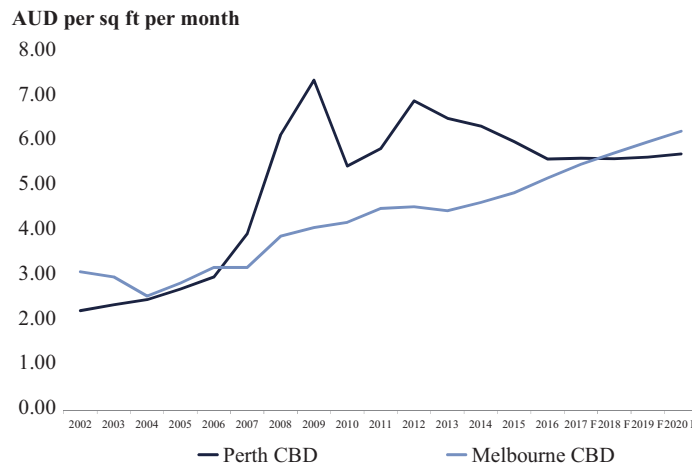
AUD billion	2012	2013	2014	2015	2016	First Half of 2017
Australia	27.5	39.0	53.1	63.5	55.7	16.8
Office	10.4	16.5	20.6	17.6	17.7	7.0
Industrial	3.7	5.1	8.3	8.2	8.9	2.6
Residential	0.2	0.2	0.5	0.3	0.6	0.1
Others (e.g., Retail, Hotel and Development Sites)	13.2	17.2	23.7	37.3	28.5	7.1

Source: RCA, Savills Report

- (i) **Office** — On the basis of returns which incorporates both capital and income elements (calculated as the percentage value change plus net income accrual, relative to the capital employed), the Australian commercial office property sector was one of the strongest performing markets globally, returning 13.0% over the year to June 2017, compared to a 10-year average of 12.2%. However, in line with the overall Australian economy, performance state by state is highly divergent. While the robust performance of the New South Wales and Victorian economies have been supporting growth in the Sydney and Melbourne office markets respectively, the downturn in the resources sector has dampened the markets in Perth and Brisbane. From January to June 2017, the Perth CBD office market recorded an office net absorption of over 13,000 sq.m., following over three years of negative net absorption, suggesting that the market has bottomed. While vacancy levels in Perth CBD remain near record highs, a trend of recentralisation from the surrounding West Perth fringe market, led to a small downtick in the vacancy rate to 21.1% in June 2017. A rebound in commodity prices providing a boost to export revenues and an increase in mining investments, in conjunction with no upcoming supply in the office sector, are likely to help the Perth CBD office market. Meanwhile, Melbourne’s status as the country’s most liveable city and relative affordability, compared to Sydney, has driven growth in the services’ sector, consecutively driving demand for residential and commercial property. Strong performance in Melbourne’s office markets, which is expected to continue, has been underpinned by strong occupier demand, with absorption nearly three times the national average (Figure 5).

As at June 2017, average Grade A office yields were recorded at 6.34%, representing a compression of 55 basis-point compared to 6.89% in June 2016. Yields varied significantly across the country, with average Grade A yields recorded at 5.50% and 7.50% in Melbourne and Perth CBDs respectively.

**Figure 5: Gross Face Office Rents (Premium and Grade A)**



Source: Savills Report

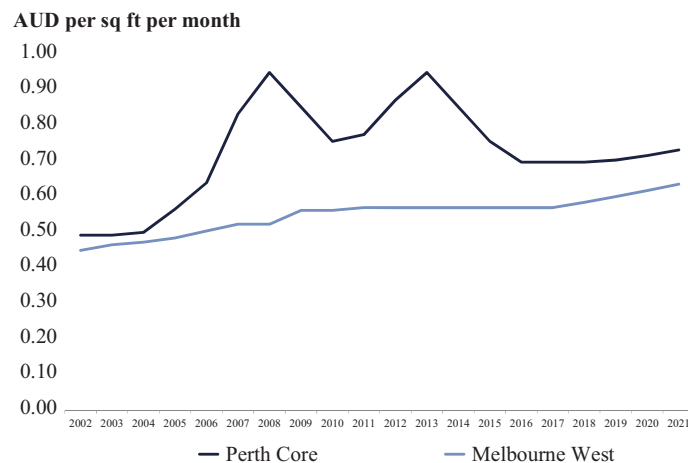


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- (ii) **Industrial** — Over the year to June 2017, the industrial sector in Australia returned 10.4%, compared to a 10-year average of 8.6%. Demand for prime quality industrial space was above historical averages nationally, particularly for larger facilities. Take-up continues to be driven by growth in the Third-Party Logistics and Freight sectors, Wholesale and Retail Trade, E-commerce. Manufacturing businesses are becoming less as space demand drivers, as Australia moves away from the local manufacturing of goods. Strong population growth is expected to underpin the future demand for industrial assets, as imported goods volumes increase in line with population. Australia’s demand for imported consumption goods has supported the evolution of the logistics and distribution industry across all major cities. In Perth, industrial space demand from the construction and mining sectors are the main drivers and while these sectors are performing moderately, they likely to see stronger growth in the mid-term. Performance in Melbourne’s industrial market has been constrained as a result of these supply side considerations. As a result, growth in Melbourne’s industrial sector is likely to remain subdued over the short- to mid-term (Figure 6).

As at June 2017, average yields for prime Australian industrial property were 6.91%, representing a 26 basis-point YOY compression. Similar to the office sector, varied significantly across markets nationally with average Prime yields for Australian industrial property reported at 6.91%, representing a 26 basis-point compression from a year prior, with average prime yields in the Melbourne West precinct currently at 6.25%, while those in the Perth Core precinct were at 6.88%.

**Figure 6: Net Face Industrial Rents (Grade A)**



Source: Savills Report

### Key Development Trends/Opportunities for Real Estate Project Consultancy and Management Services in Singapore

Real estate development/project consultancy and management services generally contribute to better return realisation or value enhancement. This industry in Singapore has grown in line with the construction and real estate sectors (Tables 10 and 11). With strong growth in construction activity in the past five years, there was significant growth in demand for real estate project consultancy and management services.

**Table 10: Construction Contracts Awarded since 1981 (Singapore)**

Construction Contracts Awarded	Annual Average between 1981 and 2016 (S\$ million)	Annual Average between 2012 and 2016 (S\$ million)
Building Work (Residential)	5,923.5	10,637.5
Building Work (Commercial)	2,064.0	3,125.1
Building Work (Industrial)	2,807.6	5,581.1
Building Work (Institutional/Others)	2,318.4	5,121.0
Civil Engineering Work	3,525.8	7,220.7

Source: Department of Statistics Singapore, Savills Report

## INDUSTRY OVERVIEW

**Table 11: Existing and Future Private Real Estate Stock (Singapore)**

Sector	2012	2017	Future State (estimated 2021)	CAGR (2012 to 2017)	CAGR (2017 to 2021)
Residential (units)	288,050	376,692	431,098	5.5%	2.7%
Office (NLA sq.m. in millions)	6.0	6.5	7.3	1.5%	2.3%
Retail (NLA sq.m. in millions)	4.1	4.5	4.9	2.0%	1.8%
Hotels (rooms)	44,037	52,552	59,330	3.6%	2.5%
Factory (NLA sq.m. in millions)	27.0	31.8	33.7	3.3%	1.1%
Warehouse (NLA sq.m. in millions)	8.1	9.6	10.5	3.3%	1.9%

*Source: URA, Savills Report*

There will be more real estate and infrastructure development opportunities in Singapore's non-CBD areas e.g., Jurong Lake District and Paya Lebar. As such areas are deemed riskier given that they are uncharted markets, this is expected to drive the need for professional project consultancy. Going forward, the industry for real estate project consultancy and management services in Singapore is likely to become more competitive, as real estate developers as well as engineering and real estate consultancy firms expand their in-house teams and adopt technology. Integrated real estate investment/asset managers with proven track record are likely to remain relevant, particularly those with effective end-to-end servicing platforms.

### Key Development Trends/Opportunities for Property and Tenancy Management Services in Singapore

The property and tenancy management industry includes activities that address the needs of asset owners and end-users such as day-to-day operations, property maintenance, rental management and lease advisory services. Factors such as population growth (6.9 million by 2030), the increase in real estate stock (Table 11) and the more intensive use of real estate in Singapore are expected to help support the continued growth in the property and tenancy management industry. Other trends observed in Singapore include more property management companies adopting technology to manage cost pressures and firms diversifying to more specialised sectors and premium services.

### COMPETITIVE LANDSCAPE

#### Investment management services

Singapore has a diverse competitive landscape for investment management services. As at the end of June 2017, out of over 1,200 Singapore-based financial institutions, MAS estimates that close to 700 are investment management firms, of which 416 are fund management companies that hold CMS licences, while 279 are RFMCs. Meanwhile, it is estimated that there are 41 private equity real estate firms (out of the 700 investment management firms), though Savills believe a considerable proportion have obtained CMS licenses or are RFMCs (Table 12).

**Table 12: Estimated Market Share of Singapore-based Fund Managers**

Portfolio Bands (in terms of funds raised in last 10 years)	Number of Companies	Total Funds Raised in last 10 years
Above USD500 million	10	USD41.3 billion (93.4%)
Between USD250 and USD500 million	5	USD1.8 billion (4.0%)
Between USD100 and USD250 million (Bandwidth of our Group)	5	USD0.9 billion (2.1%)
Below USD100 million	6	USD0.2 billion (0.5%)
Data not available (likely to be below USD500 million)	15	—
Total (Estimated)	41	USD44.2 billion

*Source: Savills Report*

## INDUSTRY OVERVIEW

The private equity real estate investment management industry has an estimated<sup>2</sup> market size of S\$89.8 (USD66) billion in 2016. In terms of fund raising capacity, the industry is mainly dominated by ten regional/world's largest private equity real estate fund managers (above USD500 million), as they account for about 90.0% of the funds raised in the last 10 years. Most of these firms, of which some are government-linked companies (also known as state-owned enterprises), compete on an international level with top equity investment/fund managers (usually headquartered in the US) in the world. Apart from the government-linked companies, other investment managers in this tier usually focus less in direct real estate development, compared to smaller players e.g., our Group (Table 13).

**Table 13: Top Five Singapore-based Private Equity Real Estate Fund Managers<sup>3</sup>**

<u>Fund Manager</u>	<u>Fundraising (USD million)</u>	<u>AUM (USD billion)</u>	<u>Sector</u>	<u>Geography</u>
Fund Manager A	6,705	41.0	Industrial	China, Japan, US, Brazil
Fund Manager B	2,414	28.2	Diversified	Japan, China
Fund Manager C	2,050	33.5	Diversified	APAC
		(Jun 2016)		
Fund Manager D	1,928	18.6	Diversified	APAC
Fund Manager E	1,907	25.7	Diversified	APAC
The Group	~135	~0.2	Residential and Industrial	Singapore, Malaysia and Indonesia

*Source: Savills Report*

Small- to mid-sized private equity real estate firms (below USD500 million in terms of funds raised in last 10 years) collectively have about 10% market share. The competitive landscape in this bandwidth is more fragmented, as it is shared by over 30 firms. There are few barriers to entry for this bandwidth, as Singapore's financial regulatory environment for investment management is relatively open and conducive for small-sized investment management start-ups. Small- to mid-sized private equity real estate firms usually pursue more specialised/niche strategies, as seen in boutique private equity real estate funds, targeting more opportunistic strategies such as real estate development funds. In particular, there are very few private equity real estate-focused firms with CMS licenses that concentrate on real estate development sites/projects in Singapore. In addition, they mainly focus on only pre-/early stage development activities and do not provide end-to-end real estate project consultancy and property management services that our Group offers. Excluding real estate developers that have fund management platforms, there are relatively limited integrated real estate investment managers in Singapore and even in APAC. One of the largest players is Fund Manager E and our Group, despite being a small- to mid-sized investment management firm has a market share of less than 1.0% in Singapore in terms of AUM and is also one of the market players in this category.

It is not uncommon in Singapore for real estate investment management companies to directly participate in the real estate development process e.g., land tender bidding. While limited in number, there is an ongoing gradual trend of such investment managers becoming more directly involved (apart from just providing equity) in development projects. Going forward, it is expected that more real estate investment managers, especially those with integrated end-to-end services, will be actively and more independently seeking real estate development opportunities in Singapore.

<sup>2</sup> Other industry estimates place the total AUM of leading Singapore-based private equity real estate fund managers at around USD160 billion in 2016, though this figure may have included AUM from their other operating business segments e.g., REITs.

<sup>3</sup> The rankings are based on total fundraising between January 2011 and March 2016.

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## INDUSTRY OVERVIEW

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### Property management and tenancy management services

The property management industry for properties held by the public and private sectors is well-differentiated. For instance, public housing in Singapore is now managed by 16 town councils which generally appoint less than 10 managing agents from the private sector for property management. This is similar for other public-owned real estate and facilities such as industrial properties, schools and hospitals.

On the other hand, the property management industry for private properties (particularly for strata management) is more fragmented. Industry players comprise many small- to mid-sized players, with a handful of large property management companies that manage about 10,000 units and above each, with the top five companies accounting for an estimated 30% to 35% of market share in terms of the number of strata-titled units<sup>4</sup> (Table 14). Leading players are mainly global real estate consultancy firms, as well as independent property management firms which have diversified into other services. The other segment for the industry is mainly represented by real estate operating companies, REITs, private real estate funds and other institutional owners. While some of these entities set up subsidiaries to manage these properties, they also use facility and tenancy management services from third-party companies.

**Table 14: Estimated Market Share of Property Management Industry by Strata-titled Units<sup>5</sup>**

<b>Portfolio Bands</b>	<b>Composition (Number of Companies)</b>	<b>Composition (Number of Strata Lots)</b>
Large — 10,000 units and above	2%	34%
Mid-sized — 4,000 to 9,999 units (Size of our Group's portfolio)	6%	34%
Small — 1,000 to 3,999 units	13%	21%
Very Small — Below 1,000 units	78%	10%

*Source: BCA, Savills Report*

It is more challenging for small-sized firms (managing below 1,000 strata units) to scale their businesses. On the other hand, it is likely to be less challenging for mid-sized industry players as they have accumulated some track record and economies of scale, which is important for business expansion. Going forward, mid-sized companies are likely to be in a position to expand more rapidly, as they are sufficiently nimble to capitalise on new business models and technology.

### BARRIERS TO ENTRY

The primary entry barriers for new real estate investment management companies entering the industry in Singapore is the lack of track record, as well as real estate market knowledge and expertise. In addition, new firms tend to lack sufficient industry network e.g., with investment and property consultants as well as investors, notably HNWIs.

A survey of 50 alternative investment consultants on the key consideration factors when selecting real estate investment/fund managers in November 2016 illustrates the barriers to entry for private equity real estate managers. Consultants indicated that successful performance track record at team level as the most important factor (100% — very important), as this was critical when conducting due diligence. This was followed by the investment/fund manager's experience with the fund strategy (92%), whether the fund's economic terms were attractive (77%), as well as whether the team has a presence in the markets they are targeting (73%).

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<sup>4</sup> Based on the BCA's data on MCST Strata Title, as at November 2016. The market share of strata lots are estimates, as there are various developments where data on the managing agent is not available.

<sup>5</sup> Excludes developments where managing agent's information is not available.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### OUR FOUNDERS

In 2003, our Founders, Mr. Yeo and Ms. Sim, founded SLPI which is a company incorporated in Singapore primarily engaged in real estate agency and a connected person of our Company. Leveraging on their network that they established with real estate developers from the real estate agency business, in June 2005, our Founders co-founded ZACD Investments which is our direct Controlling Shareholder.

Initially founded by our Founders as an educational fund for their children Zachary and Darius, ZACD is the acronym of their names. Over the years, ZACD Investments has developed and expanded into the business of investment management and project consultancy and management services. For the background of our Founders, please refer to the paragraph headed “Directors and Senior Management — Directors — Executive Directors” in this prospectus.

### OUR HISTORY

In January 2011, ZACD Investments founded ZACD International in Singapore to provide project consultancy and management services. Since then, our business activities have been developed to encompass investment management services, property management and tenancy management services in Singapore.

In October 2011, ZACD Capital was established in Singapore by our Founders with a view to expand our investment management services. In November 2012, ZACD Capital was registered as a Registered Fund Management Company with the MAS to conduct certain restricted fund management services. In September 2016, ZACD Capital obtained a CMS Licence from the MAS to conduct fund management regulated activity under the Securities and Futures Act (Chapter 289 of the Laws of Singapore).

In order to better delineate the functions with our Group entities and optimise our Group structure, the investment management business was novated from ZACD Investments to ZACD International in 2012, and the property management and tenancy management businesses were novated from SLPI to our Group under ZACD International in July 2016. On 17 November 2016, ZACD POSH was established by our Company in Singapore to assume the property management and tenancy management businesses originally conducted by ZACD International. For further details about the novations of our businesses, please refer to the paragraph headed “Novation of Our Businesses” below in this section.

With an aim to provide services to clients outside Singapore, ZACD Financial was established in Hong Kong in October 2015 and has been licensed to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*), and type 6 (*advising on corporate finance*) regulated activities under the SFO since December 2016.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Set out below is a chronological review of the key milestones of our Group:

<u>Month/Year</u>	<u>Major development and achievement</u>
January 2011	Incorporated ZACD International and awarded consultancy project for residential and industrial projects
October 2011	Incorporated ZACD Capital to manage single purpose real estate development fund
June 2012	Our assets under management reached S\$100 million
November 2012	ZACD Capital was registered as a Registered Fund Management Company with the MAS
October 2014	Managed first investment in Malaysia
February 2015	Managed first investment in Indonesia
October 2015	Incorporated ZACD Financial with an aim to provide services to clients outside Singapore
April 2016	Our assets under management reached S\$200 million  Established the first private equity real estate fund, namely the ARO II Fund
September 2016	ZACD Capital obtained a CMS Licence
October 2016	Established new private equity real estate fund, namely BBW6 Fund
November 2016	Incorporated our Company as a listing vehicle and ZACD POSH (meaning property one-stop solution haven) for the provision of specialised property and tenancy management services
December 2016	ZACD Financial became a licensed corporation under the SFO to conduct type 1, type 4 and type 6 regulated activities in Hong Kong
May 2017	Established two new private equity real estate funds, namely S1 Fund and S2 Fund

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### CORPORATE DEVELOPMENT

The following summarises the corporate development of the companies comprising our Group immediately prior to the commencement of the Reorganisation.

#### ZACD International

ZACD International was incorporated in Singapore with limited liability on 28 January 2011 and has commenced business since January 2012. At the time of incorporation, its principal activity was investment holding. This was amended to real estate development and consultancy on 27 October 2011, and later amended to business and management consultancy. As at the Latest Practicable Date, ZACD International was principally engaged in investment management services, and project consultancy and management services.

At incorporation, ZACD International had an issued share capital of S\$2 with two shares issued and allotted to ZACD Investments, credited as fully paid, at a consideration of S\$2 settled in cash. Upon completion of such allotment, the entire issued share capital of ZACD International was wholly-owned by ZACD Investments.

Since its incorporation, ZACD International had the following changes to its shareholding:

- (a) On 21 October 2011, ZACD Investments transferred one share of ZACD International to Ms. Sim and one share of ZACD International to Mr. Yeo, each at a consideration of S\$1 settled in cash. Upon completion of such transfer, the entire issued share capital of ZACD International was owned as to 50% by Mr. Yeo and 50% by Ms. Sim.
- (b) On 19 March 2012, Mr. Yeo and Ms. Sim transferred their entire respective interest in the issued share capital of ZACD International to ZACD Investments, each at a consideration of S\$1 settled in cash. Upon completion of such transfer, ZACD International became a direct wholly-owned subsidiary of ZACD Investments.

#### ZACD Capital

ZACD Capital was incorporated in Singapore with limited liability on 25 October 2011 and has commenced business since November 2012. ZACD Capital is principally engaged in the provision of investment management services.

At the time of incorporation, ZACD Capital had an issued share capital of S\$2 with one share issued and allotted to Mr. Yeo and one share issued and allotted to Ms. Sim, credited as fully paid, each at a consideration of S\$1, settled in cash. Upon completion of such allotment, the issued share capital of ZACD Capital was owned as to 50% by Mr. Yeo and 50% by Ms. Sim. On 19 March 2012, Mr. Yeo and Ms. Sim transferred their entire respective interest in the issued share capital of ZACD Capital to ZACD Investments, each at a consideration of S\$50,000 settled in cash. Upon completion of such transfer, ZACD Capital became a wholly-owned subsidiary of ZACD Investments.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Since its incorporation, the issued share capital of ZACD Capital has been increased 11 times from S\$2 to S\$3,580,000. During the two years preceding the date of this prospectus, ZACD Capital had the following changes to its share capital:

- (a) On 27 November 2015, ZACD Capital increased its issued share capital from S\$2,200,000 to S\$2,280,000, by way of allotment of 80,000 shares to ZACD Investments, credited as fully paid, at a consideration of S\$80,000, settled by way of capitalising S\$80,000 as part of an outstanding loan of S\$87,152 payable by ZACD Capital to ZACD Investments at the time of the allotment.
- (b) On 19 April 2016, ZACD Capital increased its issued share capital from S\$2,280,000 to S\$2,780,000, by way of allotment of 500,000 shares to ZACD Investments, credited as fully paid, at a consideration of S\$500,000 settled in cash.
- (c) On 30 November 2016, ZACD Capital increased its issued share capital from S\$2,780,000 to S\$3,280,000, by way of allotment of 500,000 shares to ZACD Investments, credited as fully paid, at a consideration of S\$500,000, settled by capitalising \$500,000 as part of an outstanding loan of \$507,152 payable by ZACD Capital to ZACD Investments at the time of the allotment.
- (d) On 26 October 2017, ZACD Capital increased its issued share capital from S\$3,280,000 to S\$3,580,000, by way of allotment of 300,000 shares to our Company, credited as fully paid, at a consideration of S\$300,000 settled in cash.

### **ZACD Group Holdings**

ZACD Group Holdings was incorporated in Hong Kong with limited liability on 7 October 2015 to engage in the provision of investment management services but had not commenced business as at the Latest Practicable Date. At incorporation, ZACD Group Holdings allotted and issued 10,000 shares to ZACD Investments, credited as fully paid, at a consideration of HK\$10,000. Upon completion of such allotment, ZACD Group Holdings became a direct wholly-owned subsidiary of ZACD Investments.

### **ZACD Financial**

ZACD Financial was incorporated in Hong Kong with limited liability on 7 October 2015 and has commenced business since December 2016. ZACD Financial is principally engaged in financial advisory services and is a licensed corporation licensed to engage in type 1 (*dealing in securities*), type 4 (*advising on securities*), and type 6 (*advising on corporate finance*) regulated activities under the SFO.

At incorporation, ZACD Financial allotted and issued 10,000 shares to ZACD Investments, credited as fully paid, at a consideration of HK\$10,000. Upon completion of such allotment, ZACD Financial became a direct wholly-owned subsidiary of ZACD Investments.



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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 31 October 2016, ZACD Financial increased its share capital from HK\$10,000 to HK\$8,000,000 by way of allotment of 7,990,000 shares to ZACD Investments at a consideration of HK\$7,990,000, settled by way of capitalising HK\$7,990,000 as part of an outstanding loan of S\$1,500,000 payable by ZACD Financial to ZACD Investments at the time of the allotment.

### **ZACD China**

ZACD China was established in the PRC as a wholly foreign-owned enterprise with limited liability on 13 July 2016 to principally engage in business consultancy services but had not commenced business as at the Latest Practicable Date. The business scope of ZACD China includes business information consulting (other than financial information), enterprise management consulting and market operational sales, planning and consulting. At the time of its establishment, ZACD China had an investment amount of RMB1,428,000 and a registered capital of RMB1,000,000, all of which was owned by ZACD International and RMB290,900 of which was paid up by ZACD International as at the Latest Practicable Date. Its term of business operation is from 13 July 2016 to 12 July 2046 and its legal representative is Mr. Siew.

### **NOVATION OF OUR BUSINESSES**

#### **Novation of our investment management services business**

During the Track Record Period before our internal reorganisation, ZACD Investments and ZACD Capital provided investment management services for 16 and six of our Investment Projects, respectively, through the convertible loan and trust structures. At the time of undertaking such Investment Projects by ZACD Investments and ZACD Capital, our Founders had just commenced the investment management business which was operating on a smaller scale. As the investment management business expanded, in order to better delineate the functions within our Group entities and optimise our Group structure, the investment management obligations in respect of 16 Investment Projects were novated from ZACD Investments to ZACD International since January 2012. In September 2016, ZACD Capital obtained a CMS License from MAS to conduct fund management regulated activity under the SFA. As the investment management of the six Investment Projects under ZACD Capital was not a regulated activity under the SFA, the investment management obligations in respect of the six Investment Projects were also novated from ZACD Capital to ZACD International since September 2016. ZACD Capital was then able to focus on fund management regulated activity under the fund structures. Subsequently due to these novations, the investment management functions of ZACD Investments and ZACD Capital under these Investment Projects were undertaken by ZACD International, and all the relevant Management Fees, Establishment Fees and dividends in respect of Establishment Shares from these Investment Projects were also assigned to ZACD International.

#### **Novation of our property management and tenancy management services business**

When our Founders commenced the property management and tenancy management business, it was undertaken by SLPI. According to the novation agreement entered into between SLPI and ZACD International dated 1 July 2016, the obligations for provision of the property management

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## HISTORY, DEVELOPMENT AND REORGANISATION

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and tenancy management services were novated from SLPI to ZACD International with effect from 1 July 2016. In line with the expansion of our property management and tenancy management business, and in order to better delineate the functions within our Group companies and optimise our Group structure, ZACD POSH was established on 17 November 2016 to assume the property management and tenancy management businesses originally conducted by ZACD International. Pursuant to the novation agreements entered into among the relevant MCSTs, ZACD International and ZACD POSH dated 1 January 2017, the obligations of provision of the property management and tenancy management services were novated from ZACD International to ZACD POSH with effect from 1 January 2017. Currently, our Group provides both property management and tenancy management services through our wholly-owned subsidiary, ZACD POSH.

### REORGANISATION

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation, which involved the following steps:

#### **Incorporation of our Company**

Our Company was incorporated in Singapore as a public company limited by shares on 8 November 2016. At incorporation, one share was issued to ZACD Investments at S\$1, credited as fully paid. Upon completion of the said issue, the entire issued share capital of our Company was directly held by ZACD Investments.

#### **Incorporation of ZACD POSH**

ZACD POSH was incorporated in Singapore as a private company limited by shares on 17 November 2016 for the provision of specialised property and tenancy management services and has commenced business since then. At incorporation, 10,000 shares were allotted and issued to our Company at S\$10,000, credited as fully paid. Upon completion of the said issue, ZACD POSH became a wholly-owned subsidiary of our Company.

#### **Incorporation of ZACD Australia**

ZACD Australia was incorporated in Australia as a proprietary company limited by shares on 23 November 2016 to principally engage in business consulting services but had not commenced business as at the Latest Practicable Date. At incorporation, two shares were allotted and issued to our Company, credited as fully paid. Upon completion of the said issue, ZACD Australia became a wholly-owned subsidiary of our Company.

#### **Incorporation of ZACD Fund**

ZACD Fund was incorporated in Singapore as a private company limited by shares on 15 March 2017 to set up and hold the entire nominal ordinary share capital of the relevant fund holding entities. At incorporation, two shares were allotted and issued to our Company at S\$2, credited as fully paid. Upon completion of the said issue, ZACD Fund became a wholly-owned subsidiary of our Company. At the Latest Practicable Date, we sponsored three real

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## HISTORY, DEVELOPMENT AND REORGANISATION

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estate private equity funds, namely the BBW6 Fund, the S1 Fund and the S2 Fund, of which ZACD Fund holds the entire ordinary share capital of the respective fund holding entities. Notwithstanding ZACD Fund holding the entire nominal ordinary share capital of these fund holding entities, the financial information of these fund holding entities is not consolidated into our Group's financial information. For further details of these three real estate private equity funds, please refer to the paragraphs headed "Summary — Recent development" and "Business — Investment management services — (II) Fund management" in this prospectus.

### **Transfer of ZACD Group Holdings and ZACD International to our Company**

On 28 February 2017, ZACD Investments as vendor transferred to our Company as purchaser the following:

- (a) 10,000 shares, representing all of the issued shares of ZACD Group Holdings at a consideration of HK\$10,000, based on the amount of the total paid-up capital of ZACD Group Holdings as at the date of the transfer, which was satisfied by our Company issuing and allotting 1,841 Shares to ZACD Investments, credited as fully paid, on the same day; and
- (b) two shares, representing all of the issued shares of ZACD International at a consideration of S\$8,950,000, based on the unaudited net asset value of ZACD International as at 31 December 2016, which was satisfied by our Company issuing and allotting 8,950,000 Shares to ZACD Investments, credited as fully paid, on the same day.

### **Transfer of ZACD Capital to our Company**

On 30 December 2016, our Company obtained approval from the MAS to become a substantial shareholder of ZACD Capital under the Reorganisation.

On 28 February 2017, ZACD Investments as vendor transferred to our Company as purchaser 3,280,000 shares, representing all of the issued shares of ZACD Capital at a consideration of S\$3,280,000, based on the amount of the total paid-up capital of ZACD Capital as at the date of the transfer, which was satisfied by our Company issuing and allotting 3,280,000 Shares to ZACD Investments, credited as fully paid, on the same day.

### **Transfer of ZACD Financial to our Company**

On 7 March 2017, our Company obtained approval from the SFC to become a substantial shareholder of ZACD Financial.

On 31 March 2017, ZACD Investments as vendor transferred to our Company as purchaser 8,000,000 shares, representing all of the issued shares of ZACD Financial at a consideration of HK\$8,000,000, based on the amount of the total paid-up capital of ZACD

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Financial as at the date of the transfer, which was agreed to be satisfied by our Company issuing and allotting 1,472,800 Shares to ZACD Investments, credited as fully paid, on 28 February 2017.

### **Changes to our share structure by way of share split**

On 18 April 2017, our then sole Shareholder, ZACD Investments, resolved that the 13,704,642 Shares in the capital of our Company be split into 1,000,000,000 Shares in the capital of our Company. Upon completion of such share split, our Company had a total of 1,000,000,000 issued Shares, all of which were directly held by ZACD Investments, and the amount of issued share capital and paid-up share capital was S\$13,704,642.

On 13 December 2017, our then sole Shareholder, ZACD Investments, resolved that the 1,000,000,000 Shares in the capital of our Company be further split into 1,500,000,000 Shares in the capital of our Company. Upon completion of such share split, our Company had a total of 1,500,000,000 issued Shares, all of which were directly held by ZACD Investments, and the amount of issued share capital and paid-up share capital was S\$13,704,642.

Our Directors consider that the Reorganisation has been properly and legally completed and settled, and confirm that the Reorganisation complies with all applicable laws and regulations and that all applicable regulatory approvals have been obtained.

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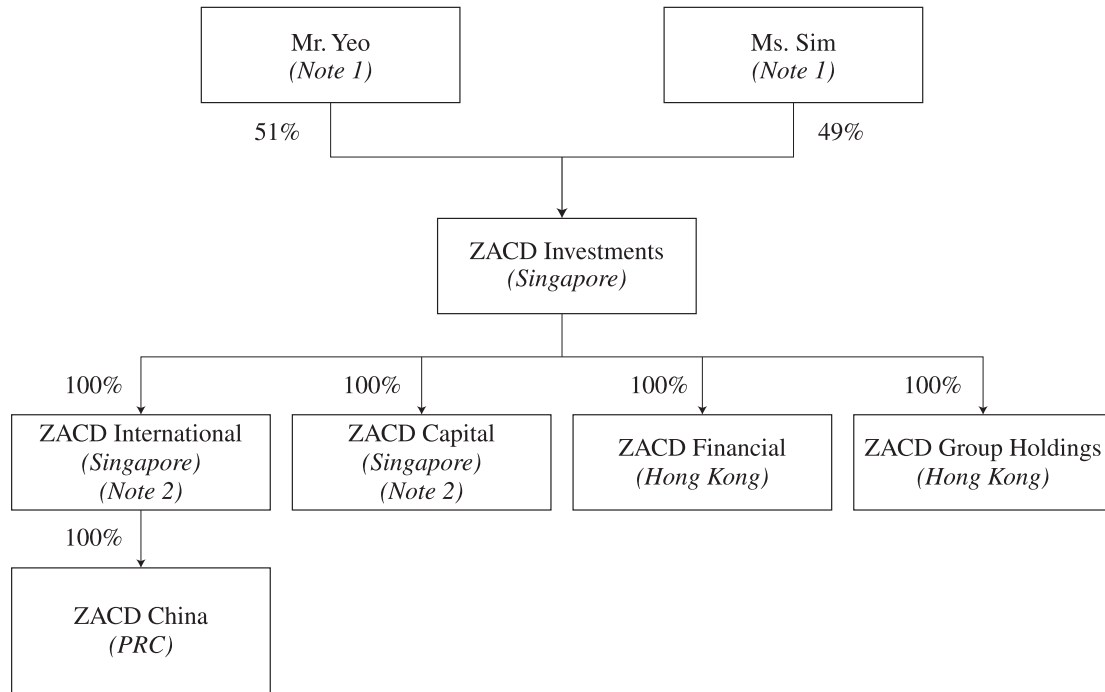
## HISTORY, DEVELOPMENT AND REORGANISATION

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### GROUP STRUCTURE

#### Group Structure prior to the Reorganisation

The following diagram sets out the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



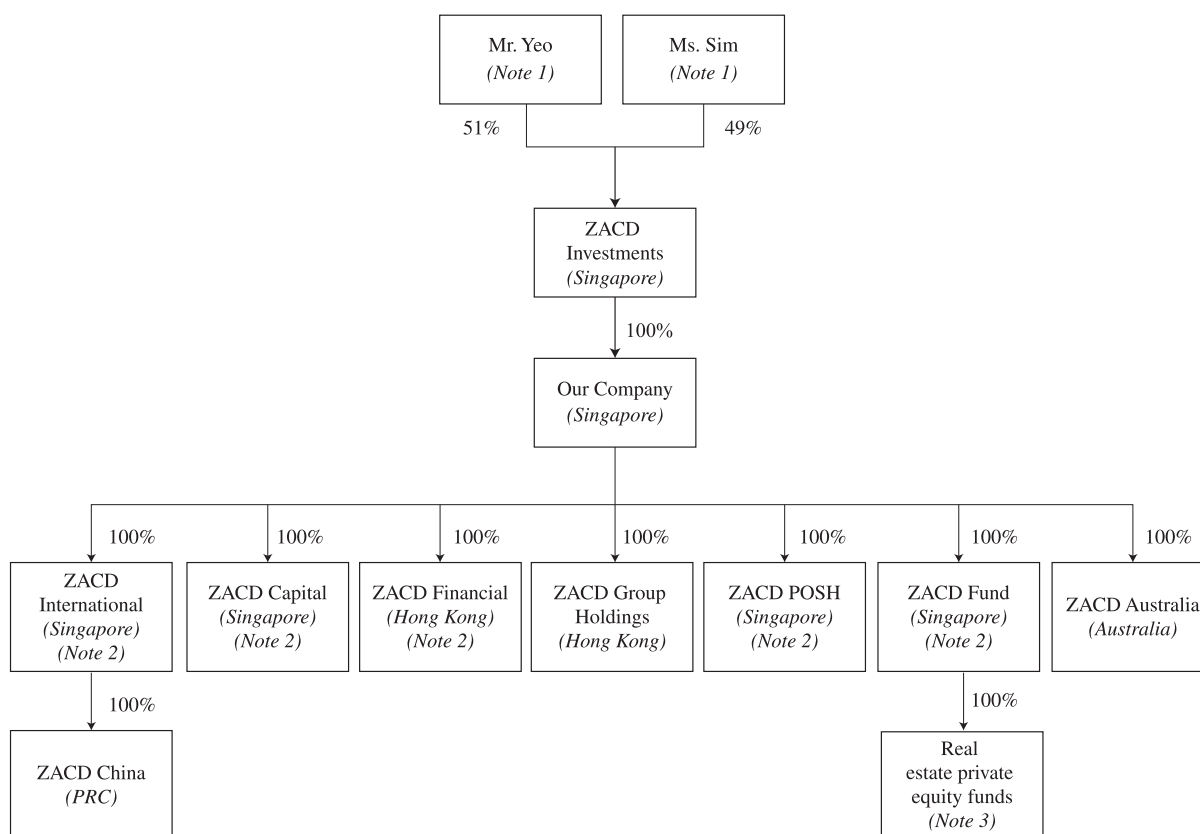
*Notes:*

1. Mr. Yeo and Ms. Sim are spouses and a group of our Controlling Shareholders.
2. ZACD International and ZACD Capital were the principal operating companies comprising our Group prior to the Reorganisation.

## HISTORY, DEVELOPMENT AND REORGANISATION

### Group Structure after the Reorganisation

The following diagram sets out the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but prior to completion of the Global Offering (but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options to be granted under the Share Option Scheme):



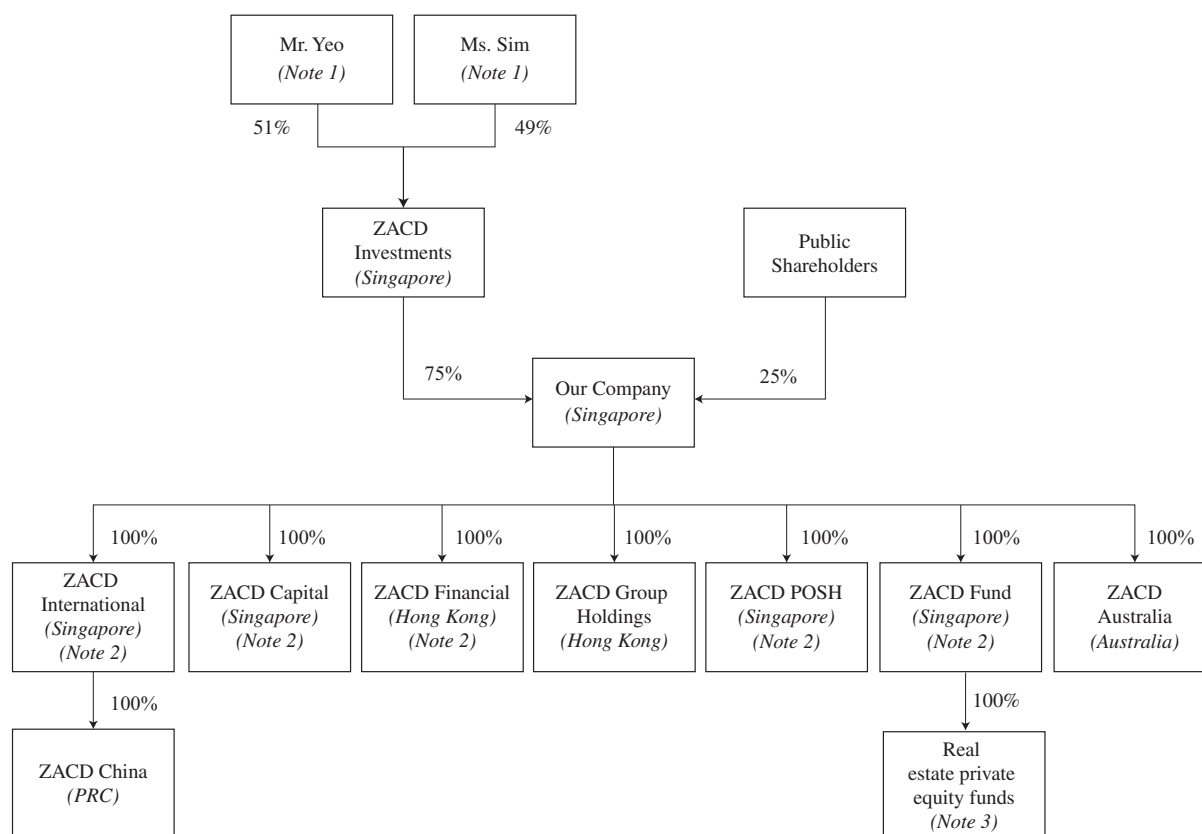
*Notes:*

1. Mr. Yeo and Ms. Sim are spouses and a group of our Controlling Shareholders.
2. ZACD International, ZACD Capital, ZACD Financial, ZACD POSH and ZACD Fund are the principal operating subsidiaries of our Company.
3. At the Latest Practicable Date, we sponsored three real estate private equity funds, namely the BBW6 Fund, the S1 Fund and the S2 Fund, of which ZACD Fund holds their respective fund holding entity's entire ordinary share capital. Notwithstanding the above, the financial information of these real estate private equity funds is not consolidated into our Group's financial information. For further details of these three real estate private equity funds, please refer to the paragraphs headed "Summary — Recent development" and "Business — Investment management services — (II) Fund management" in this prospectus.

## HISTORY, DEVELOPMENT AND REORGANISATION

### Group Structure following the Global Offering

The following diagram sets out the shareholding and corporate structure of our Group immediately after completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any option which may be granted under the Share Option Scheme):



*Notes:*

1. Mr. Yeo and Ms. Sim are spouses and a group of our Controlling Shareholders.
2. ZACD International, ZACD Capital, ZACD Financial, ZACD POSH and ZACD Fund are the principal operating subsidiaries of our Company.
3. At the Latest Practicable Date, we sponsored three real estate private equity funds, namely the BBW6 Fund, the S1 Fund and the S2 Fund, of which ZACD Fund holds their respective fund holding entity's entire ordinary share capital. Notwithstanding the above, the financial information of these real estate private equity funds is not consolidated into our Group's financial information. For further details of these three real estate private equity funds, please refer to the paragraphs headed "Summary — Recent development" and "Business — Investment management services — (II) Fund management" in this prospectus.

**OVERVIEW**

Our Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and the Asia-Pacific region. Known for our pioneering spirit and acute business strategies, we have a reputation for identifying and seizing market opportunities before others to capture the first mover advantages ahead of the economic cycles. According to the Savills Report, in 2016, Singapore's investment market returned to growth in 2016 with a real estate investment amount of approximately S\$18.6 billion and in the first half of 2017 with a real estate investment amount of approximately S\$11.7 billion. The real estate AUM for real estate investment management services in Singapore grew at a CAGR of approximately 26.7% between 2012 and 2016, while real estate AUM under Singapore-based managers is expected to continue to grow at a rate of approximately 20.4% per annum from 2017 to 2021. We believe there are ample opportunities for us to capitalise on the expected increases in demand for real estate investment and development. As at the Latest Practicable Date, our Group had a total AUM of over S\$240 million. Currently, our Group is principally engaged in the following businesses:

- (i) **Investment management services:** We identify investment opportunities in real estate based projects, market them to our investors, and establish investment vehicles to consolidate their investment in these real estate projects. We provide investment management services to our investors by managing the investment vehicles and helping our clients to realise investment returns throughout the term of the Investment Project.

We have established a stable investor base. As at the Latest Practicable Date, our Group had an investor base of over 200 accredited investors and institutional investors. As at the Latest Practicable Date, approximately 37.6% of the investors in the real estate projects we managed were repeat investors who have invested in more than one of our Investment Projects. We have also developed well-established partnerships with certain real estate developer partners which enhance our deal sourcing capabilities.

Our Group holds a CMS Licence issued by MAS for conducting fund management activities in Singapore. During the Track Record Period, we managed four real estate private equity funds, namely the ARO II Fund, the BBW6 Fund, S1 Fund and S2 Fund, which were established in April 2016, October 2016, May 2017 and May 2017 respectively. Please refer to the paragraph headed "Investment Management Services — Fund Management" of this section for further details.



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- (ii) **Project consultancy and management services:** With our expertise, we provide project consultancy and management services to clients comprising real estate developers and construction companies in Singapore. Such services include advising on land tender strategies and pricing, advising on unit mix, design and layout of real estate projects, and advising on market positioning of property developments and sales launches. We also provide handover and property defects management services during the defects liability period. As we have well-established relationships with our real estate developers, we also have increased deal sourcing capabilities within our project consultancy and management business segment.
- (iii) **Property management and tenancy management services:** As an asset manager, we are capable of providing a comprehensive suite of integrated services across the real estate value chain, including property management and tenancy management services. In addition to our investment management services and project consultancy and management services, we also provide property management services to real estate developers and MCSTs including property maintenance management services and accounting and financial services.

In addition, we provide tenancy management services to help property owners overseeing their property assets including property maintenance management, rental management, lease advisory services, administrative management and tenants care management.

- (iv) **Financial advisory services:** In order to expand our business reach and marketing in the Asia-Pacific regions outside of Singapore, we obtained licences to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO to develop our marketing and distribution network and fundraising efforts and develop our corporate financial advisory business in Hong Kong. We are in the process of hiring additional sales staff in Hong Kong, including personnel who currently hold type 1 licenses and those who may apply for such licenses. Our financial advisory business is supported by several qualified professionals who have been approved by the SFC as responsible officers. We recently commenced our financial advisory business in Hong Kong and had advised on a commercial transaction. During the Track Record Period, the Group completed one corporate financial advisory transaction which recorded a revenue of approximately S\$46,000 from the provision of corporate financial advisory services comprising assistance in deal negotiation, transaction execution and closing matters relating to an acquisition by SLPI. Recently, we have launched the ZACD Income Trust, which is a general purpose fund focusing in acquiring high-yielding real estate assets in the Asia-Pacific region with a target size of S\$30 million for the remainder of 2017. We also expects our financial advisory arm to continue marketing and distributing new fund products under our investment management business segment to new clients sourced by our Hong Kong office. We also expect to provide financial advisory services to corporations on potential transactions such as advising on the structure and timing of the transaction, sourcing for potential investors and counterparties, dealing with negotiations

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with the relevant stakeholders and coordinating the due diligence process. Furthermore, we are actively seeking opportunities to act as financial advisor and partnering with a sponsor firm or bank in Hong Kong to advise companies from Singapore or Malaysia which are seeking a listing in Hong Kong. Please refer to the paragraph in the section entitled “Business — Financial Advisory Services” in this prospectus for further details.

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, the revenue of our Group amounted to approximately S\$8.7 million, S\$11.5 million and S\$7.5 million, respectively, representing a growth of approximately 31.9% from 2015 to 2016. The provision of investment management services was our major source of revenue during the Track Record Period. A breakdown of our Group’s revenue by business segment is set out below:

	For the year ended 31 December				For the six months ended	
	2015		2016		30 June	
	S\$’000	%	S\$’000	%	S\$’000	%
Investment management services	7,147	82.0	8,439	73.4	4,737	63.0
Project consultancy and management services	1,268	14.6	858	7.5	844	11.2
Property management and tenancy management services	296	3.4	2,196	19.1	1,895	25.2
Financial advisory services	—	—	—	—	46	0.6
<b>Total</b>	<b><u>8,711</u></b>	<b><u>100.0</u></b>	<b><u>11,493</u></b>	<b><u>100.0</u></b>	<b><u>7,522</u></b>	<b><u>100.0</u></b>

As at the Latest Practicable Date, we managed a total of 21 investment structures under the PE structures and fund structures. As at the Latest Practicable Date, we provided ongoing project consultancy and management services to a total of 10 real estate projects in Singapore. As at the Latest Practicable Date, we provided ongoing property management services to 24 real estate projects in Singapore and Malaysia and tenancy management services to 15 property owners in Singapore.

In pursuit of capturing global opportunities for our clients, we are embarking on our expansion to the Asia-Pacific region. Key strategies include further expanding our investment management business by widening our investor network and to enhance our deal sourcing capabilities. We believe that human resources is an essential component for the growth of our business segments, and plan to increase our staff strength across the investment management, project consultancy and

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management, property management and tenancy management, and financial advisory business segments. Please refer to the section entitled “Business — Our Strategies” in this prospectus for further details.

### OUR COMPETITIVE STRENGTHS

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, the revenue of our Group amounted to approximately S\$8.7 million, S\$11.5 million and S\$7.5 million, respectively, representing a growth of approximately 31.9% from 2015 to 2016. We believe that our competitive strengths as set out below have driven our growth in revenue and distinguish us from our competitors:

**We are an asset manager specialising in the real estate sector, with the ability to provide a comprehensive suite of integrated services across the real estate value chain**

We provide a comprehensive suite of services, including services across the real estate value chain during different stages of real estate project development. We source investment opportunities often at the pre-development stage to investors who are looking to invest into real estate projects, and offer our investment management services to them. We also offer project consultancy and management services to the real estate developers and construction companies during the development stage to assist in land tender consultancy and research (such as advising on tender strategy and prices for government land sales), design development consultancy (such as advising on unit mix, design and layout of different real estate projects) and marketing project management (such as market positioning of property developments and advising on sales launches). In addition, at the post-completion stage, we offer property management services to real estate developers and MCSTs, as well as tenancy management services to property and home owners. We obtained a CMS License issued by MAS in September 2016. In addition, we commenced our provision of corporate finance advisory services in December 2016 in Hong Kong after we obtained licenses to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO. We have the competence to offer fund management and fund distribution services to clients in Singapore, and fund distribution and corporate finance advisory services to clients in Hong Kong.

By providing such comprehensive suite of services, we have the capability to provide integrated asset management services to investors, real estate developers, property and home owners. As we are involved in the different business segments across the real estate value chain, we are able to leverage on our expertise and market knowledge by relying on our relationship managers to obtain the latest market news and client demands and preferences and add strategic value to our clients. Our involvement in the integrated business segments across the real estate value chain also gives us access to a wider network of business contacts and enables us to enhance our deal sourcing capabilities for our clients and partners, as well as offer additional ancillary services to them as may be required, such as financial advisory services. This gives us an unique competitive edge over other real estate industry players who do not offer such an integrated and comprehensive range of services.

### **Ability to combine and leverage our experience, market knowledge and resources from the comprehensive suite of services we offer**

We are able to create strong synergies among our business segments because we utilize similar management and research resources for each business segment, and we have the ability to cross-sell our suite of services within different development stages of the same project. Investors who have successfully participated in our Investment Projects may also express interest in investing in other real estate private equity funds through our investment management arm. There are also opportunities for us to provide project consultancy and management services during the development and completion stage, and property management and tenancy management services during the post-completion stage for the same development. By providing project consultancy and management services to real estate developers, we can gain early access to the real estate projects under development, as well as strengthen and expand our business relationships with real estate developer partners that contribute to the next successful partnerships in the future. During the Track Record Period, our investment vehicles invested in 25 Investment Projects of which 17 or approximately 68.0% of them were with repeat real estate developer partners. In over 10 real estate projects, we offered more than one type of service among our investment management, project management and consultancy and property management and tenancy management businesses during the Track Record Period.

We also create synergies by sharing market information and knowledge among our business segments. For example, our investment management business enables us to keep abreast of the prevailing investing sentiment of our investors. By providing project consultancy and management services to real estate developers, we can gain early access to the real estate projects under development and the outlook on the macro markets. Our involvement in the property management and tenancy management business in turn facilitates the gathering of market intelligence and information from the perspectives of the end users. This enables us to better evaluate the overall real estate market dynamics, strengthen our deal sourcing capabilities and position our service offerings to better meet our customers' needs. We believe that we benefit from the synergies of our business model as an asset manager which provides integrated services across the real estate value chain.

### **Established and stable investor base**

We have over time established business relationships with a stable pool of investors since we started our investment management services. As at the Latest Practicable Date, we had an investor base of over 200 accredited investors and institutional investors who invested through us into one or more of the real estate projects we managed. As at the Latest Practicable Date, approximately 37.6% of our investors were repeat investors that have invested in more than one Investment Project.

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Our established and stable investor base enables us to efficiently market any investment opportunities as and when they arise, and promptly receive investment feedbacks from our investors. Our relationship managers maintain close contact with our clients and provide frequent status updates on their investments as well as promptly inform them of any new investment opportunities. We believe that maintaining our stable investor base provides us with a competitive advantage as we are able to efficiently and effectively meet the investment preferences of our investors such as term of the investment, investment amount and types of investment projects.

### **Proven investment management track record**

We have a proven investment management track record of achieving satisfactory investment returns for our investors to date. The investment proceeds from the underlying real estate projects for nine of our Investment SPVs were realised during the Track Record Period, and our Group achieved an average trailing ROI of about 107.3% after taxes and fees. According to the Savills Report, the average trailing ROI is significantly higher compared with the stock returns (dividend returns combined with capital gain) of Singapore listed real estate developers of 85.8% from 2012 to May 2017.

We believe that one of our strengths is our proven investment management track record, which enables us to attract more investors to invest in the Investment Projects to maintain our stable investor base and achieve the synergies of cross selling our comprehensive suite of services to investors and clients across the real estate value chain.

### **Well-established relationships with our key real estate developer partners**

Through our investment management services, we bring in investment capital from our investors to invest into the real estate projects of the real estate developer partners at the pre-development stage, and effectively enable the real estate developer partners to diversify their project investment risk. Due to our integrated platform across the real estate value chain, we maintain our engagement with the real estate developer partners by offering our project consultancy and management services during the development stage, as well as defects management after the TOP date of the real estate project during the defects liability period.

By providing a comprehensive suite of services to the real estate developer partners, we are able to strengthen and expand our business relationships with them that contribute to the next successful partnership in the future, and in turn enhance our deal sourcing capabilities to our investors. We have well-established relationships with our key real estate developer partners, including Wee Hur and Qingjian. During the Track Record Period, we have cooperated with Wee Hur and Qingjian on a total of 14 real estate projects, representing approximately 56.0% of our total real estate projects. Out of these 14 real estate projects, we cooperated with Wee Hur on three and two real estate projects within the investment management and project consultancy and management business segments respectively, while we cooperated with Qingjian on 11 and three real estate projects within the investment management and project consultancy and management business segments respectively. Please

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refer to the paragraph entitled “Our Relationship with Key Real Estate Developer Partners” in this section for further details. We believe that we can leverage on the close business relationships with our partners to identify and further develop new business opportunities.

### **Experienced management team with expertise and a proven track record**

We have an experienced management team with a proven track record, execution capability and in-depth knowledge of the real estate industry. In particular, our Executive Directors have been instrumental to our growth throughout the years.

Our co-founders, Mr. Yeo, our executive Director and chief executive officer, and Ms. Sim, our executive Director and chairman of our Board, each have over 10 years of experience in the real estate industry and have experience in both Singapore and international real estate property investments. Mr. Siew, our executive Director and the Group CFO, has over 10 years of experience in corporate finance, mergers and acquisitions, accounting and audit. In addition, our senior management in the investment management, project consultancy and management, and property management and tenancy management teams have in-depth industry experience and market knowledge. Our responsible officers and fund managers also possess the requisite licenses and certifications and have the relevant expertise and technical knowledge.

Our management team’s dedication and execution capability drive our business operations and future growth plans. We believe that our collective expertise and industry knowledge and experience of our management, and employees have been and will continue to be a valuable asset.

## **OUR STRATEGIES**

We aim to become a leading asset manager offering integrated solutions across the real estate value chain within the Asia-Pacific region. We plan to set up a bridging reserve fund, and further expand our investment management, property management, financial advisory and project consultancy and management services business segments.

### **Setting up a bridging reserve fund to enhance investments sourcing capabilities**

According to the Savills Report, the cross-border capital that flows into real estate development projects in Singapore amounted to S\$3.7 billion during the first half of 2017, compared to S\$3.8 billion in 2016. Moreover, with the rising land prices in Singapore, some real estate developers are seeking to sharpen their bidding edge by co-investing in real investment projects with investment management companies. Further, while it is still limited in number, there is an ongoing trend of real estate investment management companies becoming more directly involved in development projects apart from providing capital. As such, our Directors believe that there will be increasing demand for investing into development projects in Singapore and that we shall capture market opportunities in this niche market.

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During the Track Record Period, typically the real estate developer partners would approach us for any possible co-investment in the real estate projects and we could only confirm the take-up of the investment stake after we secured sufficient investment commitment from the investors. As we are required to confirm the take-up of the investment stake within a certain timeframe and our Group lacks sufficient immediate funding to confirm the take-up of the investment stake, our bargaining power in our negotiation with the property developer partners is affected and sometimes caused us to lose attractive investment opportunities for our investors. In some cases, we may also identify potential investment opportunities based on our market intelligence and proactively approach our preferred real estate developer partners to explore the possibility of co-investment in the real estate projects with them. However, we might not have sufficient funds to co-invest with our preferred real estate developer partners. Therefore, our Directors consider that it is necessary for our Group to set up a bridging reserve fund to increase our deal sourcing capabilities.

To further develop our investment management business, we plan to set up a bridging reserve fund which will be used to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions. After the potential new land parcel, real estate project or real estate asset is secured by us, we will set up an investment vehicle ourselves and/or may proactively reach out to our preferred real estate developer partners and invite them to co-invest in the new potential real estate projects. We would then raise funds from our investors to invest in an investment vehicle which we manage. Any amounts from the bridging reserve fund that we used for participating in such tenders or sales is expected to be replenished by the funds raised from the investors. By doing so, we would be able to more proactively secure attractive investment opportunities for the investors instead of only investing in real estate projects in which our real estate developer partners have already won the land tender bid or sale process. When identifying our targets for land parcels and real estate assets, we would take into consideration, among others, the location, estimated tender prices, and the indicative values and net yields of the land parcels or real estate assets.

To leverage on our extensive experience, we aim to continue focusing on the real estate investment market in Singapore. Our investment objective in Singapore would be to acquire development sites to be developed into real estate developments mainly for sale, and a small part of the developed real estate would be retained to generate rental income for the investors if suitable, including residential, commercial and industrial vacant land or existing properties that could be redeveloped. The following table sets forth details of our potential real estate projects in Singapore

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that we have targeted as at the Latest Practicable Date for which our Group may apply our bridging reserve fund upon Listing:

<u>Brief description of the development in Singapore</u>	<u>Tentative investment plan and funds required</u>	<u>Status as at the Latest Practicable Date</u>	<u>Investment completion date and indicative net yield</u>
<p>A vacant land parcel at the northeast region of Singapore is expected to be put up for public tender by HDB, Singapore's public housing authority, by the first quarter of 2018.</p> <p>The site has a total area of over 25,000 sq.m. zoned for residential use.</p>	<p>We intend to partner with a few suitable potential partners who have expressed interest to jointly tender for the land with us. Our proposed stake would be a minority stake of approximately 30.0%.</p> <p>Based on current market information, we currently expect the estimated land price to be approximately S\$300.0 million to S\$400.0 million.</p> <p>Usually, HDB requires a deposit of 5.0% to the initial tender bid amount. The deposit required is estimated to be approximately S\$4.5 million to S\$6.0 million in accordance with our proposed stake.</p>	<p>We have conducted site visit, financial analysis and feasibility studies for the potential investment. We are in the course of negotiating with potential real estate developer partners and obtaining approval from our Investment Committee on this potential investment. It is expected that our Investment Committee will approve this potential investment by the first quarter 2018.</p> <p>As at the Latest Practicable Date, we had not entered into any binding or non-binding agreement in relation to the potential investment as HDB will only launch the public tender for this land parcel by the first quarter of 2018.</p>	<p>According to the HDB website, it is expected that the potential investment would be launched for tender by the first quarter of 2018.</p> <p>We will proceed with this potential investment if we are able to secure sufficient funding from the proceeds of the Global Offering and suitable and reliable partners with strong track record.</p> <p>The indicative returns would be over 50.0% according to our initial financial analysis.</p>

In addition to the above potential investment project in Singapore, we have identified and may consider submitting tenders for three potential government land sales sites in Singapore comprising land parcels zoned for residential use with allowable GFA ranging from approximately 14,000 sq.m. to 60,000 sq.m. if they are suitable and available. The deposit for these investments would be ranging from approximately S\$2.0 million to S\$7.0 million and have a similar indicative return according to our internal financial analysis and information publicly available made by HDB. The estimated tender launch date of these potential investments would be approximately by the first quarter of 2018.



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Moreover, as part of our expansion strategy in the Asia-Pacific region, we are in the process of exploring multiple potential real estate targets in Australia following the completion of the acquisition of two real estate assets (including assets situated in Australia) by the ARO II Fund. Our investment objective in Australia would be to invest in real estate assets with a focus on income-producing properties that deliver regular and stable distributions to investors together with long-term capital growth, including commercial, industrial and hospitality developments. This will allow our Group to have a fund product with a different risk profile to investors and thereby diversifying our Group's product portfolio to meet different investors' appetite. The following table sets forth details of a potential real estate project in Australia that we have targeted as at the Latest Practicable Date towards which our Group may apply our bridging reserve fund upon Listing:

<u>Brief description of the development in Australia</u>	<u>Tentative investment plan and fund required</u>	<u>Status as at the Latest Practicable Date</u>	<u>Investment completion date and indicative yield</u>
<p>A high quality multi-level office headquarters located east of Melbourne CBD, Australia, with a net lettable area of over 30,000 sq.m..</p> <p>As at the Latest Practicable Date, the office building is owned and partially occupied by a single owner and leased to multiple tenants.</p>	<p>The office building is for sale by public expressions of interest. We intend to gauge interest from potential investors and set up an investment vehicle to invest in this real estate asset after we have secured the stake in this investment.</p> <p>Based on the information provided by the vendor, we currently plan to purchase the asset at approximately A\$45 million to A\$55 million.</p> <p>Should we be successful in the tender, the vendor requires a deposit of 10.0% prior to enter into a legally binding contract. The amount of tender deposit required for investing in this real estate asset would be approximately S\$4.6 million to S\$5.7 million.</p>	<p>We have conducted site visit and feasibility studies for the potential investment and went through necessary processes including obtaining approval from our Investment Committee.</p> <p>As at the Latest Practicable Date, we had submitted a non-legally binding expression of interest to the vendor and are waiting for reply from the vendor.</p>	<p>Currently, it is expected that the potential investment would be completed in the first quarter of 2018 if we proceed with this potential investment.</p> <p>The indicative annual net yield of this potential investment would be approximately 5.0% to 7.0% according to the information provided by the vendor and our internal financial analysis.</p>

In addition to the above potential investment project in Australia, we have identified and may consider submitting tenders for three potential real estate assets in major cities comprising commercial and/or industrial properties with net lettable area ranging from approximately 6,000 sq.m. to 64,500 sq.m. if they are suitable and available. The deposit for these investments would be ranging from approximately S\$3.1 million to S\$4.1 million and the indicative annual net yield

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would be ranging from approximately 7.0% to 12.0% according to the information provided by the potential offeror. The estimated closing date to submit non-legally binding expressions of interest for these potential investments would be approximately by the first quarter of 2018.

Our Group will also undertake asset enhancement such as optimising tenant profile and occupancy rate, and financial enhancement such as leverage financing to further improve the yield and the overall return. Our Group also expects such investment would have asset appreciation when it divests the investment in the future, bringing the return on investment to a more attractive level.

The above targets are not intended to be our Group's own investment as our Group only provides investment management services to investors by managing the Investment SPVs. These projects are to create a more diverse offering for our Group's investment management business, providing a fund product with a different risk profile to investors and thereby diversifying our Group's product portfolio to meet different investors' appetite. After the targets are secured by our Group, we will set up an investment vehicle and then raise funds from investors to invest in the investment vehicle which we manage. Our Group will then receive Management Fees, Performance Fees and/or Establishment Fee for the services provided to the said investment vehicle and will not receive the yield from the said investments as its own investments.

Furthermore, the bridging reserve fund could be used in the future to commit to the take-up of an investment stake in a potential real estate project first before setting up the investment vehicles and/or securing investment funds from our investors when the real estate developer partners approach us for co-investing in new potential real estate projects. Once the investment vehicle has been set up and sufficient funds have been raised from our investors, the investment vehicle that we set up will invest into the real estate projects directly using the investment amount from the investors, and any amounts from the bridging reserve fund that we used for committing the take-up of the investment stake is expected to be replenished by the funds raised from our investors. By doing so, our Directors believe that we would be able to (i) negotiate and secure a larger investment stake in potential real estate projects as we would be able to commit a certain initial investment stake at an earlier stage and (ii) prolong our fundraising timeframe by using the bridging reserve fund to reserve an allocated investment stake in the real estate project.

We intend to utilise approximately HK\$46.4 million or S\$8.0 million (or approximately 41.2% of our total estimated net proceeds from the Global Offering) for setting up our bridging reserve fund. Our Directors believe that, depending on the size of the real estate projects, such amount of bridging reserve fund would allow us to participate in the abovementioned tenders or sales for land parcels and real estate assets. As at the Latest Practicable Date, save as disclosed in this section, we had not made any tender submissions or issued or accepted any letters of offer or intent or entered into any contract in relation to acquisition or investment of land parcels or real estate assets.

### **Further expanding our investment management business**

We plan to further expand our investment management business by widening our investor network and to enhance our deal sourcing capabilities. We will continue to source for real estate investment opportunities in Singapore, and will also explore real estate investment opportunities outside of Singapore within the Asia-Pacific region.

We intend to hire more experienced relationship managers with existing networks of investors and expand our fund distribution channels through increasing our distribution and marketing activities. We will also hire more professionals, analysts and consultants to expand our research and consultancy capabilities, and more supporting staff to support overall investment management operations in Singapore. In addition, we plan to lease additional office space in Singapore to accommodate our growing team.

According to the Savills Report, growth in the real estate investment amounts in the Asia-Pacific region accounted for close to half of the global investment amount in 2016, reflecting the region's strong growth potential. Accordingly, we are also exploring real estate investment opportunities outside of Singapore within the Asia-Pacific region, and in particular, Malaysia, Indonesia and Australia where we already have investment assets. The Savills Report also stated that there is a focus on alternative (non-residential) sectors for Asia-Pacific markets, and investor access into alternative and overseas real estate sectors is often performed through investment managers (which are often based in Singapore), and with the impetus to diversify, it is expected to drive the need for such services. Besides looking into the residential and industrial sectors, we will also consider different asset classes within the commercial and hospitality sectors, especially offices and service apartments.

We intend to utilise approximately HK\$17.9 million or S\$3.1 million (or approximately 15.8% of our total estimated net proceeds from the Global Offering) for expanding our investment management business. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details on the implementation of the above strategy.

### **Expanding our property management business**

According to the Savills Report, the property management and tenancy management industry in Singapore is expected to experience continued growth, as supported by factors such as population growth, increase in real estate stock and the more intensive use of real estate in Singapore. Coupled with our Group's rapid growth in this business segment which recorded revenue of approximately S\$0.3 million to S\$2.2 million for the two years ended 31 December 2016 respectively, we believe that we are able to capitalise on the expected growth trend of the property management industry in Singapore by increasing the number of property units under our management. Our Directors also believe that our further development in property management business which is generally less susceptible to any changes in the real estate market could help our Group to maintain a balanced development across our different business segments. The property management agreements that we enter into typically have a term of one year or over, and our appointment is usually renewed yearly at the annual general meeting of the property owners if we

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provide services to the MCSTs. Our Directors believe that expanding this business segment could enable us to increase the revenue visibility of our Group and provide a stable and regular revenue source to our Group.

We intend to expand our property management business by setting up a dedicated client service centre to handle client requests relating to maintenance issues of the property under our management and hiring more service staff to support such services. We intend to hire two additional client servicing staff to attend to customers' enquiries for the client service centre by the first half of 2018. When hiring staff, we will consider their experience and track record within the property management market, as well as their professionalism and ability and efficiency in addressing our customers' needs and requests.

We will also consider potential merger and acquisition opportunities with other property management companies as and when they arise, and will take into account factors such as the target's track record, market reputation and its management experience. In particular we will consider targets with a track record of over three years and with turnover of over S\$4 million. As at the Latest Practicable Date, we have not identified any acquisition targets. In addition, we plan to upgrade our existing infrastructure by investing in mobile application systems which will enable us to deliver our services with greater efficiency.

We intend to utilise approximately HK\$17.4 million or S\$3.0 million (or approximately 15.4% of our total estimated net proceeds from the Global Offering) to expand our property management business. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details on the implementation of the above strategy.

### **Expanding our financial advisory business**

We plan to expand our financial advisory business by increasing our business reach and marketing in the Asia-Pacific regions outside of Singapore. We intend to increase staff strength in Hong Kong and spread our brand as an asset manager offering integrated services across the real estate value chain to investors.

We have recently obtained licences to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO which allow us to provide financial advisory services in Hong Kong, including the marketing and distribution of investment products and provision of corporate finance advisory services. Please refer to the paragraph entitled "Business — Licenses, Permits and Certificates" in this section for further details of our SFC licenses.

In particular, we intend to expand our team by hiring more experienced relationship managers with existing networks of clients to enhance our product marketing and distribution in Hong Kong. We intend to market existing and future real estate investments originating in Singapore to new clients in Hong Kong by relying on our expanded team of relationship managers to tap into their existing client business networks and make new client connections. We are in the process of expanding our Type 1 regulated activities by dealing in a wider range of securities which include

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but are not limited to stocks, unit trusts, debt securities and structured products, as well as carry out the placing and underwriting of such securities. In addition, we intend to pursue a broader range of activities such as assuming the roles of underwriter and/or placement agent and advising and assisting corporations to raise capital through the issuance of equity securities, debt securities, convertible bonds or structured financing products.

We also plan to provide corporate financial advisory services to our existing and new investors and clients, and expand our corporate finance team by recruiting more senior professionals with established clientele and networks to source and lead transactions. Further, we plan to expand our current office premises in Hong Kong and lease additional office space to accommodate our staff expansion.

We intend to hire additional 15 staff to expand our financial advisory business, including (i) seven relationship managers and fund professionals to support our expanded type 1 regulated activities operation, (ii) four corporate finance advisory professionals including two responsible officers to source for potential deals and lead the execution teams, and (iii) four operations staff, including one compliance head, one information technology staff, one general administration staff and one finance staff. For details of our recruitment plan, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details.

The following table illustrates the increasing number of listed companies on the Stock Exchange during the periods indicated:

	2012	2013	2014	2015	2016	Third Quarter of 2017	CAGR (from 2012 to third quarter of 2017)
Main Board	1,368	1,451	1,548	1,644	1,713	1,765	5.2%
GEM	179	192	204	222	260	304	11.2%

*Source: SFC website — Market and Industry statistics — Hong Kong markets — Number of listed companies by stock type*

Coupled with the increasing number of listed companies in Hong Kong, the equity funds raised (both directly and indirectly) for both companies listed on Main Board and GEM through Hong Kong rapidly increased at a CAGR of 12.6% from HK\$305.4 billion in 2012 to HK\$490.1 billion in 2016. Our Directors believe that such significant increase in the number of listed companies and active equity fund raising activity will provide us with ample opportunities to expand our financial advisory business in Hong Kong.

We intend to utilise approximately HK\$18.0 million or S\$3.1 million (or approximately 16.0% of our total estimated net proceeds from the Global Offering) for expanding our marketing efforts and investors’ access. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details on the implementation of the above strategy.

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### **Expanding our project consultancy and management business**

We intend to expand our project consultancy and management business by expanding our team such as hiring more real estate developer relationship managers to source and lead the execution of our projects, and additional building and construction professionals with architectural and structural background to advise on projects relating to design, tender advisory, and marketing research of unit mix and layout.

We intend to utilise our expanded project consultancy and management team to cope with the expected expansion in our business upon Listing. With the intended use of net proceeds from the Global Offering to set up a bridging reserve fund to enhance investment sourcing capabilities, we plan to be more active in participating in tenders or sales for land parcels and/or real estate assets in 2018. We will use and expand our expertise in this regard to help in assessing the new projects. Project and consultancy management expertise will also be needed to assist the Development SPVs or the development holding company under a fund structure to be set up after we acquire land as development sites for our investors with the bridging reserve fund.

Furthermore, we have launched the ZACD Income Trust, which is a general purpose fund with a target fund size of up to S\$30 million for the remainder of 2017 and up to S\$100 million in 2018, and will focus on acquiring high-yielding real estate assets in the Asia Pacific region, and may undertake asset enhancement on such assets, such as building renovation and improvement and new structure expansion, with the aim of improving overall investment returns. The ZACD Income Trust could comprise properties, which we expect to use our project and consultancy management expertise in carrying out such asset enhancement works.

In addition to our own projects, we intend to participate more actively in new partnerships with both local and foreign developers, and in tendering projects from the Singapore government for consultancy or services contracts. We believe that human resources is an essential component for the growth of our business segments, including the project consultancy and management business segment, and plan to increase our hiring of staff at the managerial level to source and undertake more projects.

We intend to utilise approximately HK\$4.7 million or S\$0.8 million (or approximately 4.2% of our total estimated net proceeds from the Global Offering) to expand our project consultancy and management business. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details on the implementation of the above strategy.

### **INVESTMENT MANAGEMENT SERVICES**

During the Track Record Period, we provided investment management services for real estate projects mainly in Singapore. We also provided investment management services for two real estate projects in Malaysia and one real estate project in Indonesia.

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We manage investments through the convertible loan structures, trust structures and fund structures. After an investment opportunity in a residential, commercial or industrial real estate project is identified, we market the investment opportunity to investors, and arrange for the establishment and incorporation of the investment vehicles, namely the Investment SPVs and fund structures, for investors to invest in such Investment Projects. As at the Latest Practicable Date, we managed 17 Investment SPVs and four fund structures for 20 Investment Projects.

Our investment management services are carried out as follows:

(i) SPV investment management (PE structures)

- convertible loan structures
- trust structures

(ii) Fund Management

The following table sets out a breakdown of our Group's revenue derived from the provision of investment management services by types of investment structures during the Track Record Period:

	For the year ended 31 December				For the six months ended	
	2015		2016		30 June	
	S\$'000	%	S\$'000	%	S\$'000	%
<b>SPV investment management</b>						
<b>(PE structures)</b>						
Convertible loan	7,081	99.1	8,197	97.1	4,018	84.8
Trust	66	0.9	66	0.8	—	—
Sub-total	7,147	100.0	8,263	97.9	4,018	84.8
<b>Fund Management</b>	—	—	176	2.1	719	15.2
Total	7,147	100.0	8,439	100.0	4,737	100.0

**(I) SPV investment management (PE structures)**

During the Track Record Period, the Investment SPVs were incorporated by ZACD Investments, one of our Controlling Shareholders, as the sole initial subscriber. Thereafter, investments were made by these Investment SPVs into such Investment Projects. We provide investment management services to the investors by managing the Investment SPVs. We derived our revenue from collecting Management Fees, Establishment Fees, and dividends derived from the Establishment Shares, as well as performance fees on certain Investment Projects. During the same period, 22 of a total of 25 Investment Projects that we managed adopted PE structures, comprising

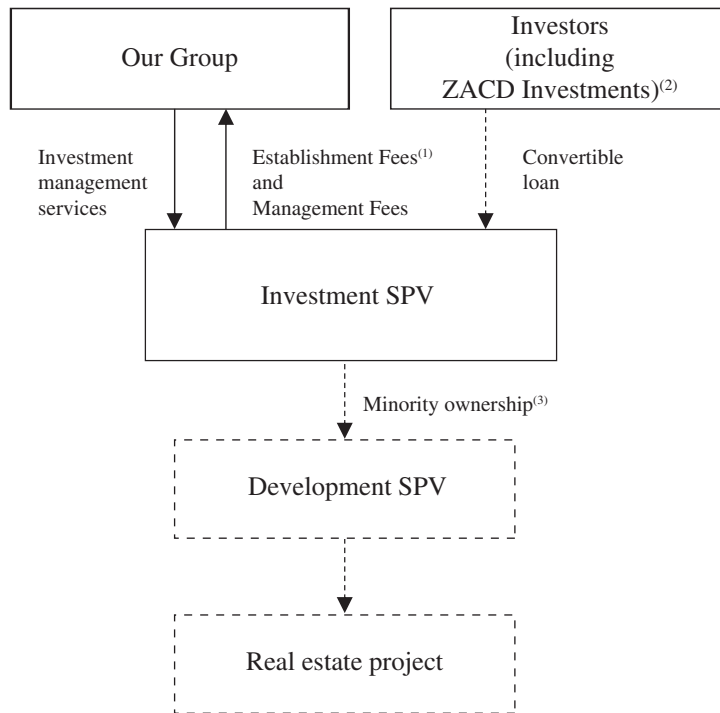
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the convertible loan structures and trust structures. We adopted trust structures due to cost and administrative efficiencies, as well as to take into account the size of the investment. For investment management under the PE structures, we relied on the immovable assets exemption under the SFA. Please refer to the section entitled “Regulatory overview — Exemption from Requirement to Hold a CMS Licence for Fund Management” for further details.

### A. Convertible loan structures

Under the convertible loan structures, the investors provided Convertible Loans to the Investment SPV in which they invested, and the Convertible Loans would be converted into shares of that Investment SPV after the TOP date of the underlying real estate project in which the Investment SPV invested.

The graph below shows the services that our Group provided for investment management services under the convertible loan structures:



Key:  
 ———— Our services/fees  
 - - - - - Investment

*Notes:*

- (1) The investors (including ZACD Investments) would settle the Establishment Fees in the form of Establishment Shares payable by them by way of (i) transferring specified number of shares of the Investment SPV after conversion of the Convertible Loan by procuring the Investment SPV to allot and issue to us certain specified number of shares of the Investment SPV; or (ii) in a few cases where the Establishment Shares were received



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from the investors by ZACD Investments on behalf of us, transferring the specified number of shares, from ZACD Investments to us. As such, our Group would also hold shares in the Investment SPV and become its minority shareholder thereafter.

- (2) ZACD Investments, one of our Controlling Shareholders, would act as the initial subscriber of the Investment SPV by subscribing for nominal shares (in the amount of S\$2.00) in the Investment SPV upon its establishment.
- (3) The Investment SPV would in turn apply the funds invested by the investors to invest into the designated Development SPV, which is owned by the Investment SPV, the real estate developer partner of the underlying real estate project and other Development SPV investors (if any).

### **Investment life cycle under our convertible loan structures**

The entire life cycle of investments under our convertible loan structures, from identifying investment opportunities to the realisation of the underlying real estate projects would normally take approximately three to six years. After realisation of the underlying real estate projects, we would continue to provide investment management services to the investors until completion of sales of all the property units in the real estate project. Below sets forth the key milestones of the investments under our convertible loan structures:

#### ***Step 1: Identifying investment opportunities, conducting feasibility studies and marketing investment opportunities to investors***

Typically, our real estate developer partners would approach us for possible co-investment in the real estate projects due to our good relationships with the real estate developer partners. In some cases, we also identify potential investment opportunities using our in-house research capability and market intelligence to obtain tender information at the pre-development stage of the real estate projects and approach the real estate developer partners to explore the possibility of co-investment in the real estate projects. The CIO Office will conduct feasibility studies comprising financial and market analyses to evaluate the feasibility and marketability of the investment. We conduct financial analyses on the return on investment of the real estate projects, and carry out cash flow projections and sensitivity analyses. We also conduct research on industry news and obtain up-to-date information on industry trends and client take ups by carrying out site visits on potential investment projects and gathering intelligence from real estate agents within our network of business contacts. Their findings will be reviewed and followed up by the Investment Committee for final approval. Please refer to the paragraph entitled “Our Investment Management Process” of this section for further details of our internal approval structure.

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After conducting assessment on the investment opportunities, we will commence marketing of the investment to gauge interest from our pool of investors. Our business operations department will conduct all necessary investor on-boarding procedures on investors who have expressed interest in investing with us, including verification of the accredited investor status of these investors. Depending on the size of the Investment Project, the number of investors invested in each Investment Project under the convertible loan structures during the Track Record Period ranged from six to 27.

After establishing the interest level from investors, we will confirm the take-up of the investment stake and discuss the other investment terms as to the co-investment in the real estate project with the real estate developer partner. It would normally take two months for this whole process.

### ***Step 2: Establishment of the Investment SPV***

Our Group arranges for the establishment and incorporation of the Investment SPV as a Singapore private limited company which will become the investment vehicle for the investors to invest in and also the investment vehicle for investing in the Development SPV holding the underlying real estate project. Due to reasons of convenience, ZACD Investments, one of our Controlling Shareholders, would act as the initial subscriber of the Investment SPV by subscribing for nominal shares (in the amount of S\$2.00) in the Investment SPV upon its establishment. We intend to adjust this practice by using a Group subsidiary to act as the initial subscriber in the Investment SPV for future investment. Our executive Directors and/or senior managers would be appointed as directors of the Investment SPVs to represent our Group as an asset manager to safeguard the interests of our investors. In certain real estate development projects, the Development SPV would also need to secure bank borrowings for the development of the real estate projects. For details, please refer to the paragraph headed “Bank Borrowings Made by the Development SPVs and the Development Holding Company under the Fund Structures” in this section in this prospectus.

### ***Step 3: Entering into of the convertible loan agreements with the investors***

After the incorporation of the Investment SPV, we would enter into a legally binding Convertible Loan Agreement with all the investors and the relevant Investment SPV, pursuant to which investors will extend a non-interest bearing Convertible Loan to the Investment SPV. The Convertible Loan Agreement would also govern the provision of investment management services by our Group to the Investment SPV and the fees payable to our Group. Upon execution of the Convertible Loan Agreements, the investors shall pay the entire loan amount to the relevant Investment SPV directly. For further details of the terms of the Convertible Loan Agreement, please refer to the paragraph headed “(I) PE structures — Convertible Loan Agreement” of this section of prospectus.

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During the Track Record Period, ZACD Investments, one of our Controlling Shareholders, was also one of the investors in all of the Investment SPVs that we managed. ZACD Investments entered into the Convertible Loan Agreements and injected the investment monies into the Investment SPVs around the same time as the other investors. For details, please refer to the paragraph “Business — Sales and Marketing and our Pool of Investors” in this section.

***Step 4: Entering into the business venture agreement with the real estate developer partner***

After the investors have committed to invest by way of executing the Convertible Loan Agreement, the Investment SPV would enter into a business venture agreement with the real estate developer partner and other Development SPV investors, if any, regarding the investment in the Development SPV, which is the investment vehicle holding the underlying real estate project. The Investment SPV will apply the investment amount from the investors to invest into the relevant Development SPV through equity and/or debt including shareholders’ loans, convertible bonds or redeemable preference shares. The real estate developer partner, the Investment SPV and other Development SPV investors will also enter into a shareholders’ agreement to regulate the business of the Development SPV. The Development SPV will apply the investment monies contributed by the Investment SPV for, among other things, the land acquisition and development cost of the underlying real estate project. It would normally take approximately up to three months to establish the Investment SPV and to finalise and execute the convertible loan agreement and the business venture agreement.

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The following is the breakdowns of the investment in the Investment Projects during the Track Record Period:

<u>Investment Project/Funds</u>	<u>Paid-up Share Capital</u> S\$'000	<u>Shareholders' Loans</u> S\$'000	<u>Convertible Loan</u> S\$'000	<u>Convertible Bonds</u> S\$'000	<u>Redeemable Preference Shares</u> S\$'000	<u>Total</u> S\$'000
<b>Convertible loan structures</b>						
1. Nin Residence	150.0	5,850.0	—	—	—	6,000.0
2. Premier @ Kaki Bukit	100.0	2,900.0	—	—	—	3,000.0
3. Riverparc Residence	160.0	7,840.0	—	—	—	8,000.0
4. Investment Project A	—	3,204.0	3,996.0	—	—	7,200.0
5. Riversound Residence	120.0	9,480.0	—	—	—	9,600.0
6. Investment Project B	300.0	17,091.3	—	—	—	17,391.3
7. Investment Project C	15.0	4,554.0	—	—	—	4,569.0
8. Parc Centros	200.0	14,800.0	—	—	—	15,000.0
9. Investment Project D	300.0	9,420.0	—	—	—	9,720.0
10. Investment Project E	150.0	11,261.1	—	—	—	11,411.1
11. Woodlands Industrial Xchange	0.1	7,699.9	—	—	—	7,700.0
12. Investment Project F	450.0	15,450.6	—	—	—	15,900.6
13. West Star	400.0	6,400.0	—	—	—	6,800.0
14. Bellewoods	100.0	7,400.0	—	—	—	7,500.0
15. Bellewaters	100.0	8,400.0	—	—	—	8,500.0
16. Mega @ Woodlands	250.0	10,000.0	—	—	—	10,250.0
17. The Visionaire	50.0	4,550.0	—	—	—	4,600.0
18. Investment Project G	—	—	—	—	3,013.7	3,013.7
19. Investment Project H (1st Tranche)	—	—	—	7,712.4	—	7,712.4
Investment Project H (2nd Tranche)	—	—	—	3,155.0	—	3,155.0
20. iNZ Residences	110.0	6,820.0	—	—	—	6,930.0
<b>Trust structures<sup>(1)</sup></b>						
21. Investment Project I	60.0	1,440.0	—	—	—	1,500.0
22. Investment Project J	10.0	1,825.0	—	—	—	1,835.0
<b>Fund structures<sup>(2)</sup></b>						
23. ARO II Fund	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	—	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
24. BBW6 Fund	480.0	14,817.2	—	—	—	15,297.2
25. S1 Fund	1.7	—	—	—	—	1.7
S2 Fund	0.4	—	—	—	—	<u>0.4</u>
Grand Total						<u>192,587.4</u>

*Note:*

- (1) For details of the trust structures, please refer to the paragraph headed “B. Trust Structure” in this section in this prospectus.

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- (2) For details of the fund structures, please refer to the paragraph headed “(II) Fund Management” in this section in this prospectus.
- (3) Not applicable as the ARO II Fund is a close-ended real estate private equity general purpose fund.

We generally invested in the Investment Projects with equity voting rights through contribution into the nominal paid-up share capital of the Development SPVs, if such investment method is available. In consideration of the size of the contribution to the nominal paid-up share capital of the Development SPVs or development holding companies, we would consider (i) whether any minimum share capital is required under the applicable laws and regulations for obtaining the Housing Developer’s Sale License for residential projects; and (ii) whether any minimum share capital is required by the relevant bank for lending to the said Development SPV. The remaining balance of the investment would be contributed by shareholders’ loans for cash flows repatriation and tax planning reasons. If the option of investing through contribution into the nominal paid-up share capital of the Development SPVs is not available or if the relevant Investment Project is located outside Singapore, we would invest in the Investment Projects through other forms of investments, including shareholders’ loans, convertible loans, convertible bonds or redeemable preference shares, or a combination of some of them, based on mutual discussions, cash flows repatriation and tax planning considerations.

### ***Step 5: Conversion of the Convertible Loan into shares of the Investment SPV by the investors***

The real estate developer partner will sell the property units according to its marketing plan. Normally, proceeds from the sales of the units will be used to repay any outstanding bank loan(s) borrowed by the Development SPV and any shareholders’ loan(s) borrowed from the shareholders of the Development SPV (including the shareholders’ loan from the Investment SPV, if any), and then to distribute dividends to the shareholders (including the Investment SPV).

The Investment SPV will apply the proceeds received from the Development SPV to repay the Convertible Loans granted by the investors. According to the Convertible Loan Agreement, the investors will convert all of the predetermined nominal amount of the outstanding Convertible Loan that they granted into shares of the Investment SPV after issuance of the TOP of the underlying real estate project. Depending on the scale and type of the real estate project, TOP for the underlying real estate project could be generally obtained in about three to five years after the investment by the Investment SPV. Our Group, the investors (including ZACD Investments) and the Investment SPV will enter into a shareholders’ agreement after the investors have converted the Convertible Loans and become shareholders of the Investment SPV.

### ***Step 6: Paying investment returns to the investors***

Pursuant to the conversion of the Convertible Loan, the Investment SPV will distribute the dividends and any distributions received from the Development SPV to the investors, ZACD International and ZACD Investments in proportion to their shareholding in the Investment SPV. The board of directors of the Investment SPV, who were appointed to

represent our Group as an asset manager to safeguard the interests of our investors, will table a resolution for the declaration of dividends to the shareholders of the Investment SPV as soon as practicable after the Investment SPV receives any dividends and/or distributions from the Development SPV. Pursuant to the terms of the shareholders' agreement of the Investment SPV, the investors, being shareholders of the Investment SPV, will receive such dividends only after such resolution is passed by shareholders holding shares representing not less than 75% or 90% of the issued share capital of the Investment SPV. The Investment SPV will continue to receive dividends and any distributions from the Development SPV for any additional sales proceeds from the underlying real estate project, therefore the investors in the Investment SPV would continue to receive their investment return through the distribution of dividends by the Investment SPV.

During the Track Record Period and up to the Latest Practicable Date, neither our Group (as the investment management service provider who did not have any voting right in the Investment SPV) nor ZACD Investments (as one of the minority shareholders in the Investment SPVs) held sufficient votes to compel the Investment SPV to declare a dividend.

***Step 7: Voluntary liquidation of the Development SPV and Investment SPV***

Pursuant to the shareholders' agreements relating to the Development SPV and the Investment SPV, the Development SPV and the Investment SPV will be voluntarily liquidated upon full realisation of the underlying investment. As none of the investments for any of our Investment Projects were fully realised during the Track Record Period and up to the Latest Practicable Date, none of the Development SPVs nor Investment SPVs in our Investment Projects have been voluntarily liquidated as at the Latest Practicable Date.

**Our Fees**

We derive our revenue from collecting (i) Management Fees; (ii) Establishment Fees (paid to us in the form of Establishment Shares); and (iii) Performance Fees. In addition, we also derive dividends paid in respect of Establishment Shares. We determine the Management Fees and Establishment Fees based on industry norms, complexity of the investment and commercial negotiations on a project-by-project basis. The amount of dividends paid in respect of the Establishment Shares will depend on the financial performance of the specific Investment Project.

(i) *Management Fees*

We derive our Management Fees from the investors for the investment management services that we provided. We generally charge other investors a one-off fixed fee of approximately 3% to 5% of the respective investment amount made by the investor upon entry into a Convertible Loan Agreement while for ZACD Investments, we charge 2% of Management Fees per annum based on the outstanding investment amount. We charged ZACD Investments different Management Fees as we had granted them a priority right to participate in real estate projects and had arrived at such terms pursuant to arm's length commercial negotiations.

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## BUSINESS

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### (ii) *Establishment Fees*

We also receive one-off Establishment Fees from all the investors for our creation and establishment of the investments, arranging the establishment of the Investment SPVs and our structuring of the investments. Each investor settles the Establishment Fee by way of (i) transferring specified number of shares of the Investment SPV after conversion of the Convertible Loan by procuring the Investment SPV to allot and issue to us certain specified number of shares of the Investment SPV; or (ii) in a few cases where the Establishment Shares were received from the investors by ZACD Investments on behalf of transferring the specified number of shares, from ZACD Investments to us. Such Establishment Fees amount to approximately 5% to 25% of the respective shares in the Investment SPV to which the investors are entitled upon conversion of the Convertible Loan which has been agreed upon in the convertible loan agreements. We charged ZACD Investments a higher percentage of 25% of the respective shares in the Investment SPV to which they are entitled upon conversion of the Convertible Loan as we had granted them a priority right to participate in real estate projects and had arrived at such terms pursuant to arm's length commercial negotiations. As the conversion of the Convertible Loan only occurs after the TOP date, the Establishment Fees to which we are entitled for our provision of establishment services at the early phases of the Investment Project would only be paid to us in the form of Establishment Shares at a later stage upon conversion of the Convertible Loans.

In addition, since we collect the Establishment Fees in the form of Establishment Shares, we would also be entitled to the dividends paid in respect of such Establishment Shares as may be distributed after the issuance of such shares to us. During the Track Record Period, we received dividend payments in respect of the Establishment Shares held in nine Investment SPVs in the amount of approximately S\$4.3 million, S\$6.5 million and S\$3.1 million, respectively.

### (iii) *Performance fees*

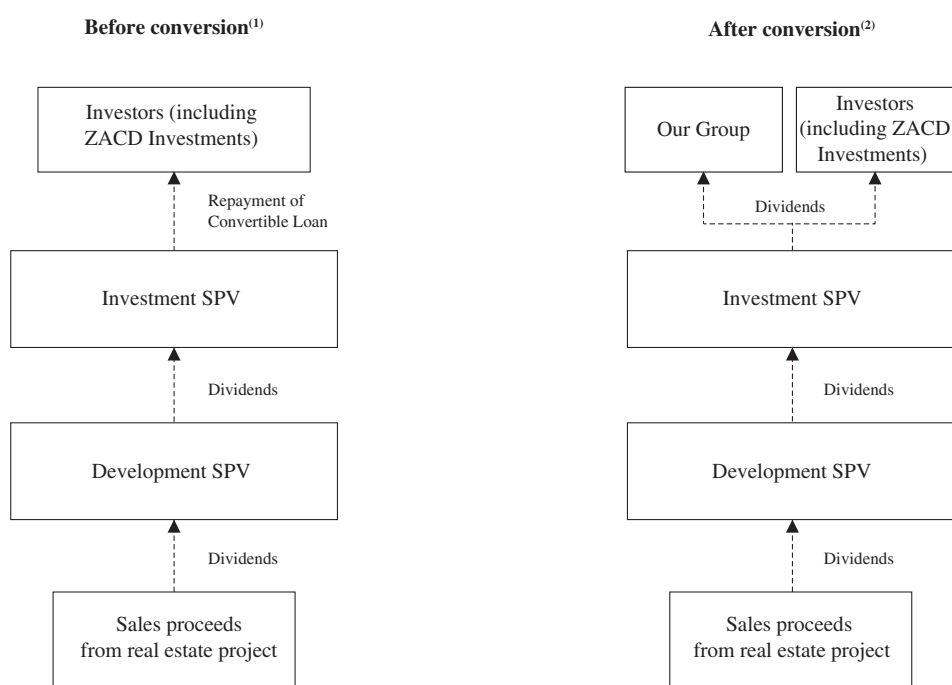
During the Track Record Period, we only charge one of the investors, Landmark, performance fees of 15% of all dividends and/or profit distributions it received from certain Investment SPVs, in consideration of granting them a priority right to participate in the relevant real estate project. We have such arrangement with Landmark since it has shown interest in investing in a number of our Investment Projects since July 2010. Pursuant to commercial negotiations subsequently, Landmark no longer required such priority rights from us and we have not entered into any similar arrangement with Landmark or any other investors as at the Latest Practicable Date. For more information about Landmark, please refer to the paragraph headed "Sales and Marketing and our Pool of Investors" in this section of the prospectus.

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The following table sets out a breakdown of our revenue derived from the PE structures:

	For the year ended 31 December		For the six months ended
			30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Management Fees	1,320	790	273
Establishment Fees and dividends from Establishment Shares	4,322	6,487	3,124
Performance Fees	<u>1,505</u>	<u>986</u>	<u>621</u>
<b>Total</b>	<b><u>7,147</u></b>	<b><u>8,263</u></b>	<b><u>4,018</u></b>

The capital flows from the sales proceeds of the Investment Project ultimately to the investors and our Group before and after conversion is set out in the flowcharts as follows:



Key

----- Profit distributions (including dividends)/money inflow

Notes:

- (1) Conversion of the Convertible Loans occurs after TOP date.
- (2) After (i) conversion and (ii) payment of Establishment Fees in the form of Establishment Shares to us.



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### Convertible Loan Agreement

The Investment SPV investors invest into the Investment Project by way of entering into the Convertible Loan Agreement.

In general, the salient terms of the Convertible Loan Agreement are as follows:

- Parties : Investment SPV investors, Investment SPV and ZACD International
- Grant of Convertible Loan : Each Investment SPV investor shall grant the Investment SPV a specified non-interest bearing Convertible Loan, and the Investment SPV shall apply all amounts under the Convertible Loans towards the development of the relevant underlying real estate project and the administrative expenses of the Investment SPV.
- Investment Management Services : We shall provide the investment management services and the investors shall pay us Management Fees and Establishment Fees. Since we collect the Establishment Fees in the form of Establishment Shares, we are also entitled to dividends attached to such Establishment Shares as may be distributed after issuance of such shares to us.

We will only receive payouts derived from the Establishment Shares in the form of dividend payments from profits available for distribution following the approval of the audited accounts in respect of the financial year in which dividends were declared in a general meeting. The payment of such dividends are also subject to the requisite approvals from the shareholders of the relevant Investment SPV and directors of the Development SPV. Please refer to the sections entitled “Business — Shareholders’ Agreement Relating to the Investment SPV — Reserved Matters” and “Business — Development SPV and Development Holding Company under the Fund Structures — Dividend Policy” of this prospectus for further details of the approvals required.

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- Conversion : After TOP date of the relevant real estate project, such part of the outstanding Convertible Loan representing not more than a pre-determined nominal amount<sup>(1)</sup> shall be converted into shares of the Investment SPV based on the terms of the agreement, with the balance of the outstanding Convertible Loan remaining due and payable to the Convertible Loan holders (“**CL Holders**”). The conversion price is S\$1.0 per share. The number of shares entitled by the CL Holders in the Investment SPV is based on the percentage of the relevant CL Holders’ contribution in the total amount of Convertible Loan less the Establishment Fees (paid in the form of the Establishment Shares). On or before the conversion date, the Investment SPV investors, the Investment SPV and us shall enter into a shareholders’ agreement and they would become shareholders of the Investment SPV after conversion of the Convertible Loan.
- Repayment : At any time prior to the conversion date, and provided that there is no event of default, the Investment SPV shall, at the discretion of its board of directors, repay part of the Convertible Loan to each CL Holder in accordance with the proportion of Convertible Loans contributed by each CL Holder.
- Events of default : The outstanding Convertible Loan shall immediately be due and payable upon the occurrence of an event of default, which includes: (i) failure of Investment SPV to pay any amount payable under the Convertible Loan Agreement on the due date; (ii) failure of Investment SPV to perform or comply with any of its undertakings, covenants, conditions or obligations under the Convertible Loan Agreement; (iii) any litigation, arbitration, proceeding or dispute is started or threatened by or against Investment SPV which will have a material adverse effect; or (iv) the relevant real estate project in which the Investment SPV invests is destroyed or otherwise damaged and such destruction or damage will have a material adverse effect.

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Additional Financing : Any additional financing proposal (the “**Financing Proposal**”) shall be approved by the CL Holders holding not less than 75% of the outstanding Convertible Loan amount owing by Investment SPV to the CL Holders (the “**Majority CL Holders**”). Upon approval, in addition to their own participation, the Majority CL Holders shall be entitled to require the other CL Holders (the “**Minority CL Holders**”) to participate in the Financing Proposal in accordance with their respective proportion of the Convertible Loan, failing which, the Majority CL Holders shall be entitled to participate in place of such non-participating Minority CL Holder.

*Note:*

- (1) The average of the predetermined nominal amount of Convertible Loans that the investors can convert into the shares of Investment SPVs during the Track Record Period was approximately S\$3,236 and would range from S\$900 to S\$9,998, representing approximately 0.006% to 0.104% of the Convertible Loan amount.

During the Track Record Period and up to the Latest Practicable Date, there were no requests for additional financing pursuant to any delay in progress of the Investment Projects or any other reasons, nor any events of default or any early repayments of the Convertible Loans.

### **Shareholders’ agreement relating to the Investment SPV**

Upon the initial conversion of the Convertible Loan into the shares of the Investment SPV, being a date after the TOP of the relevant real estate project, the Investment SPV investors, the Investment SPV and us enter into a shareholders’ agreement to regulate their relationship as shareholders of the Investment SPV. In general, the salient terms of the shareholders’ agreement are as follows:

Parties : Investment SPV investors, ZACD International and the Investment SPV.

Shareholders’ approval : Save for reserved matters and any financing proposals with respect to any financial requirements of the Investment SPV presented by the board of directors to the shareholders (see the paragraphs on Reserved Matters and Financing in this table below), all shareholders’ resolutions shall be decided by a simple majority of votes.

Transfer of shares by shareholders : All transfer of shares are subject to pre-emptive rights and offered to other shareholders in proportion to their shareholding at the prescribed price specified in such offer.

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## BUSINESS

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- Board of directors : The appointment of new directors shall be a reserved matter and require approval from shareholders holding shares representing not less than 75% or 90% of the issued share capital of the Investment SPV, whereas the removal of directors require a simple majority approval. All resolutions of directors shall be passed by a simple majority.
- Dividend Policy : Subject to approval from shareholders as a reserved matter and any applicable laws, the directors shall at their discretion distribute dividends after taking into account the profits of the Investment SPV, and after the Investment SPV has repaid all shareholders' loans (i.e. the full principal amount of the Convertible Loans granted by the investors) and in the case of final dividends, such dividends shall not include all cost incurred in relation to the Establishment Fees or any cost generally exceeding S\$150,000 unless agreed by shareholders in a simple majority of votes.
- Reserved Matters : Reserved matters require shareholders holding shares representing not less than 75% or 90% of the issued share capital of the Investment SPV to decide on such questions or pass such resolutions, including:
- appointment of any director, company secretary and any person employed in an executive or management capacity by the Investment SPV, including managing director
  - any increase, reduction or cancellation in the issued and paid-up share capital of Investment SPV, the creation or variation of any other interest or rights in the capital of the Investment SPV, or any grant of options voluntary winding-up of the Investment SPV
  - declaration and payment of any dividends or change in dividend policy
  - any joint venture arrangements whether directly or indirectly
  - any external financing or provision of undertakings otherwise than pursuant to the financing provisions as set out in the shareholders' agreement (please see the paragraphs under "Financing" in this table below)

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- the nomination by ZACD Investments or us of such person(s) in relation to the financing of the amount representing the number of new shares not subscribed by the shareholders in the event equity financing is required.

### Financing

- : The board shall present the financing proposals with respect to any financial requirement of the Investment SPV, to be approved by shareholders representing at least 75% of the issued share capital of the Investment SPV. The shareholders agreed that the financial requirements of the Investment SPV shall be financed from external resources. In the event where the financing requirements of the Investment SPV exceed the external resources or in the event where the external financing is not approved by the shareholders, such financing requirements shall be financed in the following order of preference: (i) financing by way of loans from shareholders (“**Shareholders’ Loan**”) and (ii) financing by way of share capital contribution (“**Equity Financing**”). Financing by Shareholders’ Loan and Equity Financing should be made in proportion to the respective shareholdings of the shareholders of the Investment SPV. In the event other shareholders of the Investment SPV do not contribute to the financing requirement, the contributing shareholder is not obliged to take-up the non-contributing shareholder(s)’ obligations. However, if a Shareholders’ Loan is required and a shareholder failed to contribute in accordance to the shareholders’ agreement, it may be considered in default of the shareholders’ agreement and may be subject to a compulsory sale of its shares in the Investment SPV to the non-defaulting shareholders (who may subscribe in proportion to their respective shareholdings in the Investment SPV at a nominal price). If Equity Financing is required for an Investment SPV and if a shareholder of the Investment SPV failed to subscribe the new shares in proportion to its shareholding the shares shall then be offered to other shareholders pro rata to their respective shareholdings and, its interests in the Investment SPV may be diluted.

### Termination

- : Upon liquidation of the Investment SPV, whether voluntary or compulsory upon completion of the investment.

*B. Trust structures*

During the Track Record Period, our Group adopted trust structures for only two of the 25 Investment Projects due to cost and administrative efficiencies as well as to take into account the size of the investment. The investment amounts of the two trust structures for Investment Project I and Investment Project J are approximately S\$1.5 million and S\$2.0 million, respectively.

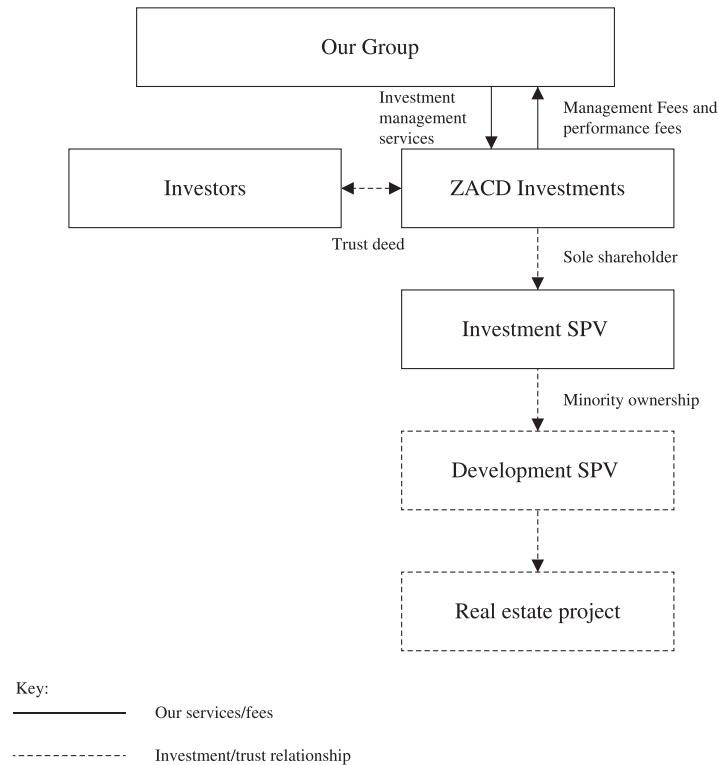
Under the trust structure, ZACD Investments, one of the Controlling Shareholders of our Group, will enter into trust deeds with each of the investors pursuant to which ZACD Investments will hold an equity stake (the “**Trust Equity Stake**”) in the Investment SPV on trust for each investor in proportion to the investment amount of each investor. ZACD Investments will then invest into the Investment SPV as the sole shareholder of the Investment SPV, which in turn provides shareholders’ loans to the Development SPV.

Each investor, as a beneficiary of the Trust Equity Stake, is entitled to all the dividends and distributions arising from their respective proportion of the total investment amount in the Investment SPV and in turn, derived from the Development SPV. Any distributions from the Development SPV to the Investment SPV will be paid to ZACD Investments, who will in turn distribute to each of the investors the proceeds in accordance with their respective Trust Equity Stake. We manage the entire investment management process including the administration, coordination, monitoring and management of the underlying real estate project. We collect performance fees in the range of 10% to 25% of the profits made by the investors (including ZACD Investments) and Management Fees of approximately 2% per annum on the total outstanding investment amount directly from ZACD Investments. The profits made by the investors (including ZACD Investments) are dividends and distributions received by ZACD Investments on behalf of the investors that arose from their respective proportion of the total investment amount in the Investment SPV and in turn, derived from the Development SPV.

In January 2017, we stopped charging Management Fees under these trust structures as the underlying real estate projects were substantially completed or established.

## BUSINESS

The graph below shows the services that our Group provided under the trust structures:



### (II) Fund Management

We started to adopt fund structures as one of the investment vehicles of our Investment Projects since 2016. We, acting as the fund manager, managed four real estate private equity funds, namely the ARO II Fund, the BBW6 Fund, the S1 Fund and the S2 Fund during the Track Record Period. Each of the BBW6 Fund, the S1 Fund and S2 Fund is a single purpose fund that is established as an investment vehicle to raise funds and invest in a specific identified project which is stated in the relevant private placement memorandum to the investors at the time when the fund was established. Investors' monies which are committed to the fund will solely be used for investment into the specific identified project. The ARO II Fund is a general purpose fund that has no specific investment target when the fund was established. Instead, the fund operates on a specific mandate as set out in the private placement memorandum which states the type of target acquisition assets in order to achieve a specific investment objective. In the case of the ARO II Fund, the fund mandate targets assets and developments located throughout the Asia-Pacific region and its investment objective is to maximise the total returns on capital for investors through investing in a mixed portfolio of income producing assets, real estate securities and development opportunities. Investors' monies which are committed to the fund will be deployed at the discretion of the fund manager. Typically, there will be a fixed investment period between 18 to 24 months after establishment of the fund for the acquisition of assets by the fund. Under its mandate, the ARO II Fund could hold more than one underlying completed property asset or development project. None of the underlying development property projects or assets held by the funds managed by the Group have interests in other funds or Investment SPVs. The AUM of our funds as at the

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## BUSINESS

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Latest Practicable Date was approximately S\$106.9 million. Investors investing in the funds that our Group manages commit capital upon subscription into the funds, which will be subsequently drawn down for investment opportunities. The fund life of our funds is usually for a period of three to five years.

As at the Latest Practicable Date, the funds that we managed are corporate entities owned by ZACD Investments or us. They are managed by one of our wholly-owned subsidiaries, ZACD Capital, which has obtained a CMS License from MAS to conduct fund management regulated activity under the SFA in Singapore. Before adopting the fund structures, the investments we managed under the PE structures were carried out under the immovable assets exemption under the SFA. Our investments were restricted only to physical property assets or in securities issued by investment holding companies of which sole purpose is to invest in immovable assets. Pursuant to obtaining the CMS License from MAS in September 2016, we are able to undertake full scale fund management activities without any limitation on the types of investment targets or the types of investment structures.

The scope of our fund management services provided therein include, but are not limited to, the management of the fund investment portfolios to maximise their value. We will also actively source for real estate investments and conduct due diligence checks on such investment opportunities. In essence, we are given the contractual right to manage the investment and realisation of the assets of the fund, subject to the restrictions as set out in the private placement memoranda.

The salient terms of the fund management agreement are as follows:

- |                          |   |   |
|--------------------------|---|---|
| Fund management services | : | The fund manager will provide the fund with non-exclusive fund management services. In providing its services, the fund manager must also act in accordance to the terms and conditions of the private placement memoranda. The fund manager may also be responsible for (i) evaluating investment opportunities; (ii) deal execution, (iii) portfolio management and (iv) overseeing financial and accounting reporting. |
| Remuneration             | : | Fund management fee and/or performance fee and/or fund establishment fee. For details of the percentage of the fund management fee and the performance fee entitled by each funds, please refer to sub-sections titled “ARO II Fund”, “BBW6 Fund” and “S1 Fund and S2 Fund”.  |



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Voting rights : Any rights of voting conferred by any of the assets of the company shall be exercised in such manner as the fund manager may determine (subject to the right of the board to give instructions to the fund manager).

Termination : The agreement shall be terminated at the end of the term and by notice in accordance with the terms of the agreement.

The salient terms of the private placement memoranda (“**PPM**”) are as follows:

Investment objective : Varies based on the terms of the PPM related to the particular fund. For details of the purpose of each funds, please refer to sub-sections titled “ARO II Fund”, “BBW6 Fund” and “S1 Fund and S2 Fund”.

Closing Date : As specified in the PPM of the particular funds. Please refer to the sub-sections titled “ARO II Fund”, “BBW6 Fund” and “S1 Fund and S2 Fund”.

Fund term : Depending on the PPM, the term of the fund will be for the period commencing from the first closing date and continuing, unless the fund is sooner dissolved, or as specifically stated in the PPM.

Minimum commitment : Each investor who is an institutional investor will be required to subscribe for a minimum commitments and each investor who is an accredited investor (but not an institutional investor) will be required to subscribe for a larger minimum commitments, unless otherwise waived by the board at its sole discretion.

Special redeemable preference shares : The investors may subscribe for redeemable preference shares at any time before the final closing date.

Termination of the fund : The fund may be liquidated by way of special resolution prior to the completion of the term if the fund manager is of the opinion that it is illegal or impracticable to continue the fund. The fund will also be liquidated upon the divestment of all Investments.

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## BUSINESS

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Exit strategy : The main exit strategy of the fund shall be through the sale or divestment of the investments through strata title sales or negotiated trade sales to third party investors such as individuals or corporate entities, third party fund managers, pension funds, insurance funds or real estate investment trusts, as may be applicable.

Distributions : Apart from the annual dividends, distributions (if any) will be made to investors at the expiration of the term or the earlier termination of the fund. Distributions will be made after payment of all the fund's expenses and the net proceeds arising from the realisation of the fund's investments.

Board of directors : The board of directors of the fund is generally responsible for the Fund's management, control, administration and the determination of its overall investment objective and policies and the responsibilities of the board.

The board may delegate powers and authority in connection with all matters related to investment and divestment decisions to the relevant investment committee. Depending on the agreement, the board may also delegate the power and responsibility for making capital calls, but subject to the supervision of the board. The board shall have the overall management and supervision of the business of the fund, excluding all matters related to investment and divestment decisions that are delegated to the investment committee.

Fund management fee : Certain percentage per annum of the committed capital.

During the Track Record Period, we had 153 investors investing in the four funds that we managed, of which approximately 29.4% were repeat investors in the four funds. We charged a fund management fee of up to 2.0% per annum of the committed capital and a performance fee of up to 15.0% of the net proceeds from the realisation of investments after full repayment of the invested capital to investors. We determine our fund management fees and performance fees of the funds that we manage by taking into account factors such as type of assets held under the fund, fund tenure and fund size. As advised by our Singapore Legal Advisers, there are currently no specific laws or regulations in Singapore which regulate the pricing of our private real estate fund management services.

*ARO II Fund*

The ARO II Fund was established in April 2016. As at the Latest Practicable Date, it has an AUM of approximately S\$15.9 million, and is a close-ended real estate private equity general purpose fund targeting quality assets and developments located across the Asia-Pacific region for risk diversification. The fund objective is to provide investors an attractive and stable income with the potential for capital growth, by maximising total returns on capital for investors through investing in a mixed portfolio of income producing assets including luxury residential properties in Singapore.

As at the Latest Practicable Date, ZACD Investments, one of our Controlling Shareholders, acts as the sponsor for the ARO II Fund by way of subscribing and holding the nominal share capital of the corporate entity of the fund. The initial term of the fund is three years, and may be extended by two years from the end of the third year upon the recommendation of the fund manager and approval of the Investment Committee. We are entitled to a fund management fee equivalent to 2.0% per annum of the committed capital and a performance fee equivalent to 15.0% of the net proceeds from the realisation of investments after full repayment of the invested capital to investors. The ARO II Fund also appointed an administrator for the general administration of our funds which includes arranging for the realisation of the investments, calculation of asset valuations and fees, and maintaining the books and records. Pursuant to the administration agreement, our senior managers are appointed to instruct the administrators to release the funds or investments. For the fund administration services provided, the ARO II Fund will pay such administrator an one-off initial set-up fee and accordingly to the scheduled recurring fund administration fee structure thereafter. Payments of fees to which we are entitled under the fund management agreement are made by such administrator to us under our instructions. Please refer to the section entitled “Business — PE structures — Our investment management process” for details of the Investment Committee.

*BBW6 Fund*

The BBW6 Fund was established in October 2016. As at the Latest Practicable Date, it has an AUM of approximately S\$15.5 million, and is a close-ended real estate single purpose private equity fund investing into a mixed-use development located at Bukit Batok West Avenue 6. The BBW6 Fund holds approximately a 12.0% stake in the said property.

As at the Latest Practicable Date, we act as the sponsor of the BBW6 Fund by way of holding the nominal share capital of the corporate entity of the fund. The life of the fund is for a tentative period of five years commencing from the first closing date till the dissolution of the fund. We are entitled to a fund management fee equivalent to 1.0% per annum of the committed capital for a period of four years. We are also entitled to a performance fee equivalent to 15% of the net proceeds from the realisation of investments after full repayment of the invested capital to investors, subject to investors always achieving at least a hurdle rate of 30.0% return on equity.

*S1 Fund and S2 Fund*

The S1 Fund and the S2 Fund were established in May 2017 to invest into the same residential real estate project located at Shunfu Road in Singapore and being developed by Qingjian. The overall estimated project size is approximately S\$1,136.0 million, of which approximately S\$372.0 million is funded by the shareholders of the development holding company of the said project and approximately S\$764.0 million is funded by credit facilities to the relevant development holding company as at the Latest Practicable Date. The S1 Fund and S2 Fund have invested in 4.0% and 16.0%, respectively, of the effective stake into the said development holding company, representing approximately S\$227.0 million of the overall estimated project size, of which approximately S\$74.2 million is funded by investors of the S1 Fund and S2 Fund. The remaining S\$152.8 million is funded through the S\$764 million credit facilities to the relevant development holding company, which ZACD Investments, one of our Controlling Shareholders, has provided a guarantee. The relevant financial institutions have agreed in principle that the said guarantee by ZACD Investments will be released and replaced by a corporate guarantee to be provided by the Company upon Listing. Upon Listing, out of the S\$152.8 million corporate guarantee to be provided by the Company, approximately S\$122.2 million or 80% will be supported by back-to-back indemnity from the investors of the S2 Fund.

The targeted fund size of the S1 Fund and the S2 Fund is S\$15.5 million and S\$60.0 million, respectively. The S1 Fund was closed on 30 June 2017. The S2 Fund was closed on 30 November 2017. We were in the process of on-boarding investors to the S2 Fund as at the Latest Practicable Date, with a majority of the fund having been received. Both funds are close-ended real estate single purpose private equity funds.

Each of their fund lives is for a tentative period of five years commencing from the first closing date till the dissolution of the fund.

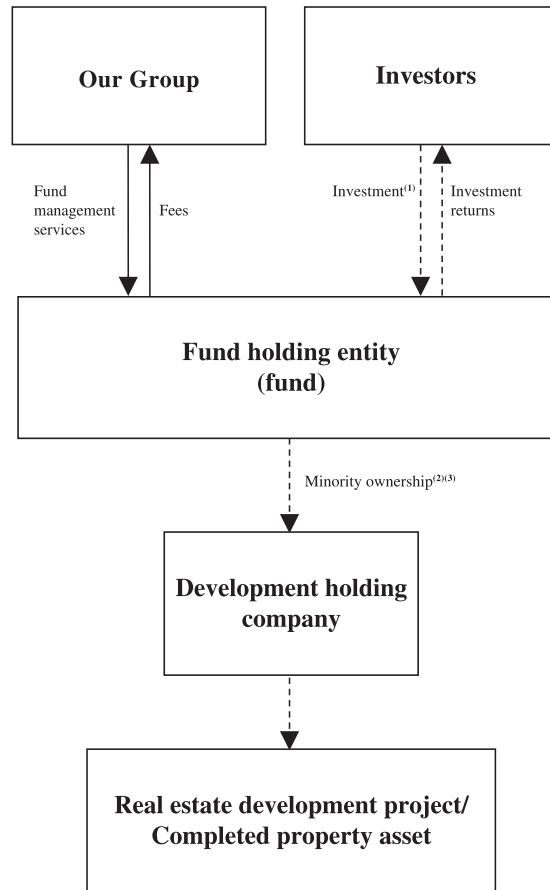
We are the fund manager and charge management fees, performance fees and fund establishment fees for the S1 Fund and the S2 Fund. For the S1 Fund, we are entitled to a fund management fee of 0.25% per annum of the committed capital, a performance fee at a rate of 15% of the net proceeds from the realisation of investments and a one time fund establishment fee equivalent to 3% of the committed capital. For the S2 Fund, we are entitled to a one time fund management fee of 0.25% of the committed capital, a performance fee at a rate of 5% of the net proceeds from the realisation of investments and a one time fund establishment fee equivalent to 0.75% of the committed capital. We charged the investors of the S2 Fund a lower management fees, performance fees and fund establishment fees compared to the investors of the S1 Fund as they were pre-identified and required a reduced amount of marketing and administration work. In addition, the investors of the S2 Fund have agreed to provide back-to-back indemnity for the corporate guarantee to be provided by the Company in favour of the credit facilities to the relevant development holding company.

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## BUSINESS

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The graph below shows the services that our Group provides under the fund structures:



Key:

— Our services/our fees

- - Investment

*Notes:*

- (1) The investors invest in the funds by subscribing for the preference shares issued by the fund.
- (2) The BBW6 Fund, S1 Fund and S2 Fund, all of which are single purpose funds, have a minority ownership in the relevant development holding company which holds the underlying real estate development project. The ARO II Fund owns 100% of the relevant holding companies which hold the underlying completed property assets.
- (3) Similarly to the PE Structures, the Group has no majority control over the development holding company under the BBW6 Fund, the S1 Fund and the S2 Fund because of their minority ownership in the development holding companies, and the Group does not control the board of directors of the development holding companies.

**Reasons for adopting the respective investment structures:**

- (1) Convertible Loan structure: We adopted the convertible loan structure when a limited number of investors want to come together and jointly invest into a single pre-identified Investment Project. Typically the number of investors in a convertible loan structure will not be more than 30 investors.
- (2) Trust structure: We adopted the trust structure when a limited number of investors want to come together and jointly invest into a single pre-identified Investment Project, but due to the smaller size of the investment, trust structure is adopted for more cost and administrative efficiencies. Typically the number of investors in a trust structure will not be more than 30 investors and the investment amount is less than S\$2.0 million.
- (3) Fund structure: We adopted the fund structure to facilitate a large number of investors pooling their fund together to invest into a specific or a pool of Investment Projects. The investment target can be pre-identified or identified only after the fund has been pooled under the fund structure.

**Advantages, disadvantages and risks involved in each investment structure:**

The following table summarises the advantages, disadvantages and the risks involved in each investment structure from our Group’s perspective:

<b>Investment structure</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Risks involved</b>
<p>Convertible Loan structure</p>	<ul style="list-style-type: none"> <li>• Not required to hold a valid CMS Licence in Singapore to adopt the Convertible Loan structure as we are able to rely on the immoveable assets exemption under the SFA, and therefore has lower compliance and reporting costs and requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Could be administratively more cumbersome to manage as many key decisions or reserved matters need approval from majority or all investors such as conversion of the Convertible Loan and dividends distribution.</li> </ul>	<ul style="list-style-type: none"> <li>• Since we recognise the Establishment Shares of our Convertible Loan structures as available-for-sale financial assets which are measured at fair value on the statement of financial position and the amount of revenue derived from Convertible Loan structure is dependent on the investment performance of our real estate projects, if the investment performance of our Investment Projects is unsatisfactory, our financial position and results of operations may be adversely affected. Please refer to “Risk Factors — The investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return” and “Risk Factors — There are inherent uncertainties associated with the fair value measurement of our available-for-sale financial assets (“AFS Financial Assets”) and the fair value changes of our AFS Financial Assets may materially and adversely affect our financial position and results of operations.”</li> </ul>
			<ul style="list-style-type: none"> <li>• After Convertible Loan has been converted, our Group, as a shareholder of the Investment SPV, may be subject to additional financing risk. Please refer to “Risk Factors — The Development SPVs and the development holding companies under the fund structures may from time to time require additional financing, which in future may not be available or may be on unfavourable terms. Our investment SPVs and the fund holding entities under the fund structures may also be required to provide for the additional financing.”</li> </ul>

Investment structure	Advantages	Disadvantages	Risks involved
Trust structure	<ul style="list-style-type: none"> <li>• Cost and administrative efficiency</li> <li>• Not required to hold a valid CMS Licence in Singapore to adopt the trust structure as we are able to rely on the immoveable assets exemption under the SFA, and therefore has lower compliance and reporting costs and requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Investors may not agree to adopt trust structure for large Investment Project where there are needs to have more refined investment terms and rights accorded to investors, as under the trust structure the investors effectively have vested their rights with the trustee.</li> </ul>	<ul style="list-style-type: none"> <li>• The amount of revenue derived from our trust structures are dependent on the investment performance of our real estate projects, if the investment performance of our Investment Projects is unsatisfactory, our results of operations may be adversely affected. Please refer to “Risk Factors — The investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return”.</li> </ul>
Fund structure	<ul style="list-style-type: none"> <li>• Our Group is able to undertake full scale fund management activities without any limitation on the types of investment targets or the types of investment structures, including other form of investment into real estate such as through financial instrument or money market products</li> <li>• Suitable for pooling investments from a large number of investors and administratively more efficient to manage as the manager has high discretionary power</li> <li>• The investment target can be pre-identified or identified only after the fund has been pooled administratively more efficient to manage as manager has high discretionary powers</li> </ul>	<ul style="list-style-type: none"> <li>• Required to hold a valid CMS Licence in Singapore to adopt the fund structure and therefore has higher compliance and reporting costs and requirements, including the registration of relevant marketing document with the MAS and regular filings with relevant authority.</li> </ul>	<ul style="list-style-type: none"> <li>• The amount of revenue derived from the fund structures are dependent on the investment performance of our real estate projects, if the investment performance of our Investment Projects is unsatisfactory, our results of operations may be adversely affected. Please refer to “Risk Factors — The investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return”.</li> <li>• Failure to maintain or unexpected revocation of our CMS license and the risk of evolving regulatory environment and measures. Please refer to “Risk Factors — The failure to obtain or renew, or the unexpected revocation of any of, the required governmental approvals, licences and permits could materially and adversely affect our existing business operations or expansion plans”.</li> </ul>



**DEVELOPMENT SPVS UNDER THE PE STRUCTURES AND THE DEVELOPMENT HOLDING COMPANIES UNDER THE FUND STRUCTURES**

The relationships between the Investment SPVs, the real estate developer partners of the underlying real estate projects and other Development SPV investors are generally governed by shareholders' agreements, business venture agreements and/or the constitutional documents. Similarly, under the fund structure, the fund holding entities, the real estate developer partners of the underlying real estate projects and other Development SPV investors also entered into shareholders' agreements, business venture agreements and/or adopt constitutional documents to govern their relationships. The shareholders' agreements, business venture agreements and the constitutional documents of majority of the Development SPVs or the development holding companies under the fund structures would contain at least the following major terms:

- Board of directors
- The total number of directors in the Development SPVs and the development holding companies under the fund structures ranged from two to seven directors. The Investment SPVs and the fund holding entities under the fund structures were generally entitled to appoint one or two directors.
  - The shareholders shall have the right to appoint and remove at least one director nominated by him/her/it (“**Nominee Director**”).
  - The quorum shall be the number of shareholders to a Development SPV or the development holding companies and shall comprise of at least one Nominee Director appointed by each shareholder.
  - All resolutions of directors shall be passed by a simple majority.

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### **Shareholders' meeting and obligations**

- The quorum shall consist of a representative of the shareholders. Resolutions shall be passed on ordinary resolutions.
- The shareholders shall procure that its Nominee Director approve any resolution to be passed on the appointment of certain key parties in the project, for example, main contractor, sales agent, marketing agent, project manager, project services consultant and property management consultant.

### **Financing**

The shareholders should provide financing by way of loans or advances to meet the financing requirements of the Development SPV or the development holding company in the proportions of their shareholding.

In the event that additional security by way of guarantee or indemnity is required in order to secure financing requirements for the Development SPV or the development holding company, the shareholders should provide the same in the proportions of their shareholdings at the date on which the respective financings are to be raised. The aggregate amount of liability arising under the guarantee or indemnity shall be borne by the shareholders in proportion to their respective shareholdings in the Development SPV or the development holding company.

### **Dividend Policy**

Dividends shall be distributed to the shareholders at such time as the directors may determine.

### **Transfer of shares by shareholders**

Subject to the provisions of the shareholders' agreement, no shareholder shall sell, transfer or otherwise dispose of all or any part of its shares or any interests save with the prior written consent of all the other shareholders. All transfer of shares are subject to pre-emptive rights and offered to other shareholders in proportion to their shareholding at the prescribed price specified in such offer.

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The typical terms of the constitutional documents are summarised as follows:

**Variation of rights of existing shares or classes of shares**

If at any time the share capital of the Development SPV or the development holding company under a fund structure is divided into different classes of shares, the rights attached to any class (unless otherwise provided for by the terms of issue of that class) may, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the constitutional documents relating to general meetings shall apply, but so that the necessary quorum shall be two persons holding not less than one-third of the issued shares of that class.

**Alteration of capital**

The Development SPV or the development holding company under a fund structure may by ordinary resolution of its members:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) subdivide its shares or any of them into shares of smaller amount than is fixed by its constitutional document; or
- (iv) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its capital by the amount of its share capital by the amount of the shares so cancelled.

**Appointment and removal of directors**

- The Development SPV or the development holding company under a fund structure may from time to time by ordinary resolution passed at a general meeting, increase or reduce the number of directors.
- The directors shall have the power at any time, and from time to time, to appoint any person to be a director to fill a casual vacancy or as an addition to the existing directors.

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- Subject to the relevant laws, the Development SPV or the development holding company under a fund structure may by ordinary resolution remove any director before the expiration of his period of office.

**Power to dispose of the assets of the company or any of its subsidiaries**

There are no specific provisions in the constitutional documents relating to the disposal of the assets of the Development SPV or the development holding company under a fund structure. The directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the company and which are not required by the constitutional documents or the relevant laws to be exercised or done by the Development SPV or the development holding company under a fund structure in general meeting.

**Quorum of meetings of the board of directors**

The quorum may be fixed by the directors, and unless so fixed shall be two.

**Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as provided in the constitutional documents, two members present in person shall be a quorum.

**Dividends**

The Development SPV or the development holding company under a fund structure in general meeting may declare dividends, but no dividend shall be declared in excess of the amount recommended by the directors.

**Financing**

There are no provisions on the financing requirement of the shareholders.

Given the Investment SPVs are minority shareholders in the Development SPVs and the fund holding entity are minority shareholders in the development holding company under the fund structures, our Directors are of the view that the terms and conditions under the shareholders' agreements, the business venture agreements and the constitutional documents reflect the kind of protection typically available to a minority shareholder. The terms of the shareholders' agreements and business venture agreements were agreed by the parties based on arm's length commercial negotiations and are not uncommon to transactions of similar nature.

During the Track Record Period, there were six projects, in which our Investment SPVs had equity interests, where a representative from our Group or a Nominee Director was not required to form a quorum of a meeting ("**Type A Projects**") and there were four projects (all of which are also Type A Projects) of which approval from the Nominee Director was not required for the

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appointment of key parties, including the main contractor, sales agent or project manager (“**Type B Projects**”). Type A Projects are namely, Premier@Kaki Buki, Investment Project B, Investment Project C, Investment Project E, Investment Project F and Investment Project J. Type B Projects are namely, Investment Project B, Investment Project E, Investment Project F and Investment Project J. Type A Projects represent approximately 46.1%, 7.8% and 43.4% of our revenue generated from the investment management business for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2017, respectively, and amounts to S\$54.1 million (i.e. 28.2%) of our investment in all of the Investment Projects during the Track Record Period. Type B Projects represent approximately 4.8%, 1.0% and 43.4% of our revenue generated from the investment management business for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2017, respectively, and amounts to S\$46.5 million (i.e. 24.2%) of our investment in all of the Investment Projects during the Track Record Period. The Directors note that, amongst the Type B Projects, all units under Investment Project B and Investment Project E have been sold as at 30 June 2017 and Investment Project F and Investment Project J will be disposed to Avalon. For details regarding to the disposals to Avalon, please refer to “Summary — Recent developments — Business Transfer Agreements”. In majority of the Development SPVs and the developing holding companies under the fund structures, we were given the right to appoint a director as we usually invested in the Development SPVs and the developing holding companies under the fund structures with voting rights except for the Development SPVs related to Investment Project A, Investment Project G and Investment Project H which we invested in debt and preference shares issued by the Development SPVs.

Notwithstanding the aforesaid, our Directors believe that there are sufficient measures for safeguarding the interests of the Investment SPVs and the fund holding entities under the fund structures for the following reasons:

### **Legal measures:**

- Although the Investment SPVs and the fund holding entities under the fund structures are minority shareholders, their interests are represented in the general meetings and board meetings of the Development SPVs and the development holding companies under the fund structures. In a majority of the Development SPVs and development holding companies, according to the terms of the shareholders’ agreement, the attendance of a Group’s representative or the Nominee Director is required in order to constitute the quorum of the meeting.
- The Group’s investment interests are also protected as, in majority of the Development SPVs and development holding companies under the fund structures, approval from the Nominee Director is required for the appointment of key parties to a project, including main contractor, sales agent and project manager.
- Notwithstanding that with Type A Projects (which include all of the Type B Projects), our representative and Nominee Directors are not required to form the quorum for meetings of the Development SPVs or the development holding company under the fund structure, we consider our membership in the board of directors in these companies to be

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sufficient and effective to protect the interests of our Investment SPVs and the fund holding entities under the fund structures. Type A Projects were governed by a board of directors and the critical matters regarding the operation of the Development SPVs or the development holding companies under the fund structure were usually approved by the board of directors. Pursuant to the constitutional documents, the directors in the Development SPVs and the development holding companies under the fund structure are entitled to notice of any board meetings and participate in them. We are of the view that the board meetings allow us to participate in the management and operation of Development SPVs and the development holding companies under the fund structure to ensure our interests are protected.

- There are provisions under the Companies Act which restrict the directors' actions and to accord certain degree of protection to minority shareholders in general. Some examples are as follows:
  - Notwithstanding anything in a company's constitution, the directors of the company shall not carry into effect any proposals for disposal of the whole or substantially the whole of the company's undertaking or property unless those proposals have been approved by the company in general meeting. In this regard, shareholders of the company will have to be informed of such matters and accordingly, shareholders' approval will have to be sought pursuant to the Companies Act in such situations.
  - Notwithstanding anything in a company's constitution, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.
  - A company shall at each annual general meeting of a company appoint an accounting entity or accounting entities to be the auditor or auditors of the company, and any auditor or auditors so appointed shall, subject to this section, hold office until the conclusion of the next annual general meeting of the company. An auditor of a company may be removed from office by resolution of the company at a general meeting of which special notice has been given, but not otherwise.
  - A company may give financial assistance for the purpose of, or in connection with, an acquisition or proposed acquisition by a person of shares or units of shares in a company or in the holding company or ultimate holding company, as the case may be, of a company if, *inter alia*, (a) the board approved such assistance, (b) each member having the right to vote was notified of the relevant board resolution(s); and (c) the members passed the relevant resolutions to approve the assistance, or approved such acquisition by special resolutions.
  - The directors shall, on the requisition of members holding not less than 10% of such of the paid-up capital of a company or in the case of a company not having a share capital, of members representing not less than 10% of the total voting rights

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of all the members, proceed to convene an extraordinary general meeting of the company. A company is under a duty, on the written requisition of such number of members (any number of members representing not less than 5% of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates, or not less than 100 members holding shares in the company on which there has been paid up an average sum, per member of not less than S\$500), to give to members entitled to receive notice of the next annual general meeting notice of such resolution. Accordingly, the minority shareholders may have recourse under the Companies Act in the event there are matters which the minority shareholders wish to discuss and/or approve at the general meeting of the company.

- The Singapore courts have a general power to make any order, upon application by any shareholder of the company, as they think fit to remedy in situations which include, among other things:
  - the affairs of the company are being conducted or the powers of the directors are being exercised in a manner oppressive to one or more of the members or holders of debentures including himself or in disregard of his or their interests as shareholders; or
  - that some act of the company has been done or is threatened or that some resolution of the members, has been passed or is proposed which unfairly discriminates against or is otherwise prejudicial to one or more of the members.

The Singapore courts have wide discretion to grant reliefs in order to remedy the above situations.

### **Non-legal measures:**

- Regular board meetings were held by the Development SPVs and the development holding companies under the fund structures, where the Investment SPVs and the fund holding entities under the fund structures are entitled to appoint a Nominee Director or more. Although the Investment SPVs and the fund holding entities are minority shareholders at the Development SPVs and the development holding companies under the fund structures, the director nominated by the Investment SPVs and the fund holding entities (which is a director and/or senior management of the Group as investment manager) will be appointed to the board of directors of the Development SPVs and the development holding companies under the fund structures and will attend board meetings and ad hoc meetings to monitor the performance of the projects. In most circumstances, the directors of the Development SPVs and the development holding companies under the fund structures would table critical subject matter, such as the approval of budget, changes in financial figures (e.g. construction costs), financial projections, feasibility studies and appointment of key parties before the board of directors for discussions.

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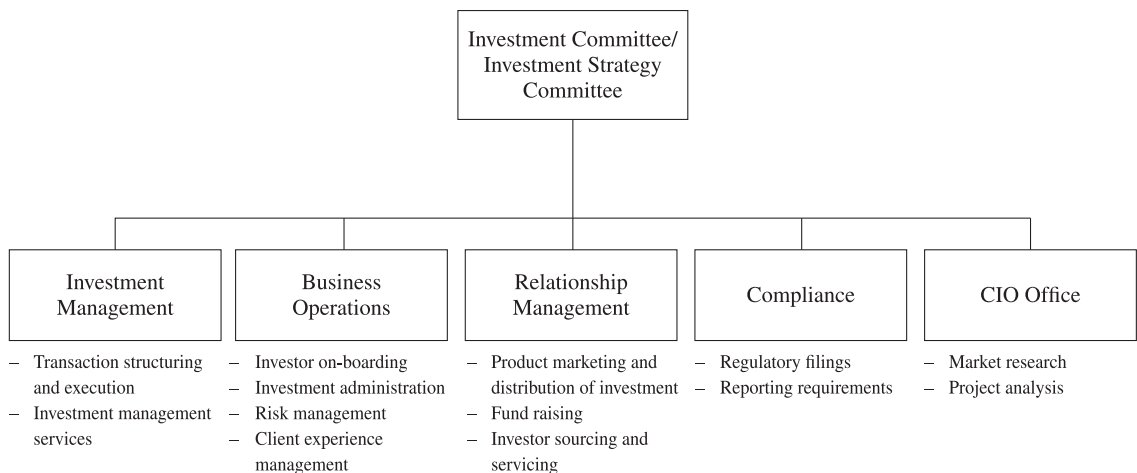
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- The Group, as the investment manager of the Investment SPVs and the fund holding entities under the fund structures, will provide a quarterly project progress update to the investors quarterly, incorporating project status and feedback gathered from periodical updates from the Development SPVs and the development holding companies under the fund structures, our participation in the board and/or project meetings of the Development SPVs and the development holding companies under the fund structures from time to time, and where required, direct requests to the Development SPVs and the development holding companies under the fund structures to provide the relevant information to prepare the reports. As such, our Directors are of the view that the Investment SPVs and the fund holding entities and their investors' interests were timely informed of the performance of the Investment Projects and any significant or adverse changes to the performance of the Investment Projects would be discovered and informed to the investors in a timely manner through these reports. During the Track Record Period, the Group has not experienced any material difficulties in obtaining relevant information from the Development SPVs and the development holding companies under the fund structures.

### OUR INVESTMENT MANAGEMENT PROCESS

We constantly review our investment management process and we believe we have established a rigorous system and a comprehensive due diligence approach across our investment management services business segment, which is further enhanced during the period when we applied for and obtained the CMS License from MAS to conduct regulated fund management activities under the SFA in Singapore. The chart below summarises the management structure of our Group's investment management operations.





**1. Investment Committee**

Our Group has established an Investment Committee that is responsible for all investment and divestment decisions within the investment management services business segment. The Investment Committee consists of the executive Directors and our Chief Investment Officer.

In addition, the Investment Committee is responsible for the following:

- (i) receipt of information of investment or divestment opportunity;
- (ii) review and consider the investment or divestment opportunity taking into account factors such as project risks and return, potential demand and fees; and
- (iii) assess any potential conflict of interests during the investment or divestment process.

**2. Investment Strategy Committee**

The Investment Committee forms an Investment Strategy Committee to assist its initial assessment and evaluation work, as well as to make recommendations to the Investment Committee. The Investment Strategy Committee is typically comprised of the middle and senior management of our Group, namely our director of real estate investments, our senior financial controller, our head of legal and compliance and other internal professionals. The Investment Strategy Committee works closely with the CIO Office to conduct investment analysis and legal and financial due diligence on the potential investment opportunities.

After preliminary approval of the Investment Strategy Committee, the potential investment will be recommended and tabled before the Investment Committee for final approval.

**3. Investment management team**

The investment management team is responsible to conduct portfolio management and execution. Supported by the Group's business operations team, the investment management team is primarily responsible for the following:

- (i) overall management and supervision of the Group's investment management business activities;
- (ii) transaction execution, which includes but not limited to arranging capital calls, recommending distributions and drawdown on investments;
- (iii) the administration, coordination, monitoring and management of the acquisition and development of properties in relation to the underlying real estate asset including monitoring the progress of the underlying real estate project by attending the

scheduled project meetings held by the Development SPVs or the development holding companies under a fund structure and requesting for project updates from time to time;

- (iv) review of accredited and institutional investor profiles and approval; and
- (v) maintain full oversight of the progress, performance and financials of the individual Investment Project and/or the underlying asset of the funds.

#### **4. Business operations team**

The business operations team administers every major step of our Group's investment management services. The primary responsibilities include the following:

**(i) *Investor on-boarding:***

Approval is obtained from all potential investors prior to performing customer due diligence on them. We have put in place an anti-money laundering policy to assist us in complying with the relevant anti-money laundering laws and regulations. Under the policy, we are required to perform "know your clients" due diligence for each new customer. Our "know your customers" due diligence involves gathering customers' information such as name, date of birth, identification document number for verification of their identities and proof of source of funding. In the case of an institutional customer, they will have to provide information on the identities of the beneficial owners.

**(ii) *Investment administration:***

- A. Arrange for the incorporation of the Investment SPV and the fund holding entity under the fund structure and filing the necessary registrations.
- B. Prepare the investment documentations and marketing materials to facilitate fund set-up and fund sales for the Investment SPVs and fund entities, and executing and documenting all transactions pertaining to the investors which include lodging the investors' respective stakes in the Investment SPV and the fund holding entity under the fund structure and/or funds as well as to facilitate distributions; and prepare the quarterly quantitative and qualitative reports for the relevant stake holders.

**(iii) Risk management:**

Effective risk management is critical to the operation of our investment management business. In addition to using bottom-up analysis (such as independent reviews) and top-down analysis (such as scenario and sensitivity analyses) to assess risks, we also adopt certain procedures in managing the various risks applicable to our investment management business including:

A. *Business venture risk (credibility of and reliance on the Development SPV investors or the investors of the development holding company):*

Close monitoring of the Investment Project's development progress by having periodic meetings with the Development SPV investors or the investors of the development holding company to receive updates. There are generally two types of meetings attended by our Group:

- (i) Shareholders' meeting — the board of directors of the Development SPV or the development holding company under a fund structure would brief all the Development SPV investors or the investors of the development holding company on progress and issue, changes in budget and costs in the meetings. This meeting usually happens every quarter or every six months depending on real estate developer partners.
- (ii) Project technical meeting — discussion on technical project issues and progress that usually conducted every fortnight or monthly depending on the developers and the status of construction.

B. *Term of investment:*

- (1) Setting reasonable investment terms and exit horizons based on historical Investment Projects' performance and market research;
- (2) Review such investment terms periodically; and
- (3) Close monitoring and periodic reviews of the Investment Project's development progress.

C. *Debt financing and interest rate risk of investment project:*

- (1) Close monitoring of the federal funds rates against the Singapore interest rates; and
- (2) Periodic assessment of the impact of interest rates fluctuations on debt financing.

D. *Liquidity risk*

- (1) Close monitoring of the Investment Project's development progress and sales rate; and
- (2) Set concentration limits for single positions (in terms of proportion of fund size and proportion of stake in the Investment Project) and review periodically.

E. *Market risk*

Constant updates on the real estate market demand and supply by the CIO Office for periodic review of the feasibility and profitability of the investment.

In light of the above, the business operations team conducts risk identification and assessment of our projects periodically to identify risk areas, monitor risk factors and develop action plans to mitigate potential risks. Examples of mitigation plans include but are not limited to:

- (i) Provide advisory services for market positioning of the Investment Project through our project consultancy and management services;
- (ii) Marketing the Investment Project to more investors in situations when existing Investors would like to exit due to personal reasons; and
- (iii) Sale of the Investment SPV.

F. *Exit procedures*

Under the Convertible Loan Agreements, the relevant trust documents and the private placement memoranda, there are no provisions on the exit mechanisms for the investors. However, under the Convertible Loan Agreements and the private placement memoranda, the investors may assign their rights and obligations with the consent of our Group as the investment manager. Under the trust structure, the investors may assign their rights and obligations with the consent of ZACD Investments. During the Track Record Period, one investor contributing to an investment amount of S\$50,000 had discontinued as we no longer considered him as a qualified investor.

**(iv) *Client experience management:***

Enhancing investors' satisfaction through (1) investor data management and analysis profiling, (2) provision of quarterly investment updates and (3) administering the feedback channel so as to achieve a personalised interaction with the investor.

**5. Relationship management team**

Our relationship management team comprise relationship managers who are primarily responsible for product marketing, fund raising, and client sourcing and servicing. A dedicated relationship manager will be assigned to each investor to ensure personalised service and to keep investors up-to-date with both their existing investments and market conditions. This dedicated service aims to develop better understanding of the investors' needs and allow for more effective investment marketing. The relationship managers also play an important role in ensuring an effective customer due diligence framework.

**6. Compliance team**

The compliance team primarily carries out supervision and maintenance of internal processes, regulatory filings and requirements to ensure that ZACD Capital is operating in accordance with the regulatory requirements of the MAS. This will include preparing and submission financial returns to the MAS such as monthly filing of base capital compliance, submission of audited accounts and notification to the MAS of changes and events.

**7. CIO Office**

The CIO Office is headed by our Group's Chief Investment Officer, working together with the Investment Strategy Committee. The CIO Office collects market intelligence and research, conduct feasibility studies and financial analysis on potential investment opportunities.

**SALES AND MARKETING AND OUR POOL OF INVESTORS**

As at the Latest Practicable Date, our Group had an investor base of over 200 accredited investors and institutional investors. To attract new investors, we periodically hold seminars to market our Group and share our research on the real estate market. We also rely on the personal networks of our sales team and our investors for referrals of new investors. As at the Latest Practical Date, members of our sales team have an average of five years of experiences in the real estate investment industry together with banking, insurance and securities experiences. Our sales team comprise of a dedicated team of relationship managers who are primarily responsible for product marketing, fund raising and client servicing. A dedicated relationship manager will be assigned to each investor to ensure personalised service and to keep investors up-to-date with both their existing investments and market conditions, which in turn enable our Group to develop better understanding of the investors' needs and allow for more effective investment marketing. The relationship managers are supported by our Group's other functional teams, including the CIO Office and the business operations team. Our Directors believe, evidenced by the feedbacks from the key property developers partnered with our Group, our Group's personalised investor approach is one of the key factors to encourage loyalty and referrals (37.6% of our investors are repeat investors that have invested in more than one of the real estate projects we manage).

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Our investors are accredited investors that include business owners, professional investors and institutional investors. One of our top five customers during the Track Record Period, Landmark, has been one of our earliest investors and has invested in 22 of our Investment Projects and three real estate funds as at the Latest Practicable Date. Landmark is an investment holding vehicle which has invested in our real estate investment projects since July 2010. Its controlling shareholders are Independent Third Parties.

During the Track Record Period, ZACD Investments, one of our Controlling Shareholders, was also one of the investors in all of the Investment SPVs that we managed, and invested on average approximately 19.8% of the total investments in each of these Investment SPVs. For the percentage of the investment invested by ZACD Investments in each of the Investment SPVs, please refer to the table entitled “Summary of Investment Projects” in this section of the prospectus. None of the agreements between us and our investors or Investment SPVs is conditional upon or subject to ZACD Investments’ investments in the Investment SPVs.

### **BANK BORROWINGS MADE BY THE DEVELOPMENT SPVS AND DEVELOPMENT HOLDING COMPANIES UNDER THE FUND STRUCTURES**

In certain real estate projects, the Development SPV or the development holding company under a fund structure would also need to secure bank borrowings for the development of the real estate projects. Generally, the property developer would lead the discussions with the lending bank(s) and if required by the lending bank(s), the shareholders of the Development SPV or the development holding company under a fund structure (including the relevant Investment SPV or the fund holding entity or the ultimate shareholders of the Investment SPV or the fund holding entity) would provide a corporate and/or personal guarantee in proportion to their investment stakes in the Development SPV or the development holding company under a fund structure to the bank to secure such borrowing by the Development SPV or the development holding company under a fund structure. ZACD Investments, one of our Controlling Shareholders, being the sole shareholder of the Investment SPV at such stage, or Mr. Yeo and Ms. Sim, being the executive Directors and controlling shareholders of ZACD Investments, would sometimes be required to extend corporate and/or personal guarantee(s) under the terms and conditions of the bank financing secured by the Development SPV or the development holding company under a fund structure in favour of the bank to secure the borrowing by the Development SPV or the development holding company under a fund structure. Typically, such guarantee would be proportionate to the stake of the Investment SPV in the Development SPV or the development holding company under a fund structure.

As at the Latest Practicable Date, ZACD Investments, one of our Controlling Shareholders, has provided a guarantee of S\$152.8 million for the Investment Project invested by the S1 Fund and the S2 Fund. For details of the S1 Fund and S2 Fund, please refer to the subsection headed “Business — Investment Management Services — (II) Fund Management — S1 Fund and S2 Fund” in this prospectus.

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According to the Savills Report, it is not uncommon for participating shareholders in a real estate development business venture to each provide their proportionate guarantee in favour of the bank financing granted to the business venture. During the Track Record Period and up to the Latest Practicable Date, our Controlling Shareholders had granted corporate or personal guarantees for our Investment Projects in respect of bank financing given to the Development SPVs or the development holding company under a fund structure. For details, please refer to the section headed “Relationship with our Controlling Shareholders” in this prospectus.

## BUSINESS

### SUMMARY OF INVESTMENT PROJECTS

The following table sets out the investment vehicles managed by us under our investment management business during the Track Record Period:

Investment Project/Funds	Date of establishment	Property Type	Key real estate developer partner <sup>(1)</sup>	Construction status of project as at the Latest Practicable Date	TOP date	Whether pre-sales have commenced as at the Latest Practicable Date	Saleable floor area	Saleable floor area	No. of units	Units unsold as at the Latest Practicable Date
						Practicable Date	(sq.m.)	%		%
<b>Convertible loan structures</b>										
1. Nin Residence	6 Jul 2010	Residential	Qingjian	Completed	Oct 2014	Yes	18,703.0	—	219	—
2. Premier@Kaki Bukit	8 Oct 2010	Industrial	Wee Hur	Completed	Aug 2014	Yes	72,548.0	—	482	—
3. Riverparc Residence	18 Oct 2010	Residential	Qingjian	Completed	Jun 2014	Yes	56,280.0	—	504	—
4. Investment Project A	2 May 2011	Industrial	Developer A	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>
5. Riversound Residence	5 Jul 2011	Residential	Qingjian	Completed	May 2015	Yes	62,423.0	—	590	—
6. Investment Project B	28 Sep 2011	Residential	Developer B	Completed	Apr 2016	Yes	51,449.0	—	530	—
7. Investment Project C	17 Nov 2011	Industrial	Developer C	Completed	Jul 2014	Yes	44,920.0	—	385	—
8. Parc Centros	10 Jan 2012	Residential	Wee Hur	Completed	May 2016	Yes	56,889.0	—	618	—
9. Investment Project D	9 Apr 2012	Industrial	Developer D	Completed	Nov 2014	Yes	47,387.0	—	288	—
10. Investment Project E	25 Jun 2012	Residential	Developer B	Completed	Mar 2017	Yes	49,097.0	—	463	—
11. Woodlands Industrial Xchange	13 Feb 2013	Industrial	Qingjian	Completed	Jun 2016	Yes	26,615.0	—	161	—
12. Investment Project F <sup>(3)</sup>	13 Feb 2013	Industrial	Developer B	Completed	Jun 2016	Yes	69,689.0	53.1	384	54.9
13. West Star <sup>(3)</sup>	27 May 2013	Industrial	Qingjian	Completed	Mar 2017	Yes	41,121.0	37.5	109	45.0
14. Bellewoods	7 Jun 2013	Residential	Qingjian	Completed	Mar 2017	Yes	60,885.0	—	561	—
15. Bellewaters	24 Jun 2013	Residential	Qingjian	Completed	May 2017	Yes	69,690.0	—	651	—
16. Mega@Woodlands <sup>(3)</sup>	18 Jul 2014	Industrial	Wee Hur	In progress	TOP expected to be issued in the third quarter of 2019 <sup>(6)</sup>	Yes	98,258.0	65.9	517	64.0
17. The Visionaire <sup>(3)</sup>	16 Oct 2014	Residential	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2018 <sup>(6)</sup>	Yes	61,258.0	0.4	632	0.5
18. Investment Project G	31 Oct 2014	Industrial	Developer E	In progress	TOP expected to be issued in the third quarter of 2018 <sup>(6)</sup>	Yes	86,700.0	34.4	82	27.6
19. Investment Project H (1st Tranche)	6 Feb 2015	Residential/commercial	Developer F	In progress	NA <sup>(7)</sup>	No <sup>(7)</sup>	28,254.0	100.0	300	100.0
Investment Project H (2nd Tranche)	6 Aug 2015	Residential/commercial	Developer F							
20. iNZ Residences <sup>(3)</sup>	7 Sep 2015	Residential	Qingjian	In progress	TOP expected to be issued in the third quarter of 2019 <sup>(6)</sup>	Yes	49,979.0	5.8	497	6.2
<b>Trust Structures</b>										
21. Investment Project I	28 May 2014	Residential	Developer G	Completed	Feb 2016	Yes	457.1	—	2	—
22. Investment Project J <sup>(3)</sup>	30 Sep 2014	Industrial	Developer C	In progress	TOP expected to be issued in the third quarter of 2018	Yes	42,838.9	15.6	230	13.9
<b>Fund structures</b>										
23. ARO II Fund	16 Apr 2016	Varied	N/A	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>	N/A <sup>(8)</sup>
24. BBW6 Fund	5 Oct 2016	Mixed use	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2021 <sup>(6)</sup>	Yes	42,058.0	52.9	624	45.2
25. S1 Fund	1 May 2017	Residential	Qingjian	In progress	TOP expected to be issued in the fourth quarter of 2022 <sup>(6)</sup>	No	104,246.0	100.0	1,192	100.0
S2 Fund	1 May 2017	Residential	Qingjian							



## BUSINESS

Investment Project/Funds	No. of investors	Investment amounts <sup>(2)</sup>				Establishment Shares entitled to or received by the Group as at the Latest Practicable Date	Amount of stake invested into the Development SPV or the development holding company under the fund structures by the investment structures as at the Latest Practicable Date	Trailing return <sup>(4)</sup> on investment realised as at the Latest Practicable Date	Conversion status as at the Latest Practicable Date	
		Investors (excluding ZACD Investments)		ZACD Investments						Total
		S\$'000	%	S\$'000	%					S\$'000
<b>Convertible loan structures</b>										
1. Nin Residence	7	4,400	73.3	1,600	26.7	6,000	15.3	15	49%	Converted
2. Premier@Kaki Bukit	6	2,500	83.3	500	16.7	3,000	14.3	10	354%	Converted
3. Riverparc Residence	12	7,050	88.1	950	11.9	8,000	14.4	16	141%	Converted
4. Investment Project A	10	6,550	68.2	3,050	31.8	9,600	15.0	7.5 <sup>(9)(10)</sup>	366%	Converted
5. Riversound Residence	20	10,950	94.4	650	5.6	11,600	14.8	12	63%	Converted
6. Investment Project B	24	17,150	84.1	3,250	15.9	20,400	15.0	30	69%	Converted
7. Investment Project C	11	4,500	88.2	600	11.8	5,100	14.7	15	168%	Converted
8. Parc Centros	20	11,750	68.3	5,450	31.7	17,200	17.3	20	122%	Converted
9. Investment Project D	20	7,950	81.8	1,770	18.2	9,720	15.5	15	62%	Converted
10. Investment Project E	27	11,430	89.6	1,320	10.4	12,750	14.7	15	Unrealised	Converted <sup>(11)</sup>
11. Woodlands Industrial Xchange	22	5,550	72.1	2,150	27.9	7,700	16.3	55	38%	Converted
12. Investment Project F <sup>(3)</sup>	27	12,550	74.6	4,280	25.4	16,830	—	45	Unrealised	Unconverted <sup>(12)</sup>
13. West Star <sup>(3)</sup>	9	5,500	80.9	1,300	19.1	6,800	—	40	Unrealised	Unconverted <sup>(12)</sup>
14. Bellewoods	16	7,250	89.5	850	10.5	8,100	10.8	10	Unrealised	Converted <sup>(11)</sup>
15. Bellewaters	18	8,450	91.8	750	8.2	9,200	9.5	10	Unrealised	Converted <sup>(11)</sup>
16. Mega@Woodlands <sup>(3)</sup>	18	8,550	85.5	1,450	14.5	10,000	—	25	Unrealised	Unconverted
17. The Visionaire <sup>(3)</sup>	6	3,200	69.6	1,400	30.4	4,600	—	5	Unrealised	Unconverted
18. Investment Project G	9	1,900	59.4	1,300	40.6	3,200	18.2	10 <sup>(9)(10)</sup>	Unrealised	Unconverted
19. Investment Project H (1st Tranche)	18	5,750	74.2	2,000	25.8	7,750	18.8	18 <sup>(9)(10)(13)</sup>	Unrealised	Unconverted
Investment Project H (2nd Tranche)	7	2,900	90.6	300	9.4	3,200	15.3	7 <sup>(9)(10)(13)</sup>	Unrealised	Unconverted
20. iNZ Residences <sup>(3)</sup>	15	5,650	80.3	1,390	19.7	7,040	—	11	Unrealised	Unconverted
<b>Sub-total</b>	—	—	—	—	—	187,790	—	—	—	—
<b>Trust Structures</b>										
21. Investment Project I	19	1,400	93.3	101	6.7	1,501	N/A	60	Unrealised	N/A
22. Investment Project J <sup>(3)</sup>	7	1,242	63.7	708	36.3	1,950	N/A	10	Unrealised	N/A
<b>Sub-total</b>	—	—	—	—	—	3,451	—	—	—	—
<b>Fund structures</b>										
23. ARO II Fund	61	15,850	100.0	—	—	15,850	N/A	N/A	Unrealised	N/A
24. BBW6 Fund	52	15,500	100.0	—	—	15,500	N/A	12	Unrealised	N/A
25. S1 Fund	39	15,050	97.1	450	2.9	15,500	N/A	4 <sup>(10)</sup>	Unrealised	N/A
S2 Fund	16	60,000	100.0	—	—	60,000	N/A	16	Unrealised	N/A
<b>Sub-total</b>	—	—	—	—	—	106,850	—	—	—	—

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<u>Investment Project/Funds</u>	<b>Our Group's segment revenue generated from investment management business</b>					
	<b>For the year ended 31 December</b>				<b>For the six months ended 30 June</b>	
	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
<b>Convertible loan structures</b>						
1. Nin Residence	244	3.5	522	6.2	—	—
2. Premier@Kaki Bukit	2,167	30.7	408	4.9	—	—
3. Riverparc Residence	1,846	26.1	733	8.7	—	—
4. Investment Project A	34	0.5	—	—	—	—
5. Riversound Residence	45	0.6	1,427	17.0	—	—
6. Investment Project B	57	0.8	—	—	2,276	48.0
7. Investment Project C	746	10.6	159	1.9	—	—
8. Parc Centros	63	0.9	3,740	44.5	925	19.6
9. Investment Project D	871	12.4	110	1.3	366	7.7
10. Investment Project E	83	1.2	34	0.4	—	—
11. Woodlands Industrial Xchange	83	1.2	382	4.5	179	3.8
12. Investment Project F <sup>(3)</sup>	161	2.3	13	0.2	—	—
13. West Star <sup>(3)</sup>	69	1.0	23	0.3	—	—
14. Bellewoods	56	0.8	56	0.7	23	0.5
15. Bellewaters	52	0.7	52	0.6	22	0.5
16. Mega@Woodlands <sup>(3)</sup>	115	1.6	115	1.4	57	1.2
17. The Visionaire <sup>(3)</sup>	53	0.8	52	0.6	26	0.5
18. Investment Project G	55	0.8	41	0.5	—	—
19. Investment Project H (1st Tranche)	125	1.8	136	1.6	68	1.4
Investment Project H (2nd Tranche)	23	0.3	54	0.6	27	0.6
20. iNZ Residences <sup>(3)</sup>	33	0.5	98	1.2	49	1.0
<b>Trust Structures</b>						
21. Investment Project I	30	0.4	30	0.4	—	—
22. Investment Project J <sup>(3)</sup>	36	0.5	36	0.4	—	—
<b>Fund structures</b>						
23. ARO II Fund	—	—	159	1.9	159	3.4
24. BBW6 Fund	—	—	17	0.2	95	2.0
25. S1 Fund	—	—	—	—	465	9.8
S2 Fund	—	—	—	—	—	—
Total	<u>7,047</u>	<u>100.0</u>	<u>8,397</u>	<u>100.0</u>	<u>4,737</u>	<u>100.0</u>

## BUSINESS

*Notes:*

- (1) Our key real estate developer partners invest into the relevant real estate project through the relevant Development SPV or the development holding company under a fund structure.
- (2) Including investment by way of equity and/or debt including shareholders' loans, convertible bonds or redeemable preference shares.
- (3) These are the Investment SPVs for which we have novated our obligations as investment manager to Avalon. The completions of the novations have taken place on 24 November 2017. After completion, we will no longer provide investment management services in respect of these six Investment SPVs. Immediately before the completion of the novations, the percentage of establishment shares entitled to or received by the Group was (i) 16.3% in respect of Investment Project F, (ii) 15.2% in respect of West Star, (iii) 14.8% in respect of Mega@Woodlands, (iv) 13.4% in respect of The Visionaire, and (v) 12.3% in respect of iNZ Residences. Please refer to the section entitled "History, Development and Reorganisation — Our History" in this prospectus for further details.
- (4) Trailing return on investment as at the Latest Practicable Date is calculated by dividing the total distributions and dividends received after taxes and fees as at the Latest Practicable Date over the total capital invested by investors. Trailing return on investment may increase if there are further returns received from the Developments SPVs after the Latest Practicable Date.
- (5) Not applicable as the Investment Project is a mature estate as at the time of investment. The Development SPV or the development holding company under a fund structure leases the units instead of developing them.
- (6) The expected period is based on management estimates after taking into account the construction progress of the project, and may be subject to change.
- (7) There is no expected TOP period due to a delay in the land title clearance. The pre-sales for the Investment Project is expected to commence in the first quarter of 2018.
- (8) Not applicable as the ARO II Fund is a close-ended real estate private equity general purpose fund, and does not develop any property development projects. As at the Latest Practicable Date, the details of the assets held by the ARO II Fund are as follows:

<u>Asset Name</u>	<u>Location</u>	<u>Construction Completion Date</u>	<u>Saleable Floor Area</u> (sq.m.)	<u>Status</u>
Tebrau Dormitory	Johor, Malaysia	6 November 2009	18,940.0	Acquired
294 Bay Road	Melbourne, Australia	End of 2010	4,922.0	Acquired
Aires Serviced Apartment	Perth, Australia	Expected mid-2018 <sup>(6)</sup>	2,160.0	In process of acquiring

- (9) Those investment stakes are made by way of convertible bonds, loans and redeemable preference shares, and not equity.
- (10) Refers to the effective investment stakes as these are indirect investments into the relevant Development SPV or the development holding company under a fund structure.
- (11) As these projects were recently converted, there is no realised return as at the Latest Practicable Date.
- (12) The Convertible Loans remained unconverted despite the TOP dates have passed since the relevant outstanding Convertible Loans had not been substantially repaid due to the relevant project's sale status and after consultation with the Convertible Loan investors, they preferred to initiate the conversion only after the outstanding Convertible Loans have been substantially repaid.
- (13) Investment Project H is held under two Development SPVs for the two tranches.

## BUSINESS

### PROJECT CONSULTANCY AND MANAGEMENT SERVICES

We commenced our project consultancy and management services business in 2010. We offer project management and consulting services to real estate developers and construction companies in Singapore to address the issues arising during various major stages of a property development project, from the land tender stage to marketing and sales of property units. For the two years ended 31 December 2016 and the six months ended 30 June 2017, our revenue generated from our provision of project consultancy and management services amounted to approximately S\$1.3 million, S\$0.9 million and S\$0.8 million, respectively, representing approximately 14.6%, 7.5% and 11.2% of our total revenue for the respective years/period. Our number of clients in this business segment were five, five and eight, respectively during the Track Record Period. During the Track Record Period, out of a total of five, five and eight projects for which we provided project consultancy and management services, five, three and four projects were the underlying real estate projects into which the Investment SPVs invested.

We provide our project consultancy and management services for both residential property and industrial real estate projects. The table below sets forth a breakdown of our revenue from providing project consultancy and management services, by types of projects, during the Track Record Period:

	For the year ended 31 December						For the six months ended		
	2015			2016			30 June		
	Number of projects	Revenue (S\$'000)	%	Number of projects	Revenue (S\$'000)	%	Number of projects	Revenue (S\$'000)	%
Residential real estate projects	2	720	56.8	3	410	47.8	6	699	82.8
Industrial real estate projects	3	548	43.2	2	448	52.2	2	145	17.2
<b>Total</b>	<b>5</b>	<b>1,268</b>	<b>100.0</b>	<b>5</b>	<b>858</b>	<b>100.0</b>	<b>8</b>	<b>844</b>	<b>100.0</b>

We enter into service agreements with our real estate developers or construction companies clients for our provision of project consultancy and management services to them. In general, the salient terms of the service agreement include the scope of work to be performed and the payment terms.

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## BUSINESS

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The service scope of our provision of project consultancy and management services include:

<i>Tender consultancy and research</i>	We provide consultancy services on land tender strategies and pricing.
<i>Design development consultancy</i>	We provide design development consultancy services including advising on unit mix, design and layout of real estate development projects, and overseeing the development process from design conceptualisation to obtaining the relevant government building control plan approvals.
<i>Marketing project management and sales administration</i>	We provide consultancy services and assist on market positioning of property developments and sales launches. We also assist in proposing the marketing, sales and pricing strategies for the entire project. In addition, we assist in providing the necessary administrative support for sales activities and administer the sale documents.
<i>Handover and property defects management services during the defects liability period</i>	We provide pre-handover inspection services and property defects management services during the defects liability period. The defects liability period is usually at least one year or more from the TOP date of the relevant real estate project.

We generally offer our project consultancy and management services for a fixed, pre-negotiated fee specified in the service agreements. Such fee is generally determined with reference to market rates and subject to arms-length commercial negotiations. The real estate developers are typically required to pay the service fees in a lump sum for smaller amounts and in monthly instalments over the service period for larger amounts. We may be involved in most or at least one of the above service scope in the real estate projects. The tenure of the contract spans across the duration of the underlying real estate project, which is typically for three to five years.

Our project consultancy and management services are administered in-house. Our in-house team responsible for a real estate project generally comprises of three to five consultants who are well experienced in property development and sales and familiar with market trends. Our in-house team will obtain the proposed project and building plans of the real estate project from the developer and perform an in-depth assessment including financial analyses, market analyses and design reviews. We will hold discussions with our clients and provide advice on tender strategies and pricing, unit mix, design and layout, market positioning and sales launches based on the results of our analyses. We also monitor the progress of the real estate project by attending project meetings and making site visits from time to time.

**PROPERTY MANAGEMENT AND TENANCY MANAGEMENT SERVICES**

We commenced our property management services in September 2014. As at the Latest Practicable Date, we have a team of 18 property management and tenancy management managers to supervise the provision of property management services for residential properties and non-residential properties (including condominiums and industrial buildings) mainly in Singapore with service scope covering maintenance management services, accounting and financial services, and administrative services. We are typically appointed by real estate developers and MCSTs to provide property management services for residential properties and we are appointed by real estate developers or the property owners for non-residential properties. For the two years ended 31 December 2016 and the six months ended 30 June 2017, we provided property management services for nine, 21 and 24 projects, respectively. Among these projects, nil, four and six were the underlying real estate projects in our provision of investment management services into which our Investment SPVs invested.

We also provided tenancy management services since March 2015 to property owners to help them oversee their property assets including property maintenance work, rental management, lease advisory services, administrative management and tenants care management. For the two years ended 31 December 2016 and the six months ended 30 June 2017, we had one, four and 15 clients in our tenancy management business, respectively.

We offer competitive services to our clients, including operating a web portal to allow home owners to book facilities, request for property maintenance and receive notification updates regarding their property. We also have a dedicated technical support team which provides round the clock support and responds immediately to home owners on any property maintenance request.

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, our revenue from property management services amounted to approximately S\$0.3 million, S\$2.2 million and S\$1.8 million, whilst our revenue from tenancy management services amounted to approximately S\$26,000, S\$36,000 and S\$104,000, respectively.

## BUSINESS

### Property management services

The following table sets out the number of properties under management and type of properties, as at the dates indicated:

	As at 31 December				As at 30 June	
	2015		2016		2017	
	Number of properties	% of total number	Number of properties	% of total number	Number of properties	% of total number
Residential	7	77.8	16	76.2	18	75.0
Industrial and commercial	<u>2</u>	<u>22.2</u>	<u>5</u>	<u>23.8</u>	<u>6</u>	<u>25.0</u>
Total	<u>9</u>	<u>100.0</u>	<u>21</u>	<u>100.0</u>	<u>24</u>	<u>100.0</u>

The following table sets out a breakdown of our revenue from providing property management services, by type of properties, during the Track Record Period:

	For the year ended 31 December				For the six months ended 30 June	
	2015		2016		2017	
	Revenue S\$'000	% of total	Revenue S\$'000	% of total	Revenue S\$'000	% of total
Residential	61	22.6	1,586	73.4	1,376	76.8
Industrial and commercial	<u>209</u>	<u>77.4</u>	<u>574</u>	<u>26.6</u>	<u>415</u>	<u>23.2</u>
Total	<u>270</u>	<u>100.0</u>	<u>2,160</u>	<u>100.0</u>	<u>1,791</u>	<u>100.0</u>

### *Scope of our property management services*

The property management services that we provide under both the preliminary property management agreements with real estate developers and property management agreements with MCSTs typically include:

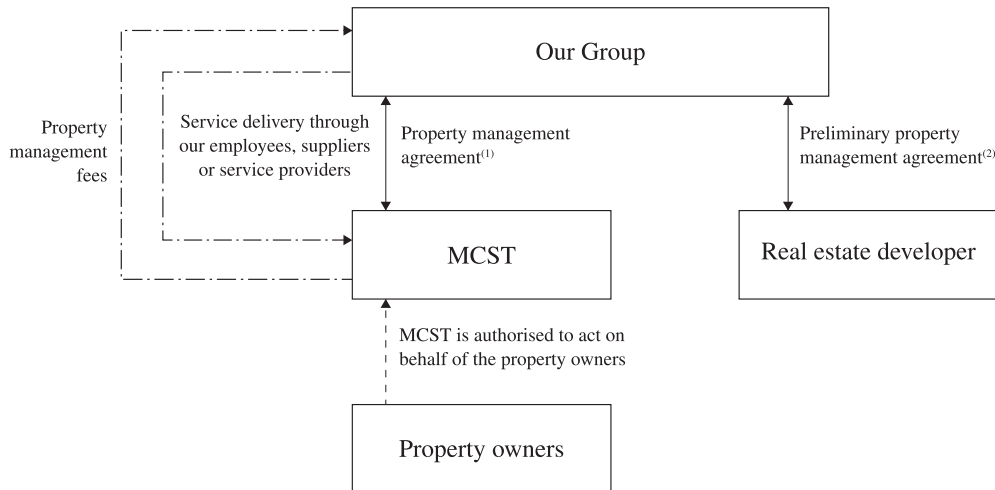
- *Maintenance management services:* Our maintenance management services primarily include (i) conducting regular inspections of the common area and common facilities; (ii) preparing and administering tenders for routine maintenance works; and (iii) ensuring that all repairs and maintenance works undertaken by our suppliers is carried out properly. In addition to our own employees, we also engage suppliers to undertake some of the specialised maintenance and accounting services.

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- *Accounting and financial services:* Our accounting and financial services primarily include (i) managing and collecting maintenance charges and other monies payable by the property owners or other persons; (ii) preparing monthly statement of accounts; and (iii) liaising with the appointed auditors and tax agents to prepare audited accounts and tax returns regarding the property.
- *Administrative services:* Our administrative services primarily include (i) attending to all correspondences regarding the property on behalf of the real estate developer or MCST; (ii) purchasing insurance policies for the property as directed by the real estate developer or MCST; and (iii) arranging annual and extraordinary general meetings for the property owners.
- *Professional consultancy services:* Our professional consultancy services include engaging professionals such as solicitors, accountants, architects or engineers (with the approval of the real estate developer or MCST) on behalf of the real estate developer or MCST.
- *Optional services:* Our optional services include administering contracts for addition and alteration works, purchasing any capital equipment or arranging for improvement works to the property.

### *Agreements for our property management services*

The following diagram illustrates our relationships with various parties under our preliminary property management agreements and property management agreements:



*Key:*

— Solid lines indicate that binding agreements were entered into between the parties.

... Dotted lines indicate that no agreements were entered into between the parties.

-.-.- Fees/services



## BUSINESS

*Notes:*

- (1) MCST enters into the property management agreement on behalf of property owners with us. Such agreement is legally binding on all property owners in accordance with the laws of Singapore.
- (2) Real estate developer enters into the preliminary property management agreement with us. Such agreement is legally binding on the future property owners in accordance with the laws of Singapore.

We enter into preliminary property management agreements with the real estate developers for real estate projects which have not established their MCSTs, whereas we enter into property management agreements with the MCST if the real estate project has established its own MCST. Under the relevant laws and regulations in Singapore, the real estate developer must transfer control of the council of the MCST to the property owners after the first annual general meeting of the MCST, which meeting must be held no later than the earlier of (i) a date falling one month from the constitution of the MCST and ending (a) 12 months later; or (b) on the day when the first annual general meeting of the MCST is held, or (ii) a date that is six weeks after the real estate developer receives a written request from the owners of at least 10% of the total number of lots comprised in that strata title plan requesting the first annual general meeting to be held. Real estate developers typically engage property management suppliers before the control of the properties is transferred to the property owners.

The following table sets out a breakdown of our revenue from providing property management services by type of customer during the Track Record Period:

	<u>For the year ended 31 December</u>				<u>For the six months ended</u>	
	<u>2015</u>		<u>2016</u>		<u>30 June</u>	
	<u>Revenue</u>	<u>% of total</u>	<u>Revenue</u>	<u>% of total</u>	<u>Revenue</u>	<u>% of total</u>
	<u>S\$'000</u>		<u>S\$'000</u>		<u>S\$'000</u>	
Real estate developers	37	13.7	714	33.1	777	43.4
MCSTs	<u>233</u>	<u>86.3</u>	<u>1,446</u>	<u>66.9</u>	<u>1,014</u>	<u>56.6</u>
Total	<u><u>270</u></u>	<u><u>100.0</u></u>	<u><u>2,160</u></u>	<u><u>100.0</u></u>	<u><u>1,791</u></u>	<u><u>100.0</u></u>

The key terms of our preliminary property management agreements and property management agreements are substantially similar and typically include the following:

- *Scope of services:* In addition to providing our typical property management services comprising maintenance management services, accounting and financial services, and administrative services, we may also offer optional services for a separate fee. Such optional services include (i) administering various contracts for addition and alteration works, as well as cyclical maintenance works such as upgrading of mechanical and electrical installations; (ii) purchasing any capital equipment; and (iii) arranging to carry out improvement works to the property.

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- *Term:* The preliminary property management agreements typically have a term of over one year. The property management agreements typically have an initial term of one year and our appointment is usually renewed yearly at the annual general meeting of the property owners.
- *Termination:* The preliminary property management agreement may be terminated before its expiration by either party giving at least one month's notice. The property management agreement may typically be terminated before the one year period either by prior notice (usually one or two months' notice), or in the event of a material breach of the agreement.
- *Appointment of other suppliers:* We are not allowed to appoint other suppliers to provide services under the property management agreement without the prior written consent of the MCST. We outsource our maintenance and improvement works to an electrical works and general contractors company, and our accounting and financial services to accounting firms. Please refer to the paragraph entitled "Our Suppliers" in this section for further details.
- *Fees and other charges:* The agreement sets out the property management fee amount, which is usually due in arrears on the last day of each calendar month. We charge a fixed amount of property management fees on a monthly basis. In addition, on a case-by-case basis the real estate developer or MCST is required to reimburse us for certain operating costs and charges such as electricity and water, including bills and maintenance and repair costs.
- *Indemnity:* We and the real estate developer or MCST will indemnify each other against any liability arising out of the respective parties' breach of the respective preliminary property management or property management agreement.

During the Track Record Period, the property management fees we charged for providing management services to residential properties ranged from approximately S\$1,200 per month to S\$40,000 per month while those for non-residential properties ranged from approximately S\$12,700 per month to S\$18,500 per month.

### **Tenancy management services**

we also provide tenancy management services to help property owners overseeing their property assets including property maintenance management, rental management, lease advisory services, administrative management and tenants care management. Our tenancy management services include liaising with parties such as the MCSTs and property agents on behalf of our customers on matters such as rental collection and lease renewal and assisting with property tax filings. Our tenancy management agreements typically have a fixed term of one to two years, and sets out a fixed monthly asset management fee per property unit which is usually due in arrears each calendar month. In addition, we are usually entitled to a commission equivalent to (i) one

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month of rent for every new lease of a property unit; or (ii) half a month of rent for every renewal of an existing lease. We usually outsource the property maintenance work to suppliers offering property maintenance, renovation and remodelling services.

We determine our property management and tenancy management fees by taking into account, among other things, (i) budgeted expenses for providing the services; (ii) fee rates charged by competitors in the same region/area; and (iii) target profit margins. There are currently no specific laws or regulations in Singapore which regulate the pricing of our property management services or tenancy management services.

### FINANCIAL ADVISORY SERVICES

We incorporated ZACD Financial in October 2015 and commenced business in December 2016, after obtaining licenses to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO in Hong Kong. We obtained these licenses to (i) develop our distribution network and fundraising efforts in Hong Kong; and (ii) develop a corporate financial advisory business in Hong Kong to further enhance our integrated suite of services and capitalize upon our existing network of investors and clients.

Our recent expansion of marketing and distribution network and fundraising efforts in Hong Kong has focused on introducing our brand and Investment Projects managed by us to professional investors as defined under the SFO in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, the focus of our financial advisory arm in Hong Kong has been marketing existing real estate investments originating in Singapore to new clients in Hong Kong and establishing new client connections and network in Hong Kong, in line with our business strategies.

In this respect, our financial advisory arm assisted in the distribution of the BBW6 Fund and on-boarding the investors for the S2 Fund. A total of S\$100,000 out of the S\$15.5 million AUM upon closing of the BBW6 Fund was sourced through our Hong Kong office, and approximately a quarter of the 16 investors who invested in the S2 Fund were on-boarded through the assistance of our Hong Kong office. The investor sourced through our Hong Kong office is an individual accredited investor and professional investor. Subsequent to the closure of the S2 Fund, we have launched the ZACD Income Trust, which is a general purpose fund focusing on acquiring high-yielding real estate assets in the Asia-Pacific region with a target fund size of S\$30 million for the remainder of 2017, and our Hong Kong office will be instrumental in distributing the fund outside of Singapore.

During the Track Record Period, we generally identified target clients through the network of our responsible officers and relationship manager in Hong Kong. With their network, our responsible officers and relationship manager would identify target clients by taking into account the following factors, including but not limited to their understanding of the target clients' needs, risk appetite, expected return, suitability of the products to the target clients, duration of investment, and investment history with our Group, if any. During our marketing process, our responsible officers and relationship manager would conduct face-to-face meetings to go through

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relevant marketing materials including the private placement memoranda. During such meeting, before going through the relevant marketing materials, we will remind the target clients that our products are marketed to and available for subscription by professional investors only. After the meeting, we will follow-up with them through emails, phone calls or further meetings, if required. Once the target clients' interest has been established, we will work with our Singapore operation to perform due diligence process on the target client and execute relevant fund documentation.

For the BBW6 Fund, marketing activities in Hong Kong were conducted mainly through the network of our responsible officers and relationship manager in Hong Kong. During the Track Record Period, we had approached seven new professional investors in Hong Kong, including two individuals, two property development companies and three professional investment firms.

For the S1 Fund and the S2 Fund, our Hong Kong operation was not involved in the marketing as (i) the S1 Fund was fully subscribed by our existing pool of investors in Singapore within a relatively short period of time; and (ii) the investors for the S2 Fund were pre-identified by our Singapore operation and the Hong Kong office mainly assisted the Singapore operation to on-board the relevant investors in Hong Kong, including follow-up meeting with the investors, obtaining relevant supporting documents for the purpose of due diligence on the investors and acting as a liaison between our Singapore operation and the investors. The investors of the S2 Fund that were on-boarded through our Hong Kong operation were individual professional investors and accredited investors.

In the future, we also plan to conduct research from public sources to identify professional investment firms, funds, family offices and individual investors, which are professional investors and accredited investors, and selectively market our products to them where we think our products may suit their needs. Such marketing activities will be conducted by the additional staff that we intend to hire using a portion of the use of proceeds from the Listing. For details of our expansion strategies, please refer to "Business — Our strategies — Expanding our financial advisory business".

In respect of our corporate financial advisory services during the Track Record Period, we completed one corporate financial advisory transaction which recorded revenue of approximately S\$46,000 from the provision of corporate financial advisory services to SLPI. SLPI is a direct wholly-owned subsidiary of MVG and a connected person of our Company. It is involved in the business of real estate agency services. SLPI had been engaged by the ARO II Fund to source for suitable real estate target assets for the investment portfolio of the fund, and SLPI had sourced a dormitory in Malaysia as a target investment. To facilitate the smooth completion of the acquisition of the Malaysian target asset by the ARO II Fund, SLPI engaged us as an execution advisor to assist in the deal negotiation, transaction execution and closing matters relating to the acquisition in consideration for service fees that were commercially and mutually agreed and determined on an arm's length basis. Such acquisition was completed in January 2017.

Going forward, we expect our financial advisory arm to continue marketing and distributing new fund products under our investment management business segment to new investors sourced by our Hong Kong office, including assisting the Group to raise an additional target of S\$100 million

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for the ZACD Income Trust in 2018. The key target clients will be professional investment firms, funds, family offices and individual investors, which are professional investors and accredited investors.

As a recent development, we have also entered into a service mandate in July 2017 to provide financial advisory services to a real estate and hospitality developer company listed in Singapore that has a consolidated revalued net asset value in excess of S\$380 million, comprising primarily a real estate portfolio in Singapore and Indonesia. We will assist on a potential transaction involving disposal of property assets and provide services such as advising on the structure and timing of the transaction, sourcing for potential investors and counterparties, dealing with negotiations with the relevant stakeholders and coordinating the due diligence process. The service fees are commercially agreed and determined on an arm's length basis, and will be comprised of agreed upon percentages of the transaction value.

The Group is also actively pitching for more corporate financial advisory mandates such as business disposals or joint ventures from target clientele which include corporations or companies referred from our existing investor base in Singapore, or to act as financial advisor and partnering with a sponsor firm or bank in Hong Kong to advise companies from Singapore or Malaysia which are seeking a listing status in Hong Kong. In this respect, the Group is currently in close discussions for the following potential mandates:

1. advising a specialised aluminium construction company that is based in Singapore with more than 30 years of operating track record on its business disposal; and
2. advising a liquid bio-fertiliser company that is based in Malaysia with more than 15 years of operating track record on aligning strategic partners for business expansion into China and seeking a listing status in Hong Kong.

Notwithstanding, as and when the transaction or the proposed transaction progresses that might involve activities in any jurisdiction that may require licensing requirements, our Company will procure the clients to engage the relevant locally licensed intermediaries to work with the company to execute the transactions.

We are also licensed by the SFC to carry out type 1 regulated activities to carry on the business of dealing in collective investment schemes as defined under the SFO. We are considering to expand our type 1 regulated activities and seek to deal in a wider range of securities, as well as carry out the placing and underwriting of such securities. We intend to pursue a broader range of activities such as acting as an underwriter and/or a placement agent and advising and assisting corporations to raise capital through the issuance of equity securities, debt securities, convertible bonds or structured financing products. Currently, we do not possess a license to deal in a wider range of securities and to carry out placing and underwriting of such securities. We have submitted an application for modification of licensing conditions in relation to type 1 activity. Such application has been received and acknowledged by the SFC in October 2017. As at the Latest Practicable Date, we have three responsible officers and one relationship manager. Our relationship manager is responsible for sourcing new professional investors to invest in the Investment Projects

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managed by us through marketing. We are in the process of hiring more experienced relationship managers with existing networks of clients to enhance our product marketing and distribution. We intend to market existing and future real estate investment opportunities originating in Singapore to new clients in Hong Kong by relying on our expanded team of relationship managers to tap into their existing client business networks and make new client connections.

Our customer due diligence process was established in accordance with the relevant SFC guidance, and we apply the same process to our customers before commencing business relations with them. We have developed a set of “Know Your Clients” due diligence and evaluation procedures based on different clients’ risk classifications. We would review their professional investor profile and refer to data or information provided by reliable and independent sources in identifying our clients.

To leverage on our network of clients and business partners across Asia-Pacific in different business arms of our Group, we also commit to provide corporate financial advisory services to corporate clients to satisfy their various needs for financing, investment and mergers and acquisitions and is supported by two responsible officers. The services provided or to be provided by us include, but are not limited to, capital raising, mergers and acquisitions, joint-ventures and general strategic advice. We also plan to expand our corporate finance team by recruiting more senior professionals with established clientele and networks to source and lead transactions. Please refer to the section entitled “Business — Our Strategies — Expanding our financial advisory business” in this prospectus for further details. We recently commenced our corporate financial advisory services in Hong Kong after we have obtained the aforesaid licenses under the SFO and had advised on a commercial transaction.

For illustration purposes, the operation procedures for our corporate financial advisory services generally involve the following:

- *Identification of potential engagements:* We consider that referrals from customers or business partners in our different business arms could be one of the major source of our potential business opportunities. We would conduct preliminary discussions with the prospective customers to understand the background and feasibility of the contemplated transactions.
- *Deal assessment procedures:* Prior to entering into an engagement, we would assess the deal to ensure that the relevant transaction is feasible and that the engagement with the relevant customer will not give rise to conflict of interest. We would not accept an engagement unless we are satisfied that we have experienced and qualified personnel available to carry out the work to the required standard within the time limit. Furthermore, a conflict check shall be conducted against existing transactions, customers and staff to safeguard against conflicts of interest.
- *Execution of engagements:* Once the engagement letter is executed with scope of work, service fee and schedule of payment agreed, we would assign a designated team with the relevant experience and expertise to advise on the transaction.

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- *Due diligence and delivery of relevant transaction document or letter of advice:* After conducting the requisite due diligence and reviewing the documents relating to the transaction, our designated team would prepare and/or review draft transaction-related documents. To ensure that factual and important information is included in those documents, we shall discuss the draft documents or letters of advice with our client and seek review of relevant professional parties.
- *Billing and settlement:* We would issue debit notes rendered to the customers in accordance with the fee schedule set out in the engagement letter. Our corporate financial advisory service fees would be determined on a case-by-case basis with reference to the scope of work in the engagements, the nature of the transactions, the complexity of the transactions and the expected length of time to be involved from the first engagement until completion of the transaction.

We have established an internal control system to safeguard the business processes of the financial advisory services, including but not limited to the following measures:

- *Project approval:* We have established project approval process and require the business team effectively and prudently undertakes those projects;
- *Managing potential conflicts of interest:* Our staff are required to declare their conflicts of interest and we have appointed a compliance officer who is responsible for undertaking checks to ensure effective operation of the Chinese Wall procedures which are required to prevent price sensitive or other confidential information passing between departments and proper handling of confidential information;
- *Project implementation:* We have formulated guidance documents to strengthen risk management, which require the project team conducts through due diligence to ensure that relevant documents are true, accurate and complete;
- *Managing sales and marketing:* We have established an institutional system with management measures for sales and marketing standards, investor eligibility and management of customer feedback;
- *Professional training:* We would provide on-going professional training to our staff to ensure that they understand the applicable laws and regulations, and our internal policies and practices, and maintain our staffs' training records;
- *Risk management:* We have appointed a risk manager who has relevant qualification and experience to ensure effective and efficient processes are in place to manage risks, promote our risk management policy and to regularly report to the senior management of our Group;

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- *Compliance management:* We have established a clear organisational structure and a compliance system for compliance management and an internal control system for anti-money laundering. We have also appointed a compliance officer who have appropriate qualifications and working experience to monitor the corporate activities and regularly update our compliance manuals; and
- *Ongoing supervision:* We require proper record keeping of client agreements, investment recommendations and compliance-related document, and would require ongoing supervision by team leaders, and would require regular reporting and regular evaluation of our corporate financial advisory operation.

### OUR CUSTOMERS

Our customers during the Track Record Period mainly include investors, Investment SPVs, real estate developers and MCSTs. For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, our five largest customers accounted for approximately 67.3%, 59.8% and 54.3% of our total revenue, respectively, and our largest customer accounted approximately for 19.5%, 29.8% and 23.8% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delay in providing services to our customers. We have maintained business relationships with our five largest customers for as long as eight years. Our Directors confirmed that there was no termination of major contracts nor material default by our customers during the Track Record Period and up to the Latest Practicable Date.

The following table sets out information related to our five largest customers during the Track Record Period:

#### For the year ended 31 December 2015

Customer	Business nature of the customer	Principal services provided	Commencement year of business relationship	Transaction amounts		Corresponding service segment
				S\$'000	% (compared to our total revenue)	
Landmark <sup>(1)</sup>	Investment holding	Investment management services <sup>(2)</sup>	2010	1,699	19.5	Investment management business
ZACD (Kaki Bukit) Pte. Ltd.	Investment SPV for the Premier @ Kaki Bukit Project	Investment management services	2010	1,505	17.3	Investment management business
ZACD (Punggol Drive) Pte. Ltd.	Investment SPV for the Riverparc Residences Project	Investment management services	2010	1,357	15.6	Investment management business
ZACD (Woodlands) Pte. Ltd.	Investment SPV for the Woodlands Horizon Project	Investment management services	2012	711	8.2	Investment management business
ZACD (KB2) Pte. Ltd.	Investment SPV for the Synergy@KB Project	Investment management services	2011	581	6.7	Investment management business



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### For the year ended 31 December 2016

Customer	Business nature of the customer	Principal services provided	Commencement year of business relationship	Transaction amounts		Corresponding service segment
				S\$'000	% (compared to our total revenue)	
ZACD (Punggol Central) Pte. Ltd.	Investment SPV for the Parc Centros Project	Investment management services	2012	3,428	29.8	Investment management business
ZACD (SengKang) Pte. Ltd.	Investment SPV for the Riversound Residence Project	Investment management services	2011	1,277	11.1	Investment management business
Landmark <sup>(1)</sup>	Investment holding	Investment management services <sup>(2)</sup>	2010	1,104	9.6	Investment management business
ZACD (Punggol Drive) Pte. Ltd.	Investment SPV for the Riverparc Residences Project	Investment management services	2010	540	4.7	Investment management business
Wee Hur (Punggol Central) Pte. Ltd. <sup>(3)</sup>	Real estate developer	Project consultancy and management services Property management services	2012	531	4.6	Project consultancy and management services Property management services

### For the six months ended 30 June 2017

Customer	Business nature of the customer	Principal services provided	Commencement year of business relationship	Transaction amounts		Corresponding service segment
				S\$'000	% (compared to our total revenue)	
ZACD (Punggol Field) Pte. Ltd.	Investment SPV for the Flo Residence Project	Investment management services	2011	1,787	23.8	Investment management business
ZACD (Punggol Central) Pte. Ltd.	Investment SPV for the Parc Centros Project	Investment management services	2012	848	11.3	Investment management business
Landmark <sup>(1)</sup>	Investment holding	Investment management services <sup>(2)</sup>	2010	668	8.9	Investment management business
S1 Fund	Investment holding	Investment management services	2017	465	6.2	Investment management business
Customer J <sup>(4)</sup>	Investment holding	Development project management and consultancy	2012	319	4.2	Development project management and consultancy business

*Notes:*

- (1) Landmark is an investment holding company registered in Labuan, Malaysia in 2010 and principally engaged in investment activities in Singapore, Indonesia and Malaysia. Please refer to the paragraph entitled “Sales and marketing and our pool of investors” in this section for further details of Landmark.

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- (2) This includes the performance fees from Landmark in consideration of granting them a priority right to participate in the relevant real estate projects. Please refer to the section entitled “Business — Investment Management Services — SPV investment management (PE structures) — Convertible loan structures — Our fees — Performance fees” for further details.
- (3) Wee Hur (Punggol Central) Pte. Ltd. is a Development SPV for the Parc Centros Project in which our key real estate developer partner is Wee Hur. Wee Hur is a Singapore-based company listed on the mainboard of the SGX-ST and is engaged in the property development industry, building construction industry, investment property industry and investment holding industry.
- (4) Customer J is incorporated in Singapore and is a real estate developer established for the term of the project, Investment Project E. Investment Project E has 463 residential units which were fully sold as at the Latest Practicable Date.

ZACD Investments owns approximately 12.5%, 8.9%, 14.0%, 8.8%, 24.1%, 4.3% and 12.0% of ZACD (Kaki Bukit) Pte. Ltd., ZACD (Punggol Drive) Pte. Ltd., ZACD (Woodlands) Pte. Ltd., ZACD (KB2) Pte. Ltd., ZACD (Punggol Central) Pte. Ltd., ZACD (SengKang) Pte. Ltd. and ZACD (Punggol Field) Pte. Ltd., respectively. Mr. Yeo and Ms. Sim, a group of our Controlling Shareholders, own 51% and 49% respectively of ZACD Investments. Please refer to the sections entitled “Connected Transactions” and “Relationship with our Controlling Shareholders” in this prospectus for further details of the interests of Mr. Yeo and Ms. Sim. S1 Fund is managed by the Group and certain directors and Controlling Shareholders of the Group are key management personnel of S1 Fund. Save as disclosed, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital as at the Latest Practicable Date, had any interest in any of our five largest customers during the Track Record Period.

Please refer to the section entitled “Business — SPV investment management (PE structures) — Convertible loan structures” for further details of the terms of the convertible loan agreement that we enter into with the Investors and Investment SPVs. Our Directors are of the view that the terms of the Convertible Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

### **OUR RELATIONSHIP WITH KEY REAL ESTATE DEVELOPER PARTNERS**

With our experience in the real estate industry, we have developed stable business relationships with real estate developer partners in Singapore. During the Track Record Period and up to the Latest Practicable Date, we cooperated with a total of nine real estate developer partners in our provision of services across the real estate value chain. Some of the real estate developer partners cooperate with us in our provision of more than one type of services. The real estate developers are our customers in our provision of project consultancy and management services and property management services, whereas we cooperate with the real estate developers in sourcing funds for real estate projects during our provision of investment management services. During the Track Record Period, we had been involved in a dispute with Developer D in relation to an outstanding sum of S\$7.7 million (excluding damages, costs and interests) owed to us by Developer D arising from the profit distributions in relation to the property units of the underlying real estate asset of Investment Project D. We initiated legal proceedings and filed a writ of summons in

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October 2016 against Developer D for their breach of contract and claimed S\$7.7 million (excluding damages, costs and interests) in respect of the outstanding amount. We consequently entered into three settlement agreements dated February 2017, March 2017 and May 2017, respectively, under which the parties agreed on payment terms in full and final settlement of our claims against Developer D, and we agreed to withdraw all claims against Developer D following satisfaction of the payment terms. Save as disclosed, we have not had any material disputes with the real estate developer partners with whom we co-operated.

Wee Hur and Qingjian are our key real estate developer partners and we have more than seven years of business relationship with each of Wee Hur and Qingjian starting from 2010. During the Track Record Period, we cooperated with Wee Hur and Qingjian on a total of 14 real estate projects representing approximately 56.0% of the total number of real estate projects. Out of these 14 real estate projects, we cooperated with Wee Hur on three and two real estate projects within the investment management and project consultancy and management business segments respectively, while we cooperated with Qingjian on 11 and three real estate projects within the investment management and project consultancy and management business segments respectively. During the Track Record Period, the real estate projects on which we cooperated with Wee Hur in our provision of investment management services contributed approximately S\$2.3 million, S\$4.3 million and S\$0.8 million, representing approximately 26.9%, 37.1% and 11.0% of our total revenue, respectively, while real estate projects on which we cooperated with Wee Hur in our provision of project consultancy and management services contributed approximately S\$0.4 million, S\$0.3 million and S\$0.2 million, representing approximately 4.8%, 2.8% and 2.0% of our total revenue, respectively. For the same period, the real estate projects on which we cooperated with Qingjian in our provision of investment management services contributed approximately S\$2.5 million, S\$3.3 million and S\$0.2 million, representing approximately 28.5%, 29.3% and 2.4% of our total revenue, respectively, while real estate projects on which we cooperated with Qingjian in our provision of project consultancy and management services contributed approximately S\$0.5 million, S\$0.5 million and S\$0.2 million, representing approximately 5.1%, 4.5% and 2.6% of our total revenue, respectively. Qingjian is listed on the Main Board of the Stock Exchange and is engaged in the property development and construction business in Singapore. Wee Hur is a Singapore-based company listed on the Mainboard of the SGX-ST and is engaged in the property development industry, building construction industry, investment property industry and investment holding industry.

Our Directors are of the view that our strong business ties with Wee Hur and Qingjian would not materially affect the business prospect of our Group due to the reasons set out below:

- (i) **Our Group has diversified businesses:** Our Group is an asset manager offering integrated solutions across the real estate value chain. Riding on our success with the investment management business, we rapidly expanded our different business segments by recruiting more relationship managers and staff which our Directors believe is crucial to our business growth. During the Track Record Period, the proportion of our revenue derived from our investment management business decreased from 82.0% in 2015 to 73.4% in 2016, and the proportion of our revenue derived from our project consultancy

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and management services decreased from 14.6% in 2015 to 7.5% in 2016. We have experienced high growth in our property management and tenancy management business segment. Revenue generated from our property management and tenancy management business segment increased from approximately S\$296,000 in 2015 to S\$2.2 million in 2016, representing an increase of approximately 641.9%. Moreover, since December 2016, we have expanded our service offerings to providing financial advisory services in Hong Kong after we obtained licenses to conduct type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities under the SFO. We intend to apply net proceeds from the Global Offering to expand among others, our property management business and financial advisory business. We believe that our diversified businesses would help us to lessen any concentration risk and would give us flexibility to shift our business focus when we need to manage such risk or when new opportunities come along.

- (ii) **Bridging Reserve Fund to proactively seek investment opportunities:** Our Directors believe that the bridging reserve fund to be created by utilising net proceeds from the Global Offering could help us to (i) to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions; and/or (ii) to be used in the future to commit to the take-up of the investment stake of potential real estate projects first before setting up of the investment vehicles and/or securing investment funds from the investors when the real estate developer partners approach us for co-investing in new potential real estate projects. In implementing such business strategy, we will be able to diversify our business relationships and cooperate with real estate developer partners other than Wee Hur and Qingjian.
  
- (iii) **Long investment life cycle in real estate projects:** The entire life cycle of investments in the real estate projects often last for over five years and our Group could collect fees throughout almost the entire investment life cycle in these real estate projects. As at the Latest Practicable Date, we had a total AUM of over S\$240 million and we managed a total of 21 investment structures. Most of our Investment Projects are still within the earlier stages of development and there are seven of our Investment Projects in respect of which the Convertible Loans have not yet been converted. In the event that we are unable to secure new projects from Wee Hur or Qingjian, our Directors believe that our pipeline of Investment Projects will be sufficient to support our business operations, and our result of operations, financial position and profitability will not be materially affected. For the details of our pipeline of Investment Projects, please refer to the section headed “Business — Investment Management Services” in this prospectus. Our Directors believe that in the unfortunate event that either one or all of our key real estate developer partners ceases to cooperate with us in the future, we would still be able to further strengthen and expand our business relationships with our existing real estate developer partners and develop new business relationships with other real estate developer partners.

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- (vi) **Positive market prospect in the real estate investment market:** According to the Savills Report, in 2016, Singapore's investment market returned to growth in 2016 with a real estate investment amount of approximately S\$18.6 billion and in the first half of 2017 with a real estate investment amount of approximately S\$11.7 billion. The real estate AUM for real estate investment management services in Singapore grew by approximately 26.7% CAGR between 2012 and 2016, while real estate AUM under Singapore-based managers is expected to continue to grow at a rate of approximately 20.4% per annum from 2017 to 2021. As such, we believe that there are ample opportunities for us to capitalise on the expected increases demand for real estate investment and development. In addition, in line with our business strategy to further out investment management business, we have recently explored and invested in completed properties such as a worker's dormitory in Malaysia, and in completed industrial, commercial and residential properties in Australia. By diversifying our investments into completed properties, we believe that we are able to capitalise on new business opportunities without relying on our key real estate developer partners.

### OUR SUPPLIERS

Due to the nature of our business, we engage suppliers only in our property management and tenancy management services business segment. Our suppliers during the Track Record Period comprise a contractor company and two accounting firms.

The following tables set out information related to our largest suppliers during the Track Record Period:

#### For the year ended 31 December 2015

<u>Name of supplier</u>	<u>Principal business</u>	<u>Commencement year of business relationship</u>	<u>Services provided to our Group</u>	<u>Transaction amount</u> S\$'000	<u>Percentage of our total service fees</u> %
Neew Pte Ltd	Electrical works and general contractors (construction work including major upgrading works)	2014	Property repair and maintenance services	42	72.4
Supplier A	Accountancy	2015	Accounting services	16	27.6

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### For the year ended 31 December 2016

<u>Name of supplier</u>	<u>Principal business</u>	<u>Commencement year of business relationship</u>	<u>Services provided to our Group</u>	<u>Transaction amount</u>	<u>Percentage of our total service fees</u>
				S\$'000	%
Neew Pte Ltd	Electrical works and general contractors (construction work including major upgrading works)	2014	Property repair and maintenance services	384	79.0
Supplier A	Accountancy	2015	Accounting services	102	21.0

### For the six months ended 30 June 2017

<u>Name of supplier</u>	<u>Principal business</u>	<u>Commencement year of business relationship</u>	<u>Services provided to our Group</u>	<u>Transaction amount</u>	<u>Percentage of our total service fees</u>
				S\$'000	%
Neew Pte Ltd	Electrical works and general contractors (construction work including major upgrading works)	2014	Property repair and maintenance services	329	80.2
Supplier B	Accountancy	2017	Accounting services	47	11.5
Supplier A	Accountancy	2015	Accounting services	34	8.3

For the two financial years ended 31 December 2016 and the six months ended 30 June 2017, we had two, two and three suppliers respectively. During the same period, the percentage of our total costs attributable to our largest supplier were 72.4%, 79.0% and 80.2% respectively. Neew Pte Ltd, one of our suppliers, is indirectly owned by Mr. Yeo and Ms. Sim, a group of our Controlling Shareholders. Please refer to the sections entitled “Connected Transactions” and “Relationship with our Controlling Shareholders” in this prospectus for further details of the interests of Mr. Yeo and Ms. Sim.

We generally settle with our suppliers by bank transfer or cheque, depending on the negotiation of the payment terms, and we generally enjoy a credit period ranging of 30 days.

To the best knowledge and belief of our Directors and after making all reasonable enquiries, except for Mr. Yeo and Ms. Sim as disclosed above, none of our Directors or their respective close associates or any shareholder who owned more than 5% of our Company’s issued share capital as at the Latest Practicable Date, had any interest in any of the five largest suppliers and service providers of our Group during the Track Record Period. Our Directors confirm that, we have not encountered any material disputes with our service providers during the Track Record Period.

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### Key terms of our service agreements with suppliers

We enter into service agreements with our suppliers on normal commercial terms. The key terms of our typical service agreements include the following.

- *Term.* The term of our service agreements with our suppliers varies but does not exceed three years and may be renewed upon mutual consent.
- *Obligations of suppliers.* The suppliers are responsible for providing services in accordance with the scope and standards prescribed in the service agreements and in compliance with all applicable laws and regulations. There is no employment relationship between our Company and the staff personnel of our suppliers.
- *Risk allocation.* Neew Pte Ltd, our supplier for the property maintenance and repair services, is responsible for any damage to property or persons caused by the fault of the service provider in the course of providing the contracted services.
- *Service fees.* Service fees with our suppliers are typically determined with reference to market rates and on an arm's length basis.

### SALES AND MARKETING

We have formulated different marketing strategies and established various sales channels within the real estate and investment management sectors.

We have built up a strong network of industry contacts and established strong business relationships with them. Within our investment management services business segment, our business network comprises our office in Singapore as well as our relationships with real estate developer partners, investors, real estate agents and bankers. We market real estate investment opportunities in our real estate projects and fund products through such business networks. Our relationship managers also actively market our real estate projects and fund products by analysing our investors' needs in order to refer them suitable investments. We also market our services across our project consultancy and management services business segment and property management and tenancy management business segment through our contacts with real estate developer partners and real estate agents.

We will continue to build upon our network of industry contacts and raise our profile in the real estate and investment management sectors through our existing sales and marketing channels.

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### INTELLECTUAL PROPERTY

#### Domain name


Our Group is the owner of one domain name, the details of which are set out as follows:

<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>
zacdgroup.com	15 October 2015	15 October 2018

The domain name is subject to renewal. The registration prevents others from using the same domain name during the subsisting registration period.



#### Trademark

As at the Latest Practicable Date, our Group had registered the following trademark in Singapore:

<u>Trademark</u>	<u>Trademark number</u>	<u>Class</u>	<u>Name of registered owner</u>	<u>Place of registration</u>	<u>Date of registration</u>	<u>Expiry date</u>
	T1313388B	36	Our Company <sup>(Note)</sup>	Singapore	8 April 2014	19 August 2023

*Note:* The transfer of ownership from ZACD Investments to our Company took effect from 28 December 2016.

As at the Latest Practicable Date, we had registered the following trademark in Hong Kong:

<u>Trademark</u>	<u>Trademark number</u>	<u>Class</u>	<u>Name of registered owner</u>	<u>Place of registration</u>	<u>Date of registration</u>	<u>Expiry date</u>
<sup>A</sup> 	304074066	35, 36	Our Company	Hong Kong	13 March 2017	12 March 2027
<sup>B</sup> 						

During the Track Record Period, we were not involved in any material dispute or infringement of intellectual property rights. As at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by any third parties, or (ii) by any third party of any intellectual property rights owned by us, that would have a material adverse effect on our operations.

### INFORMATION TECHNOLOGY

Our information technology department is responsible for the daily IT needs for our internal operations. The objective of the department is to position us at the industry's competitive edge, through innovative implementation of information technology systems. The department is subdivided into three specialised teams responsible for specific IT functions — the IT support team, the network and infrastructure team, and the application development team. The IT support team is



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responsible for providing efficient first level support for the Group's staff to work efficiently. The network and infrastructure team ensures the security of our network and maintains the safety of our data. The application development team looks for opportunities to implement applications that will streamline our processes. The team also looks for opportunities to transform data into insightful information for the management staff.

### EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 100 employees who are located in Singapore and Hong Kong. The following table shows a breakdown of our employees by their functions as at the Latest Practicable Date:

<u>Function</u>	<u>As at the Latest Practicable Date</u>
Investment management and project consultancy and management services	26
Property management and tenancy management	50
Finance	7
Financial services	3
General management, administration and information technology	12
Research and development	<u>2</u>
<b>Total</b>	<b><u><u>100</u></u></b>

The following table shows a breakdown of the employees by geographical regions as at the Latest Practicable Date:

<u>Geographical region</u>	<u>As at the Latest Practicable Date</u>
Singapore	95
Hong Kong	<u>5</u>
<b>Total</b>	<b><u><u>100</u></u></b>

We believe the knowledge, experience, development and loyalty of our employees are vital to our long-term growth. The compensation we offer to our employees primarily includes commission, base salary and discretionary bonus. We have adopted an incentive-based compensation scheme that links employees' remuneration with their performance, qualification and positions. In accordance with the applicable laws and regulations, we make contributions to the relevant employee retirement benefit schemes under the Central Provident Fund in Singapore and the Mandatory Provident Fund Scheme in Hong Kong. We value our employees and provide them with continuing education and on-the-job training. We primarily rely on job advertisements on the internet and referrals in our recruitment process.

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We believe that we have maintained good relationships with our employees. As at the Latest Practicable Date, we had not experienced labour strikes or other labour disputes which have had or are likely to have a material and adverse effect on our business operations. Our employees do not belong to any labour unions.

### HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

We are subject to the laws of Singapore in relation to health, work safety and environmental protection matters. We have established work safety systems, and provided our employees with trainings on a regular basis to increase their awareness of work safety issues. Given the nature of our operations, we are not subject to material environmental liability risks or environmental compliance costs. During the Track Record Period and up to the Latest Practicable Date, we have (i) complied in all material respects with the laws of Singapore in relation to health, work safety and environmental protection, (ii) not been involved in any material accident or fatality, and (iii) not been subject to any material claim or penalty in relation to health, work safety or environmental protection.

### INSURANCE

We believe that our insurance coverage is in line with industry practice in Singapore, and that we have adequate insurance coverage. We maintain insurance policies against major risk and liabilities arising from our operations. Such policies primarily include (i) public liability insurance to cover liabilities for damages suffered by third parties arising out of our operations, (ii) property insurance for damages to both movable and immoveable property, and (iii) employer's liability insurance to cover liabilities associated with workplace injuries to our employees.

### PROPERTIES

#### Tenancy Agreements

As at the Latest Practicable Date, we did not own any property and we leased the following properties for our operations:

<u>Lessor</u>	<u>Lessee</u>	<u>Address</u>	<u>Use of the property</u>	<u>Key terms of the tenancy</u>
ZACD Investments Pte. Ltd.	ZACD POSH Pte. Ltd.	Part of 237 Alexandra Road, #08-01, Singapore 159929 containing an area of approximately 396.14 square metres ("Alexcier Office")	Such use approved by the lessor and relevant authorities	Rental of S\$16,200 per month, with a term of 3 years commencing on 1 January 2017 and expiring on 31 December 2019

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<u>Lessor</u>	<u>Lessee</u>	<u>Address</u>	<u>Use of the property</u>	<u>Key terms of the tenancy</u>
SLP International Property Consultants Pte. Ltd.	ZACD Group Ltd.	Part of 2 Bukit Merah Central (“ <b>Spring Office</b> ”), #22-01, Singapore 159835 containing an area of approximately 367.07 square metres	Office or such other use permitted under the head lease or approved by the head lessor, lessor and relevant authorities	Rental of S\$14,000 (exclusive of property tax, inclusive of utilities and other property related miscellaneous expenses) per month, with a term commencing on 5 May 2017 and expiring on 30 April 2018
SLP International Property Consultants Pte. Ltd.	ZACD Capital Pte. Ltd.	Part of the Spring Office at 2 Bukit Merah Central, #22-01, Singapore 159835 containing an area of approximately 156.2 square metres	Office or such other use permitted under the head lease or approved by the head lessor, lessor and relevant authorities	Rental of S\$5,800 (exclusive of property tax, inclusive of utilities and other property related miscellaneous expenses) per month, with a term commencing on 5 May 2017 and expiring on 30 April 2018
An Independent Third Party	Our Company, ZACD Financial and ZACD Group Holdings	Unit 501 on the 5th Floor of Hing Wai Building, No. 36 Queen’s Road Central, Hong Kong	Office only	Rental of HK\$102,350 per month (exclusive of government rates, management and air-conditioning charges and other outgoings), with a term commencing on 1 March 2017 and expiring on 7 December 2018

### Licensing Arrangement

We also occupy the following property for our operations:

<u>Licensor</u>	<u>Licensee</u>	<u>Address</u>	<u>Use of the property</u>	<u>Key terms of the license</u>
ZACD POSH Pte. Ltd.	ZACD International Pte. Ltd.	Part of 237 Alexandra Road, #08-01, Singapore 159929 containing an area of approximately one-third of the whole area leased by the licensor under the head lease	Such use permitted under the head lease or approved by the head lessor, licensor and relevant authorities	Monthly license fee of S\$5,400 per month, with a term of 3 years commencing on 1 January 2017 and expiring on 31 December 2019

For details of our leases, please refer to the paragraph headed “Connected Transactions — Fully exempt continuing connected transactions” in this prospectus. As at the Latest Practicable Date, we did not own any properties nor had any property interests. As advised by our Hong Kong Legal Counsel, we are not subject to the requirements under paragraph 34(1) of Third Schedule to the Companies WUMP Ordinance.

### LEGAL PROCEEDINGS AND COMPLIANCE

Save for the dispute disclosed in the paragraph headed “Our Relationship with Key Real Estate Developer Partners” in this section, during the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our business, results of operations, reputation or financial condition.

The Directors confirm that during the Track Record Period and up to the Latest Practicable Date, no disciplinary action has been taken by the SFC, the Stock Exchange, MAS and/or any law enforcement authority in Hong Kong or Singapore against members of the Group and/or its employees. During the same period, the Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no material impact non-compliance or systemic non-compliance in respect of any applicable laws and regulations in Hong Kong or Singapore.

### INTERNAL CONTROL AND RISK MANAGEMENT

#### Our risk management policies

Our Board is responsible for overseeing and ensuring that we maintain sound and effective internal control and risk management systems. In preparing for the Listing, we have engaged an external internal control advisory firm to carry out a review of our existing internal control systems, which covered: (i) entity-level controls and business processes over several areas including financial reporting, treasury, sales, purchases, human resources, and information technology; and (ii) a report that included factual findings and recommendations for improvements of internal controls over the above-mentioned controls and processes. Following the suggestions from the external internal control advisory firm, we have improved our existing internal control policies and procedures designed to provide reasonable assurance for achieving effective and efficient operations, reliable financial reporting, and compliance with applicable laws. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an audit committee responsible for overseeing the financial records, internal control procedures and risk management systems of our Company;
- the appointment of Mr. Siew as our chief financial officer and joint company secretary to ensure the compliance of our operation with the relevant laws and regulations. For his biographical details, please refer to the section headed “Directors and Senior Management” in this document;
- the appointment of Innovax Capital as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules; and

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- the engagement of external legal advisers to advise us on compliance with GEM Listing Rules and to ensure we will not be in breach of any relevant regulatory requirements or applicable laws, where necessary.

We maintain risk management policies to identify, evaluate and manage risks arising from our operations. The major features of our risk management policies include:

### *Identification of Risk*

ZACD Capital has adopted a quarterly risk identification and assessment review conducted on their investors. This quarterly assessment enhances the customer due diligence process by ensuring all the necessary additional documentation required by MAS have been obtained and any exceptional issues are flagged out.

### *Monitoring of Risks*

We monitor our operation risks by:

- adopting stringent quality control and supervision measures and procedures to prevent risks;
- monitoring our employees' compliance with our internal rules and manuals to ensure compliance with the relevant regulatory requirements; and
- our internal procedures for handling complaints from customers.

### *Evaluating Risks*

A client complaint policy is in place to ensure all the inquiries and concerns are brought out to the company's attention in the shortest time permitted. The client complaint officer will discuss with the senior management on the best way to resolve and ensure that both parties are satisfied with the recommendation proposal. Such a channel allows the Company to assess and reduce the shortcomings of the existing procedures.

## COMPETITION

According to the Savills Report, Singapore has a diverse competitive landscape for investment management services. Small- to mid-sized private equity real estate firms (below USD500 million in terms of funds raised in last 10 years) collectively have about 10% market share. The competitive landscape in this bandwidth is more fragmented, and there are few barriers to entry for this bandwidth, as Singapore's financial regulatory environment for investment management is relatively open and conducive for small-sized investment management start-ups. In particular, there are very few private equity real estate-focused firms with CMS licenses that concentrate on real estate development sites or projects in Singapore. In addition, they mainly focus on only pre-stage or early stage development activities and do not provide end-to-end real estate project consultancy and property management services that our Group offers. Excluding real estate developers that have

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fund management platforms, there are relatively limited integrated real estate investment managers in Singapore and elsewhere in the Asia-Pacific region. Our Group, despite being a small- to mid-sized investment management firm has a market share of less than 1.0% in Singapore in terms of AUM and is also one of the market players in this category.

The property management industry for private properties (particularly for strata management) is more fragmented. Industry participants comprise many small to mid-sized players, with the top five companies accounting for an estimated 30% to 35% of market share in terms of number of strata-titled units. Leading players are mainly global real estate consultancy firms, as well as independent property management firms which have diversified into other services. The other segment for the industry is mainly represented by real estate operating companies, REITs, private real estate funds and other institutional owners. While some of these entities set up subsidiaries to manage these properties, they also use facility and tenancy management services from third-party companies. Please refer to the section entitled “Industry Overview — Competitive Landscape” for further details.

Therefore, our capabilities to provide a comprehensive suite of services across the real estate value chain as an asset manager specialising in integrated real estate solutions gives us a competitive advantage within the real estate industry. Due to the integrated nature of our services, we are able to combine and leverage our experience, market knowledge and resources from the comprehensive suite of services we offer. We also leverage on our established business relationships with a stable investor base and our well-established relationships with our real estate developer partners. Coupled with our proven investment management track record and our experienced management team, we believe that our competitive strengths have driven our growth in revenue and allow us to compete effectively within the real estate industry. Please refer to the section entitled “Business — Our Competitive Strengths” for further details on our competitive strengths.

### LICENCES, PERMITS AND CERTIFICATES

As at the Latest Practicable Date, we had obtained all material licences, permits and approvals from the relevant authorities in Singapore and Hong Kong for our operations, and all of them are valid and in force. Our material licences and permits primarily include the following:

<u>Name of the licence</u>	<u>Licence Holder</u>	<u>Issuing authority</u>	<u>Date of issuance</u>	<u>Date of expiry</u>
Capital markets services (“CMS”) licence to conduct fund management	ZACD Capital Pte Ltd	MAS	20 September 2016	Not Applicable
Type 1: Dealing in Securities <sup>(Note 1)</sup> <i>(Note 2)</i>	ZACD Financial Group Limited	SFC	2 December 2016	Not Applicable

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<u>Name of the licence</u>	<u>Licence Holder</u>	<u>Issuing authority</u>	<u>Date of issuance</u>	<u>Date of expiry</u>
Type 4: Advising on Securities <sup>(Note 1)</sup>	ZACD Financial Group Limited	SFC	2 December 2016	Not Applicable
Type 6: Advising on Corporate Finance <sup>(Note 1)(Note 3)</sup>	ZACD Financial Group Limited	SFC	2 December 2016	Not Applicable

*Notes:*

1. According to the licensing conditions imposed by the SFC, we shall not hold client assets. The terms “hold” and “client assets” are as defined under the SFO. In addition, we shall only provide services to professional investors. The term “professional investor” is as defined in the SFO and its subsidiary legislation.
2. According to the licensing conditions imposed by the SFC, for type 1: Dealing in Securities, we shall only carry on the business of dealing in collective investment schemes. The terms “collective investment scheme” and “dealing” are as defined under the SFO.
3. According to the licensing conditions imposed by the SFC, for type 6: Advising on Corporate Finance, we shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities and shall not advise on matters/transaction falling within the ambit of the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC.

We monitor the validity status of our licences and permits, and make timely applications to renew such licences and permits prior to their expiration dates. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material difficulty in obtaining our material licences and permits for our operations.

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### CORPORATE SOCIAL RESPONSIBILITY

We value our corporate social responsibilities and have been, and intend to remain, committed to giving back to the community at large. We organise and encourage our staff to attend various charitable or social activities. During the Track Record Period, such activities included:

<u>Year</u>	<u>Organisation</u>	<u>Event Name</u>	<u>Description of Event</u>
2016	Touch Community Services	ZACD Zoo Treasure Hunt	Conducted a treasure hunt at the zoo for underprivileged children and their families. These children all attend Touch Young Arrows (“TYA”)
2016	Touch Community Services	ZACD Home Improvement	Renovated homes for three underprivileged families
2016	Touch Community Services	ZACD-TYA Academy Improvement Reward Program	Rewarded the top 50 students from TYA who showed the greatest improvement in their studies for 2016
2015	Focus on the Family	Date with Dad	Bought gifts for event
2015	Singapore Red Cross	Fundraising	Fund raising for a Nepal Earthquake
2015	Hope Center Singapore	Shopping at Kampung Glam	Created a shopping experience for under privileged children



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any option granted under the Share Option Scheme), ZACD Investments is expected to hold 75% of the enlarged issued share capital of our Company.

ZACD Investments was incorporated in Singapore as an exempt private company limited by shares on 15 June 2005 and is owned by Mr. Yeo and Ms. Sim as to 51% and 49%, respectively. As at the Latest Practicable Date, Mr. Yeo and Ms. Sim, together, through ZACD Investments, were interested in the entire issued and paid-up share capital of our Company. Mr. Yeo and Ms. Sim are a group of Controlling Shareholders by virtue of their relationships of being spouses and their decision to restrict their ability to exercise direct control over our Company by holding their interests through a common investment holding company, namely ZACD Investments. Accordingly, for the purpose of the GEM Listing Rules, ZACD Investments, Mr. Yeo and Ms. Sim are our Controlling Shareholders. For the background of Mr. Yeo and Ms. Sim, please refer to the paragraph headed “Directors and Senior Management — Directors — Executive Directors” in this prospectus.

Our Controlling Shareholders and our Directors confirm that, as at the Latest Practicable Date, apart from their respective interests in our Group, none of them and their respective close associates held any interest in or conducted any business, which competed, or was likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as disclosed below and in the section headed “Connected Transactions” in this prospectus, our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing. Having considered the matters as described below, our Board is of the view that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing.

#### **Operational independence**

Upon the Listing, we will continue to rent office spaces for our operations from ZACD Investments and SLPI. Our Directors are of the view that such existing office premises can easily be replaced by other comparable premises with comparable rentals, without any material disruptions to our operations.

Save for rendering investment and fund management services to ZACD Investments, certain connected Investment SPVs and the ARO II Fund (details of which are set out in the paragraph headed “Connected Transactions — Non-exempt continuing connected transactions” in this prospectus), our Group does not rely on our Controlling Shareholders for access to customers of

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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our Group. Further, the expected aggregate maximum amount of the fees payable by the connected persons to our Group under the Investment Management Agreements (as defined in the said paragraph of this prospectus) will significantly reduce from approximately S\$5.9 million for the year ending 31 December 2017 to approximately S\$0.5 million for the year ending 31 December 2019.

MVG was one of our service providers, an associate of our Controlling Shareholders, and its wholly-owned subsidiary, Neew Pte. Ltd. (“Neew”), was our largest supplier during the Track Record Period. However, save for the provision of human resources services, and repair and maintenance services by MVG and Neew, respectively, as disclosed in the section headed “Connected Transactions” in this prospectus, our Group does not share operations teams, facilities and equipment with our Controlling Shareholders and their respective close associates. Our Group has an independent management team to handle the day-to-day operations. We are also in possession of all relevant licences necessary to carry on and operate our business and have sufficient resources to operate independently from our Controlling Shareholders and their close associates. We are also not reliant on trademarks or franchised/licensed brands owned by our Controlling Shareholders or their respective close associates. For further details of our intellectual property rights, please refer to the paragraph headed “Business — Intellectual property” in this prospectus and the paragraph headed “6. Further information about our business — B. Intellectual property” in Appendix IV to this prospectus. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Please also refer to the paragraph headed “Financial Information — Related party transactions” and note 26 of Appendix I to this prospectus.

### **Management independence**

Our Company’s management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors and three independent non-executive Directors. The only overlapping Directors between members of our Group and our Controlling Shareholders are Mr. Yeo and Ms. Sim who are also the directors of ZACD Investments. However, Mr. Yeo and Ms. Sim have confirmed that their time involvement in the matters of ZACD Investments will be minimal and they would largely be involved in the day-to-day management and operation of our Group.

Our Directors consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions, and shall not be counted in the quorum unless otherwise provided by the Constitution; and
- (iii) the senior management members are independent from our Controlling Shareholders. We have established our own organisational structure comprising individual functions including investment management, project consultancy and management services, property management and tenancy management, finance, financial services, general management, administration and information technology as well as research and development, each with specific areas of responsibilities, which are responsible for our daily operation.

### **Financial independence**

Our Group has an independent financial system and makes financial decisions according to our own business needs free from the interference from our Controlling Shareholders and their respective close associates after the Listing.

During the Track Record Period, we had managed the investment of a total of 23 Investment SPVs in 22 Investment Projects and some of the underlying real estate projects required guarantees from our Controlling Shareholders. These guarantees were provided by our Controlling Shareholders to guarantee the obligations of the Development SPVs in respect of the banking facilities extended by the lending bank to the Development SPVs for the purpose of the relevant real estate projects.

As at 30 June 2017, there were guarantees on nine real estate projects provided by our Controlling Shareholders which secure the bank loans granted to the relevant Development SPVs. On 7 November 2017, we entered into certain business transfer agreements, pursuant to which ZACD International has agreed to sell the business of providing project management services to six Investment SPVs for six real estate projects out of the said nine real estate projects, namely the respective Investment SPVs for Investment Project F, West Star, Mega@Woodlands, The Visionaire, iNZ Residences, and Investment Project J. For further details, please refer to the paragraph headed “Summary — Recent developments” in this prospectus. As at the Latest Practicable Date, the guarantees provided by our Controlling Shareholders for the remaining three real estate projects out of the said nine real estate projects, namely the respective Investment SPVs for Investment Project E, Bellewoods and Bellewaters, have been released.

As at the Latest Practicable Date, ZACD Investments, one of our Controlling Shareholders, has provided a new guarantee of S\$152.8 million for the Investment Project invested by the S1 Fund and the S2 Fund. The relevant financial institutions have agreed in principle that the said guarantee by ZACD Investments will be released and replaced by a corporate guarantee to be provided by our Company upon Listing. Upon Listing, out of the S\$152.8 million corporate guarantee to be provided by our Company, approximately S\$122.2 million or 80% will be

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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supported by back-to-back indemnity from the investors of the S2 Fund. For details of the S1 Fund and S2 Fund, please refer to the subsection headed “Business — Investment Management Services — (II) Fund Management — S1 Fund and S2 Fund” in this prospectus.

All loans and advances due to our Controlling Shareholders will be fully settled prior to the Listing. Our Directors confirm that our Group will not rely on our Controlling Shareholders for financing after the Listing as our Group expects that our working capital will be funded by our operating income, the net proceeds of the Global Offering and bank borrowings.

### DEED OF NON-COMPETITION

Each of our Controlling Shareholders has confirmed that none of them nor any of its/his/her close associates is engaged in, involved in or interested in any business (other than being a director or shareholder or members of our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, our Controlling Shareholders have given an irrevocable non-compete undertaking in favour of our Company (for itself and for the benefit of its subsidiaries) pursuant to which each of our Controlling Shareholders has, among other matters, undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective close associates and/or companies controlled by it/him/her (other than members of our Group) shall:

- (i) not, directly or indirectly, engage, on its/his/her own account or with each other or in conjunction with or on behalf of any person, firm, company or organisation, carry on or be engaged, concerned with or interested in, directly or indirectly, whether as a director, shareholder partner, agent or otherwise (other than being a director or a shareholder of members of our Group), and whether for profit, reward or otherwise, in any business which competes with the business of the provision of investment management services, project consultancy and management services, property management and tenancy management services and financial advisory services including the regulated activity of fund management pursuant to the CMS Licence in Singapore, and financial services within Hong Kong (including but not limited to type 1, type 4 and type 6 regulated activities in Hong Kong), and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (the “**Restricted Activity**”);
- (ii) not interfere with or endeavour to entice away from our Group any firm, company or organisation who to its/his/her knowledge is from time to time or has at any time within the immediate past two years before the date of this prospectus been a customer or supplier of our Group;
- (iii) not at any time employ any person who has been a director, manager or employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to our Group’s business without prior written consent from our Company;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (iv) not directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group; and
- (v) not disclose any confidential information of our Group in its/his/her possession to any third party or our Group's competitors unless such disclosure (i) is made to professional advisors on a confidential basis; (ii) is otherwise required by the government or any regulatory authorities under any applicable laws and regulations or pursuant to any court orders; or (iii) is already in public domain or which become so through no fault or breach of our Controlling Shareholders, and that before making any disclosure, our Controlling Shareholders shall inform and consult our Group as to the form and substance of such disclosure.

Each of our Controlling Shareholders has undertaken to us that in the event that it/he/she or its/his/her close associate(s) and/or companies controlled by it/him/her (other than members of our Group) (the “**Offeror**”) is given or identified or offered any business investment or commercial opportunity by Independent Third Parties and such investment or opportunity directly or indirectly competes, or may lead to competition with the Restricted Activity (the “**New Opportunity**”), it/he/she will and will procure its/his/her close associate(s) and/or companies controlled by it/him/her (other than members of our Group) to refer the New Opportunity to us as soon as practicable in the following manner:

- (i) each of our Controlling Shareholders is required to, and shall procure its/his/her close associates and companies controlled by it/him/her (other than members of our Group) to, refer, or to procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing the information available to the relevant Controlling Shareholder for us to consider whether (a) such New Opportunity would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- (ii) the Offeror will be entitled to pursue the New Opportunity only if (a) the Offeror has received a notice from us declining the New Opportunity; or (b) the Offeror has not received such notice from us within ten Business Days from our receipt of the Offer Notice.

If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will form an independent board committee (the “**Independent Board Committee**”) which comprises our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such New Opportunity and seek opinions and decisions from the Independent Board Committee in the manner

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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as to whether (a) such New Opportunity would constitute competition with the Restricted Activity; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Where any of our Controlling Shareholders, its/his/her close associates and/or companies controlled by it/him/her (other than members of our Group) has acquired any business, investment or interest in any entity relating to the Restricted Activity pursuant to (ii) above and intend to sell such business, investment or interest, the relevant Controlling Shareholders, its/his/her close associates and/or companies controlled by it/him/her (other than members of our Group) shall provide us with a written notice (the “**Pre-emptive Right Notice**”) notifying us our pre-emptive right (the “**Pre-emptive Right**”) to acquire any such Restricted Activity with an expiry date being the 11th Business Day from our receipt of the Pre-emptive Right Notice. Where (i) the Independent Board Committee decides to waive the Pre-emptive Right by way of written notice within ten Business Days from our receipt of the Pre-emptive Right Notice or (ii) the relevant Controlling Shareholder or its/his/her close associates and/or companies controlled by it/him/her (other than members of our Group) (as the case may be) has not received the Pre-emptive Right Notice, the relevant Controlling Shareholder, its/his/her close associates and/or companies controlled by it/him/her (other than members of our Group) may offer to sell such business, investment or interest in the Restricted Activity to other third parties on such terms which are no more favourable than those made available to our Group. In deciding whether to exercise the Pre-emptive Right, our Directors will consider various factors including the purchase price and their values and benefits, as well as the benefit that they will bring to our Group.

For the above purpose, the “**Relevant Period**” means the period commencing on the Listing Date and shall expire on the earlier of:

- (i) the date on which the relevant Controlling Shareholder, its/his/her close associates and/or companies controlled by it/him/her, individually or taken as a whole, cease to be our Controlling Shareholders for the purpose of the GEM Listing Rules; and
- (ii) the date on which our Shares cease to be listed on the GEM of the Stock Exchange.

The Deed of Non-competition is conditional on (i) the Listing Division of the Stock Exchange granting the approval of the listing of, and permission to deal in, our Shares in issue and our Shares to be allotted and issued as mentioned in this prospectus, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in our Shares on the Stock Exchange; (ii) the Offer Price having been duly determined; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with its terms.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTEREST

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing the potential conflict of interest arising from potential competing business between our Controlling Shareholders and our Group will be taken:

- (i) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- (ii) our Company will disclose the decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition in the annual report;
- (iii) our Controlling Shareholders will (if necessary) make an annual declaration on compliance with their undertakings under the Deed of Non-competition in the annual report of our Company;
- (iv) the Independent Board Committee of our Company comprising all independent non-executive Directors will be responsible for deciding and given the authority to decide: (i) in the New Opportunity; and (ii) in the exercise of the Pre-emptive Right. In addition, the Independent Board Committee may, at the costs of our Company and from time to time, engage independent financial adviser and other external professional advisers as they may consider necessary to advise them on the issues which relate to the above matters;
- (v) in the event that there is conflict of interest in the operations of our Group and our Controlling Shareholders, any Director, who is considered to be interested in a particular matter or the subject matter, shall disclose his interests to our Board. Pursuant to the Constitution, should a Director have any material interests in the matter (other than certain matters permitted under note 5 of Appendix 3 to the GEM Listing Rules), he shall not vote on the resolutions of our Board approving the same and shall not be counted in the quorum of the relevant Board meeting;
- (vi) our Directors will ensure that any material conflict or potential conflict involving our Controlling Shareholders will be reported to our independent non-executive Directors as soon as practicable when such conflict or potential conflict is known to our Controlling Shareholders involved and a Board meeting will be held to review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities;
- (vii) any transaction (if any) between (or proposed to be made between) us and our connected persons will be required to comply with Chapter 20 of the GEM Listing Rules, including, where applicable, the announcement, reporting, annual review and independent

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the grant of waiver(s) from strict compliance with relevant requirements under the GEM Listing Rules; and

- (viii) our Company has appointed Innovax Capital as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal control measures.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.



## CONNECTED TRANSACTIONS

### OVERVIEW

During the Track Record Period, we have entered into transactions with connected persons of our Company. Upon the Listing, certain members of our Group will continue to have transactions with connected persons of our Company and these transactions will constitute continuing connected transactions of our Group pursuant to Chapter 20 of the GEM Listing Rules. A summary of the continuing connected transactions is set out below:

	<u>Brief description of transaction</u>	<u>Term</u>	<u>Applicable GEM Listing Rule</u>	<u>Waiver sought</u>
1.	Sub-lease of Alexcier Office (as defined below)	Three years from 1 January 2017	Rule 20.74(1)(c) and Rule 20.76	None (De minimus transactions)
2.	Sub-lease of Spring Office (as defined below)	From 5 May 2017 to 30 April 2018	Rule 20.74(1)(c) and Rule 20.76	None (De minimus transactions)
3.	Provision of human resources services by MVG to our Group	From the Listing Date and ending on 31 December 2019	Rule 20.74(1)(c) and Rule 20.76	None (De minimus transactions)
4.	Provision of repair and maintenance services by Neew Pte. Ltd. (“Neew”), a wholly-owned subsidiary of MVG to ZACD POSH	From the Listing Date and ending on 31 December 2019	Rule 20.74(2) and Rule 20.103	Reporting and announcement requirements
5.	Provision of investment management services	Not applicable	Rule 20.103	(i) Reporting, announcement and independent Shareholders’ approval requirements; and (ii) Fixing a term to three years or less

### CONNECTED PERSONS

Mr. Yeo, Ms. Sim and ZACD Investments are our Controlling Shareholders. Hence, each of them is considered as a connected person of our Company pursuant to Rule 20.07(1) of the GEM Listing Rules upon the Listing.

ZACD Investments has established certain Investment SPVs as their initial subscribers of shares to invest in and hold the issued shares of Development SPVs set up between the Investment SPVs and the real estate developer partners of real estate projects (the “**Projects**”). Generally, ZACD Investments and other investors who are Independent Third Parties would finance the Investment SPVs by way of subscribing to the convertible loans of the Investment SPVs pursuant to the Convertible Loan Agreements. Prior to the conversion of the Convertible Loans into shares of

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## CONNECTED TRANSACTIONS

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the Investment SPVs (the “**Conversion**”), the issued shares of the Investment SPVs would continue to be wholly owned by ZACD Investments. Hence, all Investment SPVs, before the Conversion, are considered as subsidiaries of ZACD Investments and our connected persons upon the Listing. After the Conversion, the Investment SPVs, with 30% or more of their issued shares held, directly or indirectly, by our Group and/or ZACD Investments and 10% or more of their issued shares held by ZACD Investments (other than those indirectly held through our Group), and their subsidiary Development SPVs are considered as associates of ZACD Investments and our connected persons upon the Listing.

ARO II Fund is a general purpose real estate fund sponsored by ZACD Investments. As ZACD Investments holds the entire ordinary share capital of this fund comprising two ordinary shares with voting rights, ARO II Fund is considered as an associate of ZACD Investments and our connected person upon the Listing.

As such, the above mentioned Investment SPVs and Development SPVs and the ARO II Fund (the “**Connected SPVs and Fund**”) which are subsidiaries or associates of ZACD Investments will become our connected persons pursuant to Rule 20.07(4) of the GEM Listing Rules upon the Listing.

All the issued shares of MVG are owned as to 50% by each of Mr. Yeo and Ms. Sim and therefore, MVG together with its subsidiaries including SLPI and Neew will be considered as associates of Mr. Yeo and Ms. Sim and connected persons of our Company pursuant to Rule 20.07(4) of the GEM Listing Rules.

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the continuing connected transactions of our Group set out below constitute fully exempt continuing connected transactions under the GEM Listing Rules:

#### **Sub-leases**

##### **(a) Description of the transactions**

###### *Alexcier Office*

On 12 June 2017, ZACD POSH as tenant, and ZACD Investments as landlord entered into a tenancy agreement in relation to the lease of office premises at 237 Alexandra Road, #08-01, Singapore 159929 (the “**Alexcier Office**”) with an aggregate floor area of approximately 396.14 sq.m. to ZACD POSH and its related corporations as office (the “**Alexcier Office Tenancy Agreement**”). The term of the tenancy commenced on 1 January 2017 and ends on 31 December 2019 at a rent and service charge in the aggregate amount of S\$16,200 per month payable in advance on the first day of each calendar month (exclusive of property tax, inclusive of utility and other property related miscellaneous expenses). Prior to the commencement of the Alexcier Office Tenancy Agreement, the rental arrangement of Alexcier Office formed part of the corporate service provided by MVG as set out below. The commencement of the term of the tenancy is earlier than

## CONNECTED TRANSACTIONS

the date of the Alexcier Office Tenancy Agreement because the parties took time to formalise and sign the agreement in order to comply with the written agreement requirement under Rule 20.32 of the GEM Listing Rules.

The historical figures for this transaction incurred by our Group for the two years ended 31 December 2016 and the six months ended 30 June 2017 were S\$58,500, S\$58,500 and S\$97,200, respectively. Such rental fee for the two years ended 31 December 2016 was included in the corporate service charge paid by us to MVG, which amounted to S\$197,000 and S\$207,000, respectively, and was terminated in December 2016. For the six months ended 30 June 2017, the rental fee of Alexcier Office was charged under the Alexcier Office Tenancy Agreement.

The annual rental payable by us to ZACD Investments for each of the years ending 31 December 2017, 2018 and 2019 will be approximately S\$194,400 (equivalent to approximately HK\$1,103,920). In arriving at the above annual rental, our Directors have considered, among others, the floor area under the Alexcier Office Tenancy Agreement and the prevailing market rates, namely, the rental payable for similar properties to be leased from an Independent Third Party at similar locations.

### *Spring Office*

On 12 June 2017, each of our Company and ZACD Capital, as a sub-tenant, entered into a sub-tenancy agreement with SLPI, a wholly-owned subsidiary of MVG, as head tenant (collectively, the “**Spring Office Tenancy Agreements**”) for the lease of office premises at an identified portion of 2 Bukit Merah Central, #22-01, Singapore 159835 (the “**Spring Office**”), the details of which are set out as below:

Sub-Tenancy Agreement	Sub-tenant	Head Tenant	Term	Option to Renew	Floor Area	Monthly Rent
					(Approximate)	
Tenancy Agreement 1	Our Company	SLPI	The period commencing on 5 May 2017 and expiring on 30 April 2018	Nil	367.07 sq.m.	S\$14,000 in advance on the first day of each and every calendar month (exclusive of property tax, inclusive of utilities and other property related miscellaneous expenses)
Tenancy Agreement 2	ZACD Capital	SLPI	The period commencing on 5 May 2017 and expiring on 30 April 2018	Nil	156.2 sq.m.	S\$5,800 in advance on the first day of each and every calendar month (exclusive of property tax, inclusive of utilities and other property related miscellaneous expenses)
				Total	<u>523.27 sq.m.</u>	<u>S\$19,800</u>

The Spring Office landlord was the Government of the Republic of Singapore, who has leased the Spring Office to SLPI which was then sublet to our Company and ZACD Capital. The historical figures for this transaction incurred by our Group for the two years ended 31 December 2016 and the six months ended 30 June 2017 were S\$23,200, S\$23,200 and S\$39,600, respectively. This rental fee during the Track Record Period was included in the corporate service charge paid by us

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## CONNECTED TRANSACTIONS

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to MVG, which amounted to S\$197,000, S\$207,000 and S\$62,000, respectively, and was terminated in May 2017. The rental fee of Spring Office has been charged under Spring Office Tenancy Agreements since May 2017.

Our Group leased the Spring Office to use it as our office premises. As our Spring Office has been known to our business partners, we currently do not have any plan to, and in the foreseeable future will not, relocate to alternative properties, which we believe is in the interest of our Company and our Shareholders as a whole in terms of cost, time and operational stability.

The aggregate annual rental payable by our Company and ZACD Capital to SLPI for the year ending 31 December 2017 and four months ending 30 April 2018 under the Spring Office Tenancy Agreements will be approximately S\$158,400 (equivalent to approximately HK\$0.9 million) and S\$79,200 (equivalent to approximately HK\$0.5 million), respectively. In arriving at the above annual rental, our Directors have considered, among others, the floor area under the Spring Office Tenancy Agreements and the prevailing market rates, namely, the rental payable for similar properties to be leased from an Independent Third Party at similar locations.

Our Directors considered that the Alexcier Office Tenancy Agreement and the Spring Office Tenancy Agreements and the continuing connected transactions thereunder were entered into in the ordinary course of our Group's business after arm's length negotiation, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **(b) *Implication under the GEM Listing Rules***

As all of the applicable percentage ratios in respect of the annual rental of the Alexcier Office Tenancy Agreement and the Spring Office Tenancy Agreements for each of the years ending 31 December 2017, 2018 and 2019, respectively, are less than 5% and the total annual consideration is less than HK\$3 million, the transactions contemplated thereunder constitute de minimis continuing connected transactions exempt from independent Shareholders' approval, annual review and all disclosure requirements set out in Chapter 20 of the GEM Listing Rules.

### **Receiving of human resources services**

#### **(a) *Description of the transaction***

MVG is currently providing and intends to continue to provide human resources services to our Group at S\$85 per head count based on MVG's actual cost incurred in the supply and procuring of the supply of services. Such fees were determined with reference to (i) the estimated headcount and time recorded; and (ii) the prevailing market rates of similar services by independent third parties on a cost basis. Accordingly, on 27 November 2017, MVG and our Company (for itself and on behalf of its subsidiaries) entered into a human resources services agreement (the "**HR Services Agreement**") pursuant to which MVG, as a service provider, has agreed to provide to our Group human resources services including recruitment, training, payroll and administration services for a term commencing on the Listing Date and ending on 31 December 2019. Our Directors understand

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## CONNECTED TRANSACTIONS

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that our Group would be able to retain or source human resources services from Independent Third Party service providers and such services from MVG are not critical to our operations. However, this is not the preference of either our Group or MVG and its subsidiaries given that it will be more cost-efficient and convenient to continue with the human resources services arrangement.

The annual service fee payable by us to MVG for each of the financial years ending 31 December 2017, 2018 and 2019 is expected not to exceed S\$129,000 (equivalent to approximately HK\$749,000), S\$137,000 (equivalent to approximately HK\$794,000) and S\$194,000 (equivalent to approximately HK\$1.1 million), respectively. In arriving at the above annual caps, our Directors have considered the estimated costs to be incurred by MVG for the provision of human resources services expected to be required or demanded by us with reference to the estimated head count and time recorded in respect of the services and the prevailing market rates of similar services, namely the service fee payable for similar human resources services to be provided by Independent Third Party service providers.

Our Directors considered that the receiving of human resources services under the HR Services Agreement and the proposed annual service fees thereof are in the ordinary and usual course of business of our Group and are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **(b) *Historical transaction amounts***

The historical annual fee of human resources services paid by us to MVG for the two years ended 31 December 2016 and the six months ended 30 June 2017 was S\$30,000 (equivalent to approximately HK\$168,000), S\$65,000 (equivalent to approximately HK\$371,000) and S\$36,000 (equivalent to approximately HK\$209,000, respectively. Such fee was included in the corporate service charge paid by us to MVG, which amounted to S\$197,000 (equivalent to approximately HK\$1.1 million), S\$207,000 (equivalent to approximately HK\$1.2 million) and S\$62,000 (equivalent to approximately HK\$360,000) for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively, and was terminated in May 2017.

### **(c) *Implication under the GEM Listing Rules***

As all of the applicable percentage ratios in respect of the annual aggregate service fee payable to MVG for each of the years ending 31 December 2017, 2018 and 2019, respectively, are less than 5% and the total annual consideration is less than HK\$3 million, the transactions contemplated under the HR Services Agreement constitute de minimis continuing connected transactions exempt from independent Shareholders' approval, annual review and all disclosure requirements set out in Chapter 20 of the GEM Listing Rules.

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## CONNECTED TRANSACTIONS

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### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Continuing Connected Transactions Subject to Reporting and Announcement Requirement

##### *Receiving of repair and maintenance services*

###### **(a) Description of the transaction**

A wholly-owned subsidiary of MVG, Neew, is currently providing and intends to continue to provide certain repair and maintenance services, including building maintenance works, to ZACD POSH (as part of the property management services to be provided to Independent Third Party customers of ZACD POSH). The price shall be determined after arm's length commercial negotiations with reference to, among other things (i) the historical fees paid to and quotations obtained from Independent Third Party service providers for similar services; (ii) the estimated costs to be incurred by Neew for the provision of the services expected to be required or demanded by our Company with reference to the estimated head count and time to be incurred by such technician(s) as demanded by our Company under each agreement; and (iii) the prevailing market rate for similar services arrangement. Accordingly, on 27 November 2017, Neew and ZACD POSH entered into a framework agreement for the provision of repair and maintenance services (the "**Repair and Maintenance Agreement**"), pursuant to which, Neew, as a supplier, has agreed to provide to ZACD POSH repair and maintenance services for a term commencing on the Listing Date and ending on 31 December 2019.

The annual service fee payable by us to Neew for each of the financial years ending 31 December 2017, 2018 and 2019, is expected not to exceed S\$647,000 (equivalent to approximately HK\$3.7 million), S\$712,000 (equivalent to approximately HK\$4.0 million) and S\$783,000 (equivalent to approximately HK\$4.4 million), respectively. In arriving at the above annual caps, our Company have made reference to: (a) the historical transactions amount that we paid to Neew during the Track Record Period; and (b) the projected annual fees in respect of the services to be provided by Neew to us, having taken into account: (i) the estimated head count and time to be incurred by technicians as may be demanded by us, (ii) the business growth of our Group's property management and tenancy management business having regard to the ongoing and/or upcoming projects undertaken; and (iii) the existing projects in progress which affect the demand of the repair and maintenance services to be provided by Neew.

###### **(b) Historical transaction amounts**

For each of the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, the annual service fee paid by us to Neew amounted to S\$42,000 (equivalent to approximately HK\$239,000), S\$384,000 (equivalent to approximately HK\$2.2 million) and S\$330,000 (equivalent to approximately HK\$1.9 million), respectively.

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## CONNECTED TRANSACTIONS

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### (c) *Implication under the GEM Listing Rules*

Given that the annual transaction amount under the Repair and Maintenance Agreement is expected to be under HK\$10 million and that the applicable percentage ratios are less than 25%, the transactions contemplated thereunder constitute continuing connected transactions and will be subject to the reporting, annual review and announcement requirements under Chapter 20 of the GEM Listing Rules.

### (d) *Application for waivers*

As the transactions contemplated under the Repair and Maintenance Agreement are expected to continue upon the Listing, we have under Rule 20.103 applied to the Stock Exchange for and the Stock Exchange has agreed to grant us a waiver from strict compliance with the reporting, annual review and announcement requirements under Chapter 20 of the GEM Listing Rules.

### **Continuing Connected Transactions Subject to Reporting, Announcement and Independent Shareholders' Approval Requirement**

#### *Provision of investment management services*

The following transactions have been carried out by our Group and the connected persons of our Group during the Track Record Period and are expected to continue after the Listing, which will constitute continuing connected transactions and will not be exempt from all reporting, announcement and/or independent Shareholders' approval requirements set out in Chapter 20 of the GEM Listing Rules upon the Listing.

#### (a) *Background*

During the Track Record Period, our wholly-owned subsidiaries, ZACD International and/or ZACD Capital have entered into a number of agreements or deeds with the Connected SPVs and Fund, ZACD Investments and independent investors in relation to our provision of investment management services (the "**Investment Management Agreements**") to ZACD Investments and the Connected SPVs and Fund. Details of the material terms under the Investment Management Agreements entered among our Group, the Connected SPVs and Fund and/or ZACD Investments which are expected to continue upon the Listing are summarised in the table below:

<u>Name of the connected person</u>	<u>Relationship with us</u>	<u>Description of services provided by us to the connected person</u>	<u>Term</u>	<u>Type of fees payable to our Group</u>
1. ZACD (Sennett) Pte. Ltd.	Owned as to 20.00% by ZACD Investments and 15.30% by ZACD International as at the Latest Practicable Date	Investment management services	N/A	All dividends receivable on the Establishment Shares

## CONNECTED TRANSACTIONS

Name of the connected person	Relationship with us	Description of services provided by us to the connected person	Term	Type of fees payable to our Group
2. ZACD (Punggol Central) Pte. Ltd.	Owned as to 24.10% by ZACD Investments and 17.30% by ZACD International as at the Latest Practicable Date	Investment management services	N/A	All dividends receivable on the Establishment Shares
3. ZACD (Woodlands2) Pte. Ltd.	Owned as to 21.20% by ZACD Investments and 16.30% by ZACD International as at the Latest Practicable Date	Investment management services	N/A	All dividends receivable on the Establishment Shares
4. ZACD (AMK) Pte. Ltd.	Owned as to 29.77% by ZACD Investments and 14.95% by ZACD International as at the Latest Practicable Date	Investment management services	N/A	All dividends receivable on the Establishment Shares
5. ZACD (Frontier) Pte. Ltd.	Owned as to 100% by ZACD Investments as at the Latest Practicable Date and will be owned as to 30.50% by ZACD Investments and 18.20% by ZACD International after the Conversion	Investment management services	N/A	All dividends receivable on the Establishment Shares
6. ZACD (Neew) Pte. Ltd.	Owned as to 100% by ZACD Investments as at the Latest Practicable Date and will be owned as to 19.40% by ZACD Investments and 18.80% by ZACD International after the Conversion	Investment management services	N/A	All dividends receivable on the Establishment Shares
7. ARO II Fund	Entire nominal ordinary share capital held by ZACD Investments	Fund management services	N/A	Management fee and performance fee
8. ZACD Investments	Our direct Controlling Shareholder	Investment management services	N/A	Management fees equivalent to 2% per annum based on the outstanding investment amount for Investment SPVs under convertible loan structures

For details of our services and service fees, please refer to the section headed “Business” in this prospectus.

Upon the Listing, it is expected that ZACD Investments and the Connected SPVs and Fund will continue to engage ZACD International or ZACD Capital for the provision of investment management services for the on-going Projects and in return our Group will continue to receive



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## CONNECTED TRANSACTIONS

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dividends on the Establishment Shares, management fees and performance fees from ZACD Investments and the Connected SPVs and Fund. Therefore, those transactions will constitute non-exempt continuing connected transactions of our Company (the “**Investment Management Transactions**”, together with the Repair and Maintenance Agreement, the “**Non-exempt CCT Agreements**”). All Investment Management Agreements have no express duration and our Group is obliged to provide investment management services until the relevant Projects are completed. Based on our Directors’ and management’s experience and the progresses of the relevant Projects, all services provided by our Group under the Investment Management Agreements are expected to be completed by the year ending 31 December 2021.

**(b) Pricing policy**

The fees of investment management services payable by ZACD Investments and the Connected SPVs and Fund to us under each contract or deed entered into between ZACD Investments and the Connected SPVs and Fund and the relevant members of our Group were arrived at after arm’s length negotiations between ZACD Investments and the relevant Connected SPVs and Fund and our Group and were determined on the basis of the following factors:

- (i) *in respect of investment management services to the Connected SPVs and Fund:*
- all dividends receivable on the Establishment Shares from the relevant Investment SPVs;
  - management fees for investment management services to ARO II Fund equivalent to 2% per annum of the invested capital of the fund; and
  - performance fees, namely the carried interest in the form of distributions of the redeemable preference class B shares of ARO II Fund equivalent to 15% of the net proceeds from the realisation of investments of ARO II Fund after full repayment of the invested capital to the investors.

The amount of dividends receivable by the Group in respect of the Establishment Shares will depend on the financial performance of the specific Investment Project. The Group generally charged the investors of relevant Investment SPVs 10% to 20% of the Establishment Shares depending on the length of relationship with their investors, investment size of the individual investor and commercial negotiations on a project-by-project basis. The Group charged ZACD Investments a higher percentage of 25% of the Establishment Shares as the Group had granted them a priority right to participate in real estate projects and had arrived at such terms pursuant to arm’s length commercial negotiations. The Group charged one investor a lower percentage of 5% of the Establishment Shares on Investment Project H in recognition of his referral of Investment Project H to the Group.

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## CONNECTED TRANSACTIONS

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In respect of ARO II Fund, the management fee was determined mainly based on the complexity in executing the fund strategy and the relatively shorter fund tenure, and the performance fee was determined with reference to the median of the Establishment Fee we charge independent investors of the relevant Investment SPVs.

(ii) *in respect of the investment management services to ZACD Investments*

- management fees equivalent to 2% per annum of dollar value of ZACD Investments' outstanding investment in seven Investment SPVs.

The percentage of management fees we charge ZACD Investments was negotiated based on the priority right to participate in similar real estate projects we granted to ZACD Investments with reference to the percentage of management fees we charge independent investors.

For details of our fees in general and charged under our trust structures, please refer to the sections headed "Business — Our Fees" and "Business — B. Trust structures" in this prospectus.

(c) *Reasons for the transactions*

All the Connected SPVs and Fund were established prior to the Track Record Period, during which the Connected SPVs and Fund were used as vehicles for ZACD Investments and independent investors to jointly invest in the Projects. As the Investment Management Agreements have already been entered into, we are contractually obliged to complete the management or consultancy services as specified in the relevant Investment Management Agreements until completion of the relevant Projects.

The continuation of our business with ZACD Investments and the Connected SPVs and Fund is fundamental to us as the Investment Management Agreements have offered profits to our Group in the past. The revenue from the Investment Management Transactions have contributed 7.2%, 39.6% and 16.7% of our total revenue for the financial years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively. Although the fees received by our Group under the Investment Management Agreements represented a substantial portion of our total revenue during the Track Record Period and the transactions contemplated thereunder will constitute connected transactions of our Company under Chapter 20 of the GEM Listing Rules, only six Investment SPVs and the ARO II Fund will remain as our connected persons and continue to have transactions with us after the Listing and with the use of the fund structure adopted by our Group for fund management, such continuing connected transactions will be minimised. As regards the ARO II Fund, our Directors considered that it would be unduly burdensome and impracticable and would impose unnecessary administrative costs on us to transfer all the ordinary shares which carry the voting rights in general meetings of the ARO II Fund to our Group. As at the Latest Practicable Date, the ARO II Fund has allotted 15,850 redeemable preference class A shares, representing the share capital of S\$15,850,000 to various independent subscribers to such fund.

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## CONNECTED TRANSACTIONS

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As the fees received by our Group under the Investment Management Agreements represented a substantial portion of the total revenue of our Group during the Track Record Period, it is commercially advantageous to our Group to link the respective term of the Investment Management Agreements with the duration of the Projects. Further, our Directors are of the view that it would be impracticable and would impose unnecessary administrative costs on our Group to amend the clauses of the Investment Management Agreements so as to impose fixed terms on the same, for the reasons that (i) given the nature of the Investment Management Transactions, durations of which depend on the progresses of the Projects, the terms of the Investment Management Agreements cannot be fixed at the time of execution before the commencement of the Projects; (ii) the Investment Management Agreements have already been entered into. It would be unduly burdensome and impracticable for our Group to amend or renegotiate the terms and clauses of the Investment Management Agreements with the Connected SPVs and Fund, ZACD Investments and independent investors; (iii) the Investment Management Agreements will not be continued after completion of the relevant Projects; and (iv) all services provided by our Group under the Investment Management Agreements are expected to be completed by the year ending 31 December 2021. Given the nature of the Investment Management Transactions, our Directors are of the view that the Investment Management Agreements are in the interests of our Company and our Shareholders as a whole.

**(d) *Historical transaction amounts***

For the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, the revenue generated by our Group for the provision of investment management services to ZACD Investments and the Connected SPVs and Fund amounted to approximately S\$631,000 (equivalent to approximately HK\$3.6 million), S\$4.6 million (equivalent to approximately HK\$25.9 million) and S\$1.3 million (equivalent to approximately HK\$7.3 million), respectively, which represented approximately 7.2%, 39.6% and 16.7% of our Group's total revenue during the same period, respectively.

**(e) *Annual caps and basis of caps***

We expect the aggregate maximum amount of the fees payable to our Group under the Investment Management Agreements shall not exceed the annual caps of S\$5,929,000 (equivalent to approximately HK\$34.4 million), S\$988,000 (equivalent to approximately HK\$5.6 million) and S\$500,000 (equivalent to approximately HK\$2.8 million) for the years ending 31 December 2017, 2018 and 2019, respectively.

The above annual caps are derived based on (i) the historical transaction amounts between our Group, ZACD Investments and the Connected SPVs and Fund for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 in respect of the provision of investment management services to ZACD Investments and the Connected SPVs and Fund; and (ii) our estimation of the fees and dividends receivable on the Establishment Shares for the provision of investment management services which we expect to receive for the on-going Projects from ZACD Investments and the Connected SPVs and Fund to us; (iii) a buffer for unexpected increases in the transaction amounts; and (iv) our estimation of completion time of the on-going Projects. The

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## CONNECTED TRANSACTIONS

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annual cap fluctuates because the fees payable to our Group under the Investment Management Agreements mainly consist of dividend receivable from the Connected SPVs and Fund at different times which varies with the number and investment size of the relevant Connected SPVs and Fund and the financial performance of the underlying Development SPVs.

**(f) *Implication under the GEM Listing Rules***

Given that the annual transaction amount for the year ending 31 December 2017 under the Investment Management Agreements is expected to be over HK\$10 million, the transactions contemplated thereunder constitute continuing connected transactions and will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

All Investment Management Agreements, as the agreements for continuing connected transactions, are subject to the requirement under Rule 20.50 of the GEM Listing Rules, which stipulates that the period for the agreement for continuing connected transactions must not exceed three years, except in special circumstances where the nature of the transaction requires a longer period.

**(g) *Application for waivers***

As the Investment Management Agreements are expected to continue on a recurring basis upon the Listing, we have under Rule 20.103 of the GEM Listing Rules applied to the Stock Exchange for and the Stock Exchange has agreed to grant us waivers from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules in respect of the Investment Management Transactions for the years ending 31 December 2017, 2018 and 2019; and (ii) fixing a term of the Investment Management Transactions to three years or less, for so long as our Shares are listed on the Stock Exchange and subject to the following conditions:

- (a) No changes without independent non-executive Directors' approval: no changes to the existing Investment Management Agreements will be made without the approval of the independent non-executive Directors;
- (b) No changes without independent Shareholders' approval: no changes to the existing Investment Management Agreements will be made without the approval of our independent Shareholders;
- (c) No new agreements: upon completion of the relevant Projects, no such agreements are expected to be continued with the Connected SPVs and Fund and/or ZACD Investments. Instead, all our investment management services will be carried out by us for funds to be managed by us via the fund structures, in which ZACD Fund holds the entire ordinary share capital of each real estate private equity fund.

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## CONNECTED TRANSACTIONS

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(d) On-going reporting and approvals: we will disclose details relating to the Investment Management Transactions on an on-going basis as follows:

- details of the Investment Management Transactions will be disclosed in our annual report and accounts in accordance with the relevant provisions of the GEM Listing Rules;
- the independent non-executive Directors will review the Investment Management Transactions annually, and confirm in our annual reports and accounts for the relevant year that the transactions carried out during such year have been entered into based on the principal terms and pricing policies as disclosed in this prospectus that are fair and reasonable and in the interests of our Shareholders as a whole;
- our auditor will carry out review procedures annually on the transactions under the Investment Management Transactions and will provide a letter to our Directors with a copy to the Stock Exchange, at least ten business days before the bulk printing of its annual report, reporting on their findings pursuant to Rule 20.54 of the GEM Listing Rules;
- for the purposes of Chapter 20 of the GEM Listing Rules, the real estate private equity funds, of which ZACD Fund holds their respective entire ordinary share capital, will be treated as our Company's subsidiaries, and the respective directors, chief executives or substantial shareholders of such real estate private equity funds and their respective associates will be connected persons, and transactions between these connected persons and us, and such real estate private equity funds and our connected persons, will be subject to requirements under Chapter 20 of the GEM Listing Rules; and
- ZACD Investments and the Connected SPVs and Fund will undertake to provide our management and auditor sufficient access to their relevant records for the purpose of our auditors' review of the continuing connected transactions.

We will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules, including, but not limited to, the proposed annual caps set out above, and will comply with the relevant rules of Chapter 20 of the GEM Listing Rules (including Shareholders' approval requirements as appropriate) if the waivers from strict compliance with the announcement, circular and independent Shareholders' approval requirements from the Stock Exchange expire or any annual caps set out above are exceeded, or when any terms of the Investment Management Transactions are materially altered or our Company enters into new agreements with any such connected persons.

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## CONNECTED TRANSACTIONS

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### CONFIRMATION FROM DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transactions under the Non-exempt CCT Agreements have been entered into in the ordinary and usual course of our business, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the proposed annual caps set for such non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

As the non-exempt continuing connected transactions under the Non-exempt CCT Agreements will continue after the Listing on a recurring basis, have been entered into prior to the Listing Date and have been fully disclosed in the Prospectus, and potential investors will participate in the Global Offering on the basis of such disclosure, our Directors consider that it would at times be impracticable and would impose additional administrative costs on us to be subject to strict compliance with the requirements set out under Chapter 20 of the GEM Listing Rules.

According to the Savills Report, it is market practice that (i) the fund life of a real estate fund focusing on development projects in Singapore aligns with the duration of the development project and to be more than three years; and as such (ii) for an investment management agreement entered by a real estate investment/fund manager to have a term exceeding three years or without any express duration to align with the fund life. Our Directors, having considered the factors set out in the paragraph headed “Reasons for the transactions” above and the view of Savills, further confirm that it is a normal business practice and in the best interest of our Company and our Shareholders for the Investment Management Agreements to be of a duration longer than three years or without any express duration.

### CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant documents, information and historical figures provided by our Group, and have participated in the due diligence and discussions with our management. Based on the above, the Joint Sponsors are of the view that the non-exempt continuing connected transactions under the Non-exempt CCT Agreements, have been entered into in the ordinary and usual course of our business, are based on normal commercial terms (as defined under Chapter 20 of the GEM Listing Rules) and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the annual caps set for such non-exempt continuing connected transactions are fair and reasonable as far as our Shareholders are concerned and in the interests of our Company and our Shareholders as a whole. With respect to the term of each relevant Investment Management Agreement which is of a duration longer than three years or provides no express duration, after taking into consideration of the reasons for and our Directors’ views on the entering of the relevant Investment Management Agreement and the Savills Report, the Joint Sponsors concur that the long-term nature or no express duration of the relevant Investment Management Agreement is a justifiable and normal business practice to ensure that our Group continues to derive revenue from its business operation of investment management services to ZACD Investments and the Connected SPVs and Fund after the Listing.

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Date of joining our Group	Existing position in our Company	Date of appointment as Director	Roles and responsibilities	Relationships amongst Directors and senior management
Yeo Choon Guan (Yao Junyuan) (姚俊沅)	45	28 January 2011	Executive Director and chief executive officer	8 November 2016	Responsible for overseeing the operations and strategic planning and development of our Group	Husband of Ms. Sim
Sim Kain (沈娟娟)	52	28 January 2011	Executive Director and chairman of our Board	8 November 2016	Responsible for the marketing activities and overall administrative management and co-ordination of our Group's operational activities	Wife of Mr. Yeo
Siew Chen Yei (蕭勁毅)	40	1 November 2015	Executive Director and chief financial officer	8 November 2016	Responsible for driving all aspects of financial stewardship for our Group including capital raising, financial reporting and treasury	Not applicable
Kong Chi Mo (江智武)	42	13 December 2017	Independent non-executive Director	13 December 2017	Responsible for providing independent advice and guidance to our Board	Not applicable
Sim Mong Keang (沈茂強)	48	13 December 2017	Independent non-executive Director	13 December 2017	Responsible for providing independent advice and guidance to our Board	Not applicable
Cheung Ying Kwan (張應坤)	57	13 December 2017	Independent non-executive Director	13 December 2017	Responsible for providing independent advice and guidance to our Board	Not applicable

### Executive Directors

**Mr. Yeo Choon Guan (Yao Junyuan)** (姚俊沅) (“Mr. Yeo”), aged 45, was appointed as our Director on 8 November 2016 and was re-designated as our executive Director and chief executive officer on 12 July 2017. He is also one of our Controlling Shareholders. As one of our Founders, Mr. Yeo is primarily responsible for overseeing the operations and strategic planning and development of our Group. He is also a director of all of our subsidiaries.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Yeo co-founded ZACD International with Ms. Sim through ZACD Investments in 2011. He has over ten years of experience in investing in the industrial property development section in Singapore. Prior to establishing our Group, Mr. Yeo gained experience in the real estate industry since 1995 when he first worked as a marketing executive in HSR International Realtors Pte Ltd (“**HSR**”), which is a real estate agency principally engaged in the marketing of local and overseas properties and providing real estate services. Mr. Yeo founded SLPI with Ms. Sim in April 2003 to engage in the real estate agency business.

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

Mr. Yeo was awarded the Public Service Medal in 2015 by the President of Singapore and has been serving as the chairman of Tampines North Citizens’ Consultative Committee since 1 July 2016. He was also awarded the Teochew Entrepreneurs Award in 2016.

Mr. Yeo has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Yeo is the husband of Ms. Sim, who is an executive Director, the chairman of our Board and one of our Controlling Shareholders.

**Ms. Sim Kain Kain** (沈娟娟) (“**Ms. Sim**”), aged 52, was appointed as our Director on 8 November 2016 and was re-designated as our executive Director and the chairman of our Board on 12 July 2017. She is one of our Founders and also one of our Controlling Shareholders. Ms. Sim is primarily responsible for the marketing activities of our Group and the overall administrative management and the co-ordination of our Group’s operational activities. She is also a director of ZACD Australia, ZACD Financial, ZACD Fund, ZACD Group Holdings, ZACD International, ZACD POSH and ZACD China.

Ms. Sim co-founded ZACD International with Mr. Yeo through ZACD Investments in 2011. She has around 20 years of experience in international property investments. Prior to joining our Group, Ms. Sim worked as a business development manager at HSR and helped to manage the International Project Sales division from 1994 to 1995. She worked as associate director in International Sales Division at Colliers International Singapore from 1995 to 2000. Ms. Sim founded SLPI with Mr. Yeo in April 2003 to engage in the real estate agency business.

Ms. Sim completed the Singapore-Cambridge General Certificate of Education Ordinary Level in 1981 and 1982.

Ms. Sim has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.



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## DIRECTORS AND SENIOR MANAGEMENT

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Ms. Sim is the wife of Mr. Yeo, who is an executive Director, our chief executive officer and one of our Controlling Shareholders.

**Mr. Siew Chen Yei** (蕭勁毅) (“**Mr. Siew**”), aged 40, was appointed as our Director on 8 November 2016 and was re-designated as our executive Director and chief financial officer on 12 July 2017. Mr. Siew is primarily responsible for driving all aspects of the financial stewardship for our Group including capital raising, financial reporting and treasury. He is also a director of ZACD Financial, ZACD Fund and ZACD China, and a responsible officer of ZACD Financial in respect of type 1 (*dealing in securities*), type 4 (*advising on securities*) and type 6 (*advising on corporate finance*) regulated activities.

Mr. Siew has over 10 years of experience in corporate finance, mergers and acquisitions, accounting and audit. He joined our Group as the chief financial officer under ZACD Group Holdings in November 2015. Prior to joining our Group, Mr. Siew worked in Flemmings Chartered Accountants, an accounting firm, in the United Kingdom from September 1998 to October 2001 as a senior accountant, where he was mainly responsible for accounting and auditing works. From January 2002 to April 2003, he worked in KPMG, an accounting firm, in Malaysia as an auditor where he was mainly responsible for auditing works. From May 2003 to August 2007, he worked in AmInvestment Bank, an investment bank in Malaysia as a manager of corporate finance, where he was mainly responsible for advising and executing diverse corporate transactions. From July 2009 to September 2012, he worked in Nomura International (Hong Kong) Limited, an investment bank, in Hong Kong as an associate under the investment bank division, where he mainly specified in natural resources industry projects. From November 2012 to October 2015, he worked in Canaccord Genuity (Hong Kong) Limited, an independent global investment bank, in Hong Kong first as a vice president of investment banking and then as a director, where he was mainly responsible for deal origination and project management.

Mr. Siew obtained a Bachelor of Arts degree in financial analysis from the University of Newcastle Upon Tyne in the United Kingdom in July 1998 and a master of business administration degree from London Business School to The University of London in the United Kingdom in August 2009. He became an associate of the Institute of Chartered Accountants in England and Wales in the United Kingdom in November 2001 and a chartered accountant with the Malaysian Institute of Accountants in July 2002.

Mr. Siew has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

### **Independent non-executive Directors**

**Mr. Kong Chi Mo** (江智武) (“**Mr. Kong**”), aged 42, was appointed as an independent non-executive Director on 13 December 2017 and is primarily responsible for providing independent advice and guidance to our Board.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Kong has over 19 years of experience in accounting, auditing, financial management, corporate finance, investor relations, company secretarial affairs and corporate governance. Mr. Kong currently holds various positions in the following companies listed on the Main Board of the Stock Exchange:

<u>Company name</u>	<u>Stock code</u>	<u>Principal business</u>	<u>Appointment date</u>	<u>Role</u>
AK Medical Holdings Limited	01789	Design, develop, produce and market orthopedic joint implants and related products	November 2017	Independent non-executive director
Huazhang Technology Holding Limited	01673, previously listed on the GEM of the Stock Exchange (stock code: 08276)	Research and development, manufacture and sale of industrial automation and sludge treatment products, the provision of after-sales service and wastewater treatment business in the PRC	May 2013	Independent non-executive director
Hengshi Mining Investments Limited	01370	Mining, processing and sale of iron ore products and the provision of hospital management service in the PRC	June 2013	Independent non-executive director
Starlight Culture Entertainment Group Limited (previously known as Jimei International Entertainment Group Limited)	01159	Entertainment and gaming business, trading of chemical products, and energy conservation and environmental protection products, and media and culture business	May 2017	Independent non-executive director
China Vanadium Titanomagnetite Mining Company Limited (“China Vanadium”)	00893	Mining and ore processing, sale of self-produced products, trading of iron products, coals and steels, and management of strategic investments	September 2009	Company secretary and authorised representative

Mr. Kong was the independent non-executive director of CAA Resources Limited (stock code: 02112), a company listed on the Main Board of the Stock Exchange, which is mainly engaging in mining, ore processing, sales of iron ore products and other commodities to steel manufacturers and/or their respective purchase agents in the PRC and other commodity trading companies, as well as investment holding, from April 2013 to August 2017. He was the executive director and chief financial officer of China Vanadium from October 2013 to May 2015 and from May 2008 to May 2015, respectively. Mr. Kong worked at KPMG from October 1999 to December 2007 and was

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## DIRECTORS AND SENIOR MANAGEMENT

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promoted to senior manager during his term of office. Prior to joining KPMG, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited from June 1997 to March 1998, and as an associate in PricewaterhouseCoopers from March 1998 to October 1999.

Mr. Kong obtained his bachelor's degree in business administration from The Chinese University of Hong Kong in December 1997. Mr. Kong has been a fellow of The Association of Chartered Certified Accountants since February 2008, a member of The Hong Kong Institute of Directors (“**HKIoD**”) since May 2010, a fellow of each of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators since February 2012, an ordinary member of Hong Kong Securities and Investment Institute since October 2017 and a full member of Hong Kong Investor Relations Association since November 2017. Mr. Kong received silver, gold and bronze certificates of merit in continuing professional development in 2013, 2014 and 2015, respectively from the HKIoD.

Saved as disclosed, Mr. Kong has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

**Dato’ Dr. Sim Mong Keang (沈茂強) (“Dr. Sim”)**, aged 48, was appointed as our independent non-executive Director on 13 December 2017. Mr. Sim is primarily responsible for providing independent advice and guidance to our Board.

Dr. Sim has over 20 years of experience in investment and business management. Since 1997, Dr. Sim has been the founder and director of a number of companies in Singapore engaging in a wide range of businesses, including the trading of electronics and electronic components. In June 2010, Dr. Sim was appointed as the managing director and the chief executive officer of WE Holdings Ltd, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), after it was acquired through a reverse takeover by Plexus Components, which is owned by Dr. Sim. In March 2013, Dr. Sim sold his controlling stake in WE Holdings Ltd to focus on his other business activities. Dr. Sim resigned as managing director and the chief executive officer of WE Holdings Ltd in August 2013.

Since September 2015, Dr. Sim has been a non-independent non-executive director of Global Invacom Group Limited, a company listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange and principally engaged in providing satellite communication equipment. He is mainly responsible for providing high level oversight of management and operation.

Dr. Sim obtained a diploma in electronic engineering from Ngee Ann Polytechnic in 1990, a Bachelor of Commerce degree from Murdoch University, Australia in March 1998 and a degree of doctor of philosophy in business administration from Honolulu University, the United States of America in November 2015.

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## DIRECTORS AND SENIOR MANAGEMENT

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Saved as disclosed, Mr. Sim has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

**Mr. Cheung Ying Kwan (張應坤) (“Mr. Cheung”)**, aged 57, was appointed as our independent non-executive Director on 13 December 2017. Mr. Cheung is primarily responsible for providing independent advice and guidance to our Board.

Mr. Cheung has over 20 years of experience in finance and accounting. Mr. Cheung currently holds various positions in the following companies listed on the Main Board of the Stock Exchange:

<u>Company name</u>	<u>Stock code</u>	<u>Principal business</u>	<u>Appointment date</u>	<u>Role</u>
China Wan Tong Yuan (Holdings) Limited	8199	Sales of burial plots and provision of other burial related services, provision of cemetery maintenance services in the PRC	September 2017	Independent non-executive director
Tian Shan Development (Holding) Limited	02118	Development and sale of properties in the PRC	June 2010	Independent non-executive director
Beijing Chunlizhengda Medical Instruments Co., Ltd.	01858	Research and development, production and sales of implantable orthopedic medical devices	March 2015	Independent non-executive director
Gold-Finance Holdings Limited	01462	Provision of building services in Hong Kong	February 2016	Independent non-executive director
China Metal Resources Utilization Limited	01636	Manufacturing and sales of copper, aluminium and related products	March 2013	Company secretary

Mr. Cheung served, from April 2001 to March 2006, as the qualified accountant and company secretary of Goldigit Atom-tech Holdings Limited (now known as Jinchuan Group International Resources Co. Ltd. (stock code: 2362)), a company listed on the Main Board, which is mainly engaging in mining operations and the trading of mineral and metal products, and as the authorised representative of that company from December 2002 to March 2006. From November 2005 to May

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## DIRECTORS AND SENIOR MANAGEMENT

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2013, Mr. Cheung was an independent non-executive director of Auto Italia Holdings Limited (stock code: 0720), a company listed on the Main Board, which mainly engaged in the import, marketing, distribution and provision of after-sales service of branded products in, among others, Hong Kong and Macau. From March 2006 to August 2013, Mr. Cheung was the financial controller of Gushan Environmental Energy Limited, a company mainly engaged in the production of biodiesel and related products in the PRC and the American depository shares of which were listed on the New York Stock Exchange from December 2007 to October 2012. Mr. Cheung has also been the company secretary of China Metal Resources Utilization Limited (中國金屬資源利用有限公司), a company listed on the Main Board (stock code: 1636), since February 2014, which is principally engaged in the manufacturing and sales of copper, aluminium and related products.

Mr. Cheung was admitted as a fellow member of the Association of Chartered Certified Accountants in November 2000 and an associate of the Hong Kong Institute of Certified Public Accountants in April 1995. Mr. Cheung obtained a diploma in woven fabric manufacture from the Hong Kong Polytechnic in September 1981.

Save as disclosed, Mr. Cheung has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information in respect of our Directors that is disclosable pursuant to Rules 17.50(2)(a) to (v) of the GEM Listing Rules and there is no other matter that needs to be brought to the attention of our Shareholders. Save as disclosed in the paragraph headed “7. Further information about our Directors and substantial Shareholders” in Appendix IV to this prospectus, each of our Directors does not have any interests in the Shares within the meaning of Part XV of the SFO.

### SENIOR MANAGEMENT

The following table sets forth certain information regarding our senior management:

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Existing position in our Company</u>	<u>Roles and responsibilities</u>	<u>Relationships amongst Directors and senior management</u>
Tan Shu Mei	32	18 August 2014	Head of property management and tenancy management	Responsible for overseeing property and tenancy management operations of our Group	Not applicable
Mak Chuen Weng	49	1 January 2012	Executive director of fund management and chief investment officer	Responsible for overseeing the research, consultancy and investment analysis function of our Group	Not applicable

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## DIRECTORS AND SENIOR MANAGEMENT

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**Ms. Tan Shu Mei (“Ms. Tan”)**, aged 32, acted as senior manager of property and tenancy management for ZACD International since August 2014, was re-designated as the head of property management and tenancy management in July 2016 of ZACD International and was appointed as the head of property management and tenancy management of our Company in May 2017. Ms. Tan is primarily responsible for overseeing property and tenancy management operations of our Group.

Prior to joining our Group in September 2007, Ms. Tan worked in Property Facility Services Pte Ltd, which is principally engaged in property and facility management, as a property executive, where she was mainly responsible for property maintenance and facilities management. From 2009 to 2014, she worked in Savills CKH Pte Ltd (formerly known as Savills (Singapore) Pte. Ltd.), a global real estate services provider, as a senior property executive, where she was mainly responsible for property and asset management.

Ms. Tan obtained a Bachelor of Business degree in property from the University of South Australia in July 2009 through long-distance learning and a master of business administration degree from the University of Northampton through long-distance learning in December 2016.

Ms. Tan has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

**Mr. Mak Chuen Weng (“Mr. Mak”)**, aged 49, acted as a research consultant for ZACD International and ZACD Capital since January 2012 and January 2013, respectively, and was appointed as the executive director of fund management and the chief investment officer of our Company in January 2017. Mr. Mak is primarily responsible for overseeing the research, consultancy and investment analysis function of our Group.

Prior to joining our Group, Mr. Mak worked in Knight Frank Private Limited, a real estate consultancy, as a director of the consultancy & research department from June 2005 to August 2009, where he was mainly responsible for leading and supervising property consultancy projects and research studies. From September 2009 to February 2010, he worked in Ngee Ann Polytechnic, an institution of higher learning in Singapore, as an adjacent lecturer of the Building & Environment Division of the School of Engineering, where he was mainly responsible for teaching and project research. From March 2010 to September 2010, he worked as a lecturer in Ngee Ann Polytechnic, where he was mainly responsible for conducting lectures and tutorials on various subjects.

Mr. Mak obtained a Bachelor of Business degree from the University of Technology, Sydney in Australia in September 1994 and a Master of Science (Real Estate) degree from the National University of Singapore in April 2002.

Mr. Mak has not held any directorship in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

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## DIRECTORS AND SENIOR MANAGEMENT

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### JOINT COMPANY SECRETARIES

In order to satisfy the qualification requirements under both Hong Kong law and Singapore law, we have appointed two joint company secretaries in Hong Kong and one joint company secretary in Singapore.

#### *As to Hong Kong Law*

Mr. Siew was appointed as one of the joint company secretaries of our Company in Hong Kong on 12 July 2017. Please refer to the paragraph headed “Executive Directors” above in this section for the biography of Mr. Siew.

**Mr. Ip Pui Sum (葉沛森) (“Mr. Ip”)**, aged 58, was appointed as one of the joint company secretaries of our Company in Hong Kong on 12 July 2017. Mr. Ip has been the founding partner of Sum, Arthur & Co., Certified Public Accountants since 1993 whose scope of services includes the provision of financial statement audit, accounting and company secretary services. Mr. Ip has been appointed as the company secretary of various companies listed on the Main Board including Tingyi (Cayman Islands) Holding Corp. (stock code: 0322) since 12 January 1996, Luoyang Glass Company Limited (stock code: 1108) since 6 August 2008, National Agricultural Holdings Limited (stock code: 1236) since 1 December 2011, Orient Victory China Holdings Limited (stock code: 0265) since 3 October 2014, Baofeng Modern International Holdings Company Limited (stock code: 1121) since 5 April 2017 and Asiaray Media Group Limited (stock code: 1993) since 26 June 2017, and as one of the joint company secretaries of Beijing Chunlizhengda Medical Instruments Co., Ltd. (stock code: 1858) since 11 March 2015.

Mr. Ip obtained a higher diploma in accountancy from the Hong Kong Polytechnic University in November 1982 and a master’s degree in business administration from Henley Management College in Brunel University in May 1997. Mr. Ip is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Chartered Association of Certified Accountants and an associate member of the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

#### *As to Singapore Law*

**Mr. Tan Kim Swee Bernard (Chen Jinrui Bernard)**, aged 42, was appointed as one of the joint company secretaries of our Company in Singapore on 8 November 2016. He is a practising solicitor in Singapore. Mr. Tan has over 16 years of experience in legal practice including the professional secretarial services sector in Singapore. He obtained a Bachelor of Laws degree from the National University of Singapore in August 2000.

### COMPLIANCE OFFICER

Mr. Siew was appointed as the compliance officer (Rule 5.19 of the GEM Listing Rules) of our Company on 12 July 2017. Please refer to the paragraph headed “Executive Directors” above in this section for the biography of Mr. Siew.

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## DIRECTORS AND SENIOR MANAGEMENT

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### AUTHORISED REPRESENTATIVES

Mr. Siew and Mr. Ip Pui Sum are the authorised representatives of our Company.

### BOARD COMMITTEES

#### Audit Committee

We have established an Audit Committee pursuant to a resolution of our 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 our Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures and corporate governance of our Company; (iv) supervising internal control systems of our Group; and (v) monitoring continuing connected transactions (if any).

Our Audit Committee currently consists of all three of our independent non-executive Directors. The members of the Audit Committee are currently Mr. Kong Chi Mo, Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and the chairman is Mr. Kong Chi Mo.

#### Remuneration Committee

We have established a Remuneration Committee pursuant to a resolution of our Directors passed on 13 December 2017 in compliance with Rule 5.34 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to our Directors and senior management; and (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration.

Our Remuneration Committee currently consists of one executive Director, Ms. Sim, and all three independent non-executive Directors, namely Mr. Kong Chi Mo, Dr. Sim Mong Keang and Mr. Cheung Ying Kwan. It is currently chaired by Dr. Sim Mong Keang, an independent non-executive Director.

#### Nomination Committee

We have established a Nomination Committee pursuant to a resolution of our Directors passed on 13 December 2017 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and



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## DIRECTORS AND SENIOR MANAGEMENT

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diversity of our Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of independent non-executive Directors; (iv) make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to our Board regarding the candidates to fill vacancies on our Board.

Our Nomination Committee currently consists of one executive Director, Mr. Yeo, and all three independent non-executive Directors, namely Mr. Kong Chi Mo, Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and is currently chaired by Mr. Cheung Ying Kwan.

### CORPORATE GOVERNANCE CODE

Our Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 to the GEM Listing Rules.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Sim is the chairman of our Board while her husband, Mr. Yeo, is our chief executive officer. In view of Ms. Sim and Mr. Yeo being founders of our Group and having been operating and managing our Group since 2011, our Board believes that the vesting of the roles of chairman and chief executive officer in Ms. Sim and Mr. Yeo, respectively, is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group.

Our Board will continue to review and consider appointing Directors who are not related to other Board members for the roles of chairman of our Board and chief executive officer of our Company, respectively, at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

### COMPLIANCE ADVISER

We have appointed Innovax Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult, and if necessary seek advice from our compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction is contemplated, including Share issues and Share repurchases;
- (c) where our Company proposes to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

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## DIRECTORS AND SENIOR MANAGEMENT

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- (d) where the Stock Exchange makes an inquiry to us under Rule 17.11 of the GEM Listing Rules.

The term of this appointment shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, subject to termination.

### REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including salaries, allowances and benefits in kind and retirement benefit scheme contributions) paid to our Directors for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately SGD57,000, SGD348,000 and SGD177,000, respectively.

The aggregate remuneration (including salaries, bonuses, allowances and benefits in kind and retirement benefit scheme contributions) paid to our Company's five highest-paid individuals for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately SGD719,000, SGD651,000 and SGD379,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Save as disclosed above, no payments have been made or are payable by any of member of our Group to any of our Directors or the five highest-paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 31 December 2017 to be approximately SGD345,000.

### REMUNERATION POLICY

Our executive Directors, independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, allowances, benefits in kind and/or performance-related bonuses with reference to those paid by comparable companies, time commitment and responsibilities of respective Directors and senior management and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management by reference to,

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## DIRECTORS AND SENIOR MANAGEMENT

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among other things, market level of remuneration and compensation paid by comparable companies, the respective experience and qualifications as well as responsibilities of our Directors and senior management and the performance of our Group.

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme under which employees of our Group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed “8. Share Option Scheme” in Appendix IV to this prospectus.

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## SUBSTANTIAL SHAREHOLDERS

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As at the date of this prospectus, Mr. Yeo and Ms. Sim (through ZACD Investments) held, indirectly, 1,500,000,000 Shares, representing the entire issued share capital of our Company.

So far as is known to our Directors, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), the following persons will have an interest and/or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or would be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

<u>Name of Shareholder</u>	<u>Nature of interest and capacity</u>	<u>Number of Shares held or interested</u>	<u>Approximate percentage of the total issued Shares</u>
ZACD Investments	Beneficial owner	1,500,000,000	75%
Mr. Yeo <sup>(Note 1)</sup>	Interest in a controlled corporation	1,500,000,000	75%
Ms. Sim <sup>(Note 1)</sup>	Interest in a controlled corporation	1,500,000,000	75%

*Note:*

- (1) 51% and 49% of the total issued share capital of ZACD Investments are owned by Mr. Yeo and Ms. Sim, respectively, who are both deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO. Ms. Sim is the spouse of Mr. Yeo.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), have an interest or a short position in any Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group and are therefore regarded as substantial Shareholders under the GEM Listing Rules.

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## SHARE CAPITAL

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### SHARE CAPITAL OF OUR COMPANY

All of the issued Shares of our Company comprise ordinary shares. Pursuant to the Singapore Companies Act, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued shares.

As at the date of this prospectus, our Company's issued and paid-up share capital was S\$13,704,642 (excluding share issuance costs).

Assuming the Over-allotment Option is not exercised, the total number of Shares immediately before and following the completion of the Global Offering will be as follows:

		<u>Approximate percentage of the total number of Shares issued following the completion of the Global Offering</u>
<b>Issued and to be issued</b>		
1,500,000,000	Shares in issue (immediately prior to the completion of the Global Offering)	75%
<u>500,000,000</u>	Shares to be issued under the Global Offering	<u>25%</u>
<u><u>2,000,000,000</u></u>	Total	<u><u>100%</u></u>

Assuming the Over-allotment Option is exercised in full, the total number of Shares immediately before and following the completion of the Global Offering will be as follows:

		<u>Approximate percentage of the total number of Shares issued following the completion of the Global Offering</u>
<b>Issued and to be issued</b>		
1,500,000,000	Shares in issue (immediately prior to the completion of the Global Offering)	71.25%
575,000,000	Shares to be issued under the Global Offering (including all Shares which may be issued under the Over-allotment Option)	28.75%
<u><u>2,075,000,000</u></u>	Total	<u><u>100%</u></u>

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## SHARE CAPITAL

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### TREASURY SHARES

Under the Singapore Companies Act, Shares purchased or acquired by our Company may be held or dealt with as treasury Shares. Please refer to Appendix III to this prospectus for a summary of some of the provisions on treasury shares under the Singapore Companies Act.

As at the date of this prospectus, no treasury Shares are held by our Company.

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, and any Shares which may be issued or repurchased by us pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares as described below.

### RANKING

The Offer Shares will be ordinary Shares in the share capital of our Company and will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

### GENERAL MANDATES TO ALLOT AND ISSUE SHARES

Subject to the Global Offering becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, please see Appendix IV to this prospectus.

### SHARE OPTION SCHEME

Pursuant to the written resolutions of our sole Shareholder passed on 13 December 2017, we conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed “8. Share Option Scheme” in Appendix IV to this prospectus.

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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited consolidated financial information as at and for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, including the notes thereto, as set out in “Appendix I — Accountants’ Report” to this prospectus. The consolidated financial information has been prepared in accordance with IFRS. You should read the whole of the Accountants’ Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those anticipated in the forward-looking statements. Factors that might cause future results to differ significantly from those anticipated in the forward-looking statements include those discussed in “Risk Factors”.*

### OVERVIEW

Our Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain during different stages of real estate project development in Singapore and elsewhere in the Asia-Pacific region. Known for our pioneering spirit and acute business strategies, we have a reputation for identifying and seizing market opportunities before others to capture the first mover advantages ahead of economic cycles. Currently, our Group is principally engaged in the following businesses: (i) investment management services, which are carried out as (a) SPV investment management (PE structures) and (b) fund management; (ii) project consultancy and management services; (iii) property management and tenancy management services; and (iv) financial advisory services.

For the years ended 31 December 2015 and 2016, our revenue amounted to approximately S\$8.7 million and S\$11.5 million, respectively, while our profit for the year attributable to owners of the parent amounted to approximately S\$6.0 million and S\$3.6 million, respectively. Excluding the non-recurring Listing expenses of nil and approximately S\$811,000 in 2015 and 2016, our profit for the year attributable to owners of the parent amounted to approximately S\$6.0 million and S\$4.4 million, respectively.

For the six months ended 30 June 2016 and 30 June 2017, our revenue amounted to approximately S\$3.2 million and S\$7.5 million, respectively, while our profit for the period attributable to owners of the parent amounted to approximately S\$384,000 and S\$1.8 million, respectively. Excluding the non-recurring Listing expenses of approximately S\$95,000 and S\$1.2 million for the six months ended 30 June 2016 and 30 June 2017, our profit for the period attributable to owners of the parent amounted to approximately S\$479,000 and S\$3.0 million, respectively.

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## FINANCIAL INFORMATION

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### BASIS OF PRESENTATION

Our Company is a company limited by shares, which is domiciled and incorporated in Singapore.

In preparation for the listing of our Company's shares on GEM, a business transfer agreement was entered into between SLPI and a subsidiary now comprising our Group, pursuant to which the property management and tenancy management business segment formerly operated by SLPI was transferred to a subsidiary now comprising our Group and the business transfer was completed on 1 July 2016. SLPI is jointly owned by our Controlling Shareholders who are also the controlling shareholders of ZACD Investments, the ultimate holding company of the Company.

The property management and tenancy management business segment formerly operated by SLPI did not exist as a legal or statutory entity and no separate statutory financial statements were therefore prepared. The historical financial information of the property management and tenancy management business segment formerly operated by SLPI has been prepared to reflect its historical results of operations and its historical assets and liabilities.

Our Company and its subsidiaries now comprising our Group underwent the Reorganisation as set out in the section headed "History, Development and Reorganisation" in this prospectus. Pursuant to the Reorganisation, our Company became the holding company of the companies now comprising our Group upon completion of the Reorganisation on 31 March 2017. The companies now comprising our Group and the property management and tenancy management business segment formerly operated by SLPI were under the common control of our Controlling Shareholders before and after the Reorganisation. Accordingly, the consolidated financial information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation and the transfer of the property management and tenancy management business segment formerly operated by SLPI had been completed at the beginning of the Track Record Period or since the date when the respective subsidiaries first came under the common control of our Controlling Shareholders, whichever is later.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period and the six months ended 30 June 2016 include the results and cash flows of all the companies and businesses now comprising our Group from the earliest date presented or since the date when the respective subsidiaries and businesses were incorporated/ established or first came under the common control of our Controlling Shareholders, whichever is later. The consolidated statements of financial position of our Group as at the end of each of the Track Record Period have been prepared to present the assets and liabilities of the subsidiaries and businesses using the existing book values from our Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.



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## FINANCIAL INFORMATION

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Our consolidated financial information has been prepared in accordance with IFRSs and under the historical cost convention, except for available-for-sale financial assets and a financial asset at fair value through profit or loss, which have been measured at fair value.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

#### **Our success depends on our ability to identify or source real estate projects which are suitable for our Investment Projects**

Our business model depends to a large extent on our ability to identify and source suitable and desirable real estate projects that can achieve our investment target returns. The identification and sourcing of real estate projects will depend on a number of factors which may be out of our control, such as (i) the continuation of our relationships with certain key developers or (ii) the number of real estate projects in the market that are suitable for our investment target returns. As such, we cannot assure you that we will be able to source new real estate projects that are suitable and desirable for our future Investment Projects. Any failure to do so may have a material adverse impact on our business, financial condition, results of operations and growth prospects.

#### **General economic conditions and regulatory environment of the real estate development industry**

The performance of our investment management services business segment is directly correlated to the performance of our Investment Projects. This can be reflected by the fair value of our available-for-sale financial assets, which reflects our entitlement of future cash flow from our Investment Projects. The valuation of our available-for-sale financial assets, which is carried at fair value, is subject to, among other factors, certain market conditions and risks. A sensitivity analysis on the fair value of our available-for-sale financial assets to the significant unobservable input is set forth in note 30 of Appendix I to this prospectus.

Our project consultancy and management services business segment is complementary to the real estate development industry, such that the performance of our project consultancy and management services business segment is highly correlated to real estate development activities. The Singapore real estate development industry is to a large extent affected by the conditions of the Singapore economy, while the general economic conditions in Singapore have affected and may continue to affect the business and result of operation of our project consultancy and management services business segment. In addition, changes in national or local policies related to the Singapore real estate development industry may affect the level of activities in the industry, as well as the supply of land for real estate projects, project financing, foreign investment and taxation.

Our revenue from property management and tenancy management services business segment is relatively less sensitive to the general economic conditions because the set-up of MCSTs, which are the major target of our services, is required under the laws.

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## FINANCIAL INFORMATION

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### **Pipeline of projects**

Generally, our business activities in Singapore are conducted on a project-basis. The duration and contract value of the projects would be varied by scale and complexity. For our investment management services business segment, we have to continue to collaborate with the real estate developer partners to obtain new real estate projects. Also, for our project consultancy and management services business segment, as the revenue is not recurring in nature, we have to continuously secure new contracts to achieve a stable level of revenue. Specifically, we are highly dependent on the pipeline of these contracts, which in turn is dependent on the real estate projects in both public and private sectors. For our property management and tenancy management services business segment, our property management agreements typically have an initial term of one year, and our appointment is usually renewed yearly at the annual general meeting of the property owners. Therefore, we have to secure the renewal of property management agreements from MCSTs and to continually look for new contracts for our growth.

### **Staff costs**

Staff costs represent our major component of operating expenses, which accounted for approximately 23.5%, 44.2% and 42.3% of our revenue during the Track Record Period respectively.

We believe our employees are the most important asset to our business. We intend to continue to invest in hiring and retaining talented employees to deliver quality services to our clients and grow our business. In order to attract and retain our employees, we have to maintain our staff remuneration and benefits levels up to the market standard. Therefore, our staff costs may fluctuate with the market conditions due to inflation, and supply and demand of industry talents. If we are unable to effectively mitigate the increase in staff costs resulting from market fluctuation with higher revenue generated on a sustainable basis, our profitability and results of operations could be adversely affected.

## FINANCIAL INFORMATION

For illustrative purpose only, the following table sets out a sensitivity analysis of our profit before tax with reference to the fluctuation of the staff costs during the Track Record Period. The following table demonstrates the impact of hypothetical increase or decrease in the staff costs on our profit before tax, while all other factors remain unchanged:

	Decrease/Increase in profit before tax		
	Year ended 31 December		Six months ended 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Hypothetical fluctuation of staff costs:			
Hypothetical increase/decrease of 5.0%	-/+102	-/+254	-/+159
Hypothetical increase/decrease of 10.0%	-/+205	-/+508	-/+319
Hypothetical increase/decrease of 15.0%	-/+307	-/+761	-/+478

*Note:* The sensitivity analysis above assumes that only one variable changes while other variables remain unchanged. This sensitivity analysis is intended for reference only, and any variation may differ from the amounts indicated. Investors should note in particular that this sensitivity analysis is not intended to be exhaustive and is limited to the impact of changes in staff costs and does not reflect changes in our revenue.

**The distribution of dividends (i.e. our dividends from Establishment Shares) is subject to the discretion of the directors and the approval of the shareholders of the Development SPVs**

Our dividends from Establishment Shares amounted to approximately S\$4.3 million, S\$6.5 million and S\$3.1 million, representing approximately 49.6%, 56.4% and 41.5% of our total revenue during the Track Record Period, respectively. Our dividends from Establishment Shares is ultimately derived from the Development SPVs, which are at the discretion of the directors of the Development SPVs and subject to the approval from the shareholders of the Development SPVs, under the applicable laws, after taking into account the profits earned by the Development SPVs, which in turn depend on the performance of the underlying Investment Projects.

Moreover, after the Investment SPVs receive dividends from the Development SPVs, the payment of dividends at the Investment SPV level is also subject to the discretion of the directors and the approval of the shareholders of the Investment SPVs. We may encounter significant delay and long turnover days of trade receivables if dividends are declared by the Investment SPVs but the payout is delayed due to the administrative process of obtaining the approval of the shareholders of the Investment SPVs.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information in accordance with IFRS. The Accountants' Report in Appendix I to this prospectus sets forth these significant accounting policies, estimates and judgements in notes 3 and 4 of section II, respectively. Some of our accounting policies involve subjective

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## FINANCIAL INFORMATION

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assumptions and estimates, as well as judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions. We believe the following accounting policies, estimates and judgements are of critical importance to us in the preparation of our consolidated financial information.

### **Fair value measurement**

Our Group measures financial instruments such as unquoted available-for-sale financial assets and a financial asset at fair value through profit or loss at fair value at the end of each reporting period. Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes to the Accountants' Report in Appendix I to this prospectus:

- Disclosures for valuation methods, significant estimates and assumptions (*note 30 of App I*)
- Quantitative disclosures of fair value measurement hierarchy (*note 30 of App I*)
- Financial instruments (including those carried at amortised cost) (*note 29 of App I*)

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

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

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

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

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

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## FINANCIAL INFORMATION

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

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

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

Our Group's management determines the policies and procedures for recurring fair value measurement, such as unquoted available-for-sale financial assets and a structured deposit.

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

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

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

### **Financial instruments — financial assets — available-for-sale financial assets — initial recognition and subsequent measurement**

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

#### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All

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## FINANCIAL INFORMATION

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financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### *Subsequent measurement*

Available-for-sale financial assets include equity investments. Equity investments classified as available-for-sale financial assets are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the available-for-sale financial assets revaluation reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale financial assets revaluation reserve to profit or loss in finance costs.

The fair value of available-for-sale financial assets held by our Group is measured using valuation techniques including the discounted cash flow (“DCF”) model as these instruments do not have quoted prices in active markets. As these instruments relate to equity interests presently held or to be received by our Group in Investment SPVs that undertake investment in real estate development projects, we expect the fair value to be eventually realised through dividend distributions and return of capital that our Group will receive from the Investment SPVs.

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

### *De-recognition*

A financial asset is primarily derecognised (i.e. removed from our Group’s consolidated statements of financial position) when the rights to receive cash flows from the asset have expired or our Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

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‘pass-through’ arrangement; and either (a) our Group has transferred substantially all the risks and rewards of the asset, or (b) our Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When our Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, our Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, our Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that our Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that our Group could be required to repay.

### *Impairment of financial assets*

Our Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For available-for-sale financial assets, our Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is ‘significant’ or ‘prolonged’ requires judgement. In making this judgement, our Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In accordance with our Group’s policy, any duration in excess of 12 months is considered as prolonged and deficit greater than 20% is considered as significant.

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### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Our Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

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

### Rendering of services

Our Group provides investment management, project management and consultancy, property management and tenancy management and financial advisory services as described below.

#### (a) *Investment management services*

##### (i) *SPV investment management (PE structures)*

Our Group provides investment management services to investors of real estate projects by establishing and incorporating Investment SPVs through which the investors participate in such projects by subscribing convertible loans that are issued by the Investment SPVs. Post establishment and incorporation of the Investment SPVs, our Group continues to provide investment management services to the investors by managing the Investment SPVs up to the time of project completion.

Our Group derives revenue from the investors of the Investment SPVs comprising: (i) fixed pre-negotiated project management fees receivable in cash; and (ii) establishment fees receivable in the form of equity shares (the “**Establishment Shares**”) in the Investment SPV that are owned by the investors, upon conversion of their convertible loans as and when the underlying real estate project is substantially completed; together with the dividend income from the Establishment Shares. Our Group also derives performance fees from a major investor in return for providing a priority right to the investor to participate in real estate projects. Such fees are pegged to a stipulated percentage of all dividends and/or profit distributions to be received by the investor on its investments from the real estate projects.

Our Group recognises the fixed pre-negotiated investment management fees on a time-apportioned basis over the estimated real estate development period, and establishment fees based on the initial fair value of its right over the entitlement of the Establishment Shares which our Group is entitled to receive upon subscription of convertible loans in the Investment SPVs by the investors when it is probable that our Group will receive the Establishment Shares. Subsequent to initial recognition, our Group’s entitlement to the Establishment Shares is accounted for as available-for-sale financial assets in accordance with



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the accounting policy described above. Our Group's entitlement over the dividends from the Establishment Shares is recognised when our Group's right to receive the payments is established, which is generally when shareholders of Investment SPVs approve the dividends. Performance fee is recognised as and when our Group's right to such fee is established and the revenue amount can be reliably measured, which is generally when the Investment SPV declares the relevant dividends and/or profit distributions to the investor.

(ii) *Fund management*

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

Under the contracts entered with the private real estate funds, our 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 establishment fee is recognised as and when our Group's rights and entitlement to the fee is established, which is generally at the closure for subscription for the relevant fund. The fund management fees are received semi-annually or annually and are recognised on a straight-line basis over the contract terms. The performance fees are recognised as and when our Group's rights and entitlement to the fees are established.

(b) *Project consultancy and management services*

Project consultancy and management services rendered by our 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 defect 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 project.

Our Group enters into service agreements with real estate developers for these services in which fixed pre-negotiated fees are specified. Project consultancy and management service fees are recognised on a time-apportioned basis over the contractual service period.

(c) *Property management and tenancy management services*

Our Group's property management services are primarily provided to real estate developers and property owners' association including property maintenance management services and ancillary services, such as accounting and financial services. Properties managed by our Group

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comprise residential properties as well as non-residential properties including commercial buildings, office buildings and industrial parks. Fixed pre-negotiated fees are specified in property management contracts which typically cover a one-year service period and are renewable on an annual basis. Such fees are recognised as revenue on a time-apportioned basis over the contractual service period.

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

### (d) *Financial advisory services*

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

## RESULTS OF OPERATIONS

The following tables set forth our consolidated statements of profit or loss and consolidated statements of comprehensive income for the Track Record Period, extracted from the Accountants' Report in Appendix I to this prospectus.

### Consolidated statements of profit or loss

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Revenue	8,711	11,493	3,217	7,522
Other income and gain	20	262	33	51
Staff costs	(2,046)	(5,075)	(1,862)	(3,185)
Depreciation	(16)	(166)	(69)	(92)
Office rentals and related expenses	(17)	(217)	(107)	(237)
Marketing expenses	(87)	(333)	(146)	(128)
Other expenses, net	(525)	(2,551)	(744)	(2,140)
<b>Profit before tax</b>	<b>6,040</b>	<b>3,413</b>	<b>322</b>	<b>1,791</b>
Income tax credit/(expense)	(54)	174	62	57
<b>Profit for the year/period attributable to owners of the parent</b>	<b><u>5,986</u></b>	<b><u>3,587</u></b>	<b><u>384</u></b>	<b><u>1,848</u></b>

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### Consolidated statements of comprehensive income

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000 (Unaudited)	S\$'000
Profit for the year/period	5,986	3,587	384	1,848
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(7)	(3)	20	8
Fair value changes on available-for-sale financial assets	<u>383</u>	<u>1,930</u>	<u>156</u>	<u>(2,927)</u>
Other comprehensive income/(loss) for the year/period	<u>376</u>	<u>1,927</u>	<u>176</u>	<u>(2,919)</u>
Total comprehensive income/(loss) for the year/period attributable to owners of the parent	<u><u>6,362</u></u>	<u><u>5,514</u></u>	<u><u>560</u></u>	<u><u>(1,071)</u></u>

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### DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

#### Revenue

Our revenue is derived from our Group's business segments, namely, (i) investment management services, which can be broadly categorised into SPV investment management (PE structures) and fund management; (ii) project consultancy and management services; (iii) property management and tenancy management services; and (iv) financial advisory services during the Track Record Period.

Our Group has concluded that we are the principal in all of our revenue generating business arrangements since we are the primary obligor in all the arrangements, have pricing latitude, and are also exposed to credit risks.

The following table sets forth the breakdown of our revenue by business segments for the periods indicated:

	Year ended 31 December				Six months ended 30 June			
	2015		2016		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Investment management services								
— SPV investment management (PE structures)	7,147	82.0	8,263	71.9	2,249	69.9	4,018	53.4
— Fund management	—	—	176	1.5	—	—	719	9.6
Project consultancy and management services	1,268	14.6	858	7.5	384	11.9	844	11.2
Property management and tenancy management services	296	3.4	2,196	19.1	584	18.2	1,895	25.2
Financial advisory services	—	—	—	—	—	—	46	0.6
	<u>8,711</u>	100.0	<u>11,493</u>	100.0	<u>3,217</u>	100.0	<u>7,522</u>	100.0

#### *Investment management services*

##### *SPV investment management (PE structures)*

Our Group derives investment management revenue from the investors of the Investment SPVs comprising (i) management fees; (ii) Establishment Fees receivable in form of Establishment Shares in the Investment SPV and together with dividends derived from Establishment Shares; and (iii) performance fees. Management fees are fixed and recognised on a time-apportioned basis over the estimated real estate project development period. Establishment fees, based on the initial fair value of our Group's right over the entitlement to the Establishment Shares which our Group is entitled to receive upon subscription of convertible loans in the Investment SPV by the investors, when it is probable that our Group will receive the Establishment Shares. Dividends from Establishment Shares are recognised when our Group's right to receive the payment is established, which is

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generally when shareholders of the Investment SPV approve the dividends. Performance fees represented consideration entitled by our Group (i) in return for providing a priority right to a major investor to participate in certain Investment SPVs and (ii) at a certain percentage of profit made by investors from the Investment SPVs under the trust structure. Such fee is pegged to a stipulated percentage of all dividends and/or profit distributions to be received by the investors on their investments in the real estate projects. Performance fees are recognised as and when our Group's right to such fees are established and the revenue amount can be reliably measured, which generally is when the Investment SPV declares dividends and/or profit distributions to the investors. No performance fees were derived from the trust structure during the Track Record Period. The following table sets forth the breakdown of revenue from SPV investment management (PE structures) by nature for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000 (Unaudited)	S\$'000
Management fees	1,320	790	461	273
Establishment Fees and dividends from				
Establishment Shares ( <i>Note</i> )	4,322	6,487	1,459	3,124
Performance fees	<u>1,505</u>	<u>986</u>	<u>329</u>	<u>621</u>
<b>Total</b>	<b><u>7,147</u></b>	<b><u>8,263</u></b>	<b><u>2,249</u></b>	<b><u>4,018</u></b>

*Note: During the Track Record Period, Establishment Fees of S\$1,000 were recognised in 2015 in connection with our services for establishment and incorporation of Investment SPV. In return of our services, we were awarded the rights over entitlement to the Establishment Shares as our Establishment Fees when investors subscribed convertible loans of the Investment SPV upon initial set up stage. Upon the time of subscription of the convertible loans by the investors, the Investment SPV did not commence any operations and had a minimal net assets position. In the opinion of our directors, when we were awarded the rights over entitlement to the Establishment Shares, the initial fair value of the rights was approximate to the initial nominal value of the share of the Investment SPVs, which is the same as the initial conversion price that third party investors will apply to convert the convertible loans into equity shares in the Investment SPV. The rights over entitlement to the Establishment Shares are accounted for as available-for-sale financial assets subsequently and measured at fair value using DCF model.*

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The following table sets forth the breakdown of dividends from Establishment Shares for the periods indicated:

<u>Project</u>	<u>Year ended 31 December</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	S\$'000	S\$'000	S\$'000 (Unaudited)	S\$'000
Nin Residence	168	366	214	—
Premier@Kaki Bukit	1,505	283	283	—
Riverparc Residence	1,357	540	—	—
Riversound Residence	—	1,277	962	—
Investment Project B	—	—	—	1,787
Investment Project C	581	125	—	—
Parc Centros	—	3,428	—	848
Investment Project D	710	93	—	310
Woodlands Industrial Xchange	—	375	—	179
<b>Total dividends from Establishment Shares</b>	<b><u>4,321</u></b>	<b><u>6,487</u></b>	<b><u>1,459</u></b>	<b><u>3,124</u></b>

The amount of dividends from Establishment Shares derived in a financial year is primarily affected by the project pipeline, the size of the Investment SPV's stake in the real estate project, the Group's entitlement on Establishment Shares from other investors, the construction and sale status of the underlying real estate project and the timing of distribution of dividends from the Development SPVs.

### *Fund management*

Our fund management services recognised (i) fund management fees; (ii) performance fees; and (iii) fund establishment fees. Fund management fees are recognised, based on a percentage of committed capital, on a straight-line basis over the contractual terms ranging from three to five years. Performance fees are recognised, 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, as and when our Group's rights and entitlement to the fees are established. Fund establishment fees are recognised, based on a percentage of the committed capital, when our Group's rights and entitlement to the fees are established, which is generally at the closure for subscription for relevant funds. In 2016 and the six months ended 30 June 2017, (i) the ARO II Fund generated approximately S\$159,000 and S\$159,000 fund management fees since its establishment in April 2016; (ii) the BBW6 Fund generated approximately S\$17,000 and S\$95,000 fund management fees since its establishment in October 2016; and (iii) the S1 Fund generated approximately nil and S\$465,000 fund establishment fee since its establishment in May 2017, respectively.

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### *Project consultancy and management services*

Project consultancy and management services rendered by our Group to real estate developers and construction companies to address the issues arising during various major stages of a property development project, from the land tender stage to marketing and sales of property units.

Our Group enters into service agreements with real estate developers or construction companies for these services in which fixed fees are specified. Project consultancy and management fees are recognised on a time-apportioned basis over the contractual service period.

The following table sets forth a summary of the contracts under our project consultancy and management services business segment:

Contract	Contract value S\$'000	Contract length	Contract term		Year ended 31 December		Six months ended 30 June	
			from	to	2015 S\$'000	2016 S\$'000	2016 S\$'000	2017 S\$'000
Developer B	1,200	36 months	1 January 2013	31 December 2015	400	—	—	—
Customer G	2,000	75 months	1 January 2012	31 March 2018	320	320	160	160
BH-ZACD (Woodlands) Development Pte. Ltd.	700	44 months	1 June 2013	31 January 2017	191	191	95	16
BH-ZACD (Tuas Bay) Development Pte. Ltd.	1,178	55 months	1 March 2013	30 September 2017	257	257	129	129
Customer J	1,047	24 months	1 January 2017	31 December 2018	—	—	—	262
Others ( <i>Note</i> )					100	90	—	277
Total project consultancy and management fees					1,268	858	384	844

*Note:* Others represented one-off consultancy services projects provided to real estate developers, such as handover services, tender consultancy and research, marketing project management, sales administration and design development consultancy.

### *Property management and tenancy management services*

Our property management and tenancy management services business segment provides property management services to the real estate developers and the MCSTs and tenancy management services. For property management services, fixed property management fees, as specified in property management agreements which typically cover a one-year service period and are renewable on an annual basis, are recognised as revenue on a time-apportioned basis over the contractual service period. For tenancy management services, our Group recognises fixed management fees on an accrual basis in accordance with the terms of the underlying agreements.

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The following table sets forth the breakdown of revenue from property management services, with the real estate developers and the MCSTs, and tenancy management services business segment for the periods indicated:

	<u>Year ended 31 December</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Property management services				
— Real estate developers	37	714	91	777
— MCSTs	<u>233</u>	<u>1,446</u>	<u>475</u>	<u>1,014</u>
Sub-total	270	2,160	566	1,791
Tenancy management services	<u>26</u>	<u>36</u>	<u>18</u>	<u>104</u>
	<u><u>296</u></u>	<u><u>2,196</u></u>	<u><u>584</u></u>	<u><u>1,895</u></u>

The following table sets forth a summary of the revenue from our property management services:

	<u>Year ended 31 December</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
			(Unaudited)	
Revenue from property management services (S\$'000)	270	2,160	566	1,791
Average number of properties <sup>(1)</sup>	3	14	10	21
Average revenue per property per month (S\$'000) <sup>(2)</sup>	7.1	13.2	9.6	14.0

*Note 1:* Average number of properties is calculated using the average of number of properties under our management for each month within the respective year/period.

*Note 2:* Average revenue per property per month is calculated using the revenue derived from property management services divided by average number of properties and divided by number of months for the relevant year/period.



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### *Financial advisory services*

We incorporated ZACD Financial in October 2015 and commenced business since December 2016, after obtaining related SFO licenses in Hong Kong. Our financial advisory services primarily relate to capital raising, mergers and acquisitions, joint-ventures and general strategic advice. For details, please refer to the section headed “Business — Financial advisory services”.

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Financial advisory fees	—	—	—	46

### **Other income and gain**

Other income and gain mainly consists of government grants and net foreign exchange gain. Our other income amounted to approximately S\$20,000, S\$262,000 and S\$51,000 during the Track Record Period, respectively. Government grants have been received by certain of our Singapore subsidiaries in connection with employment of senior Singaporean workers under the Special Employment Credit and Wage Credit Scheme and enhancement/scale up of business capabilities under the Capability Development Grant provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

### **Staff costs**

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Our staff costs amounted to approximately S\$2.0 million, S\$5.1 million and S\$3.2 million during the Track Record Period, respectively. The following table sets forth the breakdown of staff costs by nature for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Staff costs (including directors' remuneration):				
Salaries, bonuses, commission and other allowances	1,859	4,518	1,637	2,850
Retirement benefit scheme contributions (defined contribution scheme)	187	557	225	335
	<u>2,046</u>	<u>5,075</u>	<u>1,862</u>	<u>3,185</u>

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The following table sets forth the breakdown of staff costs by business segments for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000 (Unaudited)	S\$'000
Investment management services <sup>(1)</sup>	1,361	2,112	823	1,018
Project consultancy and management services <sup>(1)</sup>	187	54	48	121
Property management and tenancy management services	402	2,114	603	1,442
Financial advisory services	—	—	—	244
Others	96	795	388	360
<b>Total</b>	<b><u>2,046</u></b>	<b><u>5,075</u></b>	<b><u>1,862</u></b>	<b><u>3,185</u></b>

The following table sets forth the breakdown of number of staff by function for the periods indicated:

Function	As at 31 December		As at 30 June	
	2015	2016	2016	2017
Investment management and project consultancy and management services <sup>(1)</sup>	14	34	20	26
Property management and tenancy management services <sup>(2)</sup>	15	65	49	62
Financial advisory services	—	—	—	4
Others	2	6	3	14
<b>Total</b>	<b><u>31</u></b>	<b><u>105</u></b>	<b><u>72</u></b>	<b><u>106</u></b>

*Note 1:* Since some of our employees have multiple roles in both investment management and project consultancy and management services, it is impractical to separate the number of staff into these two business segments. We calculated our segmental staff costs for these two segments on a pro-rata basis to our segmental revenue.

*Note 2:* Our property management and tenancy management business segment is labour-intensive, we usually assign a team of dedicated site staff for each property.

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### Other expenses, net

Other expenses, net mainly consist of Listing expenses, suppliers and service providers costs, travel and entertainment expenses, professional fees, administrative fees, fair value loss/(gain) on a financial asset at fair value through profit or loss and other miscellaneous expenses. Our other expenses, net amounted to approximately S\$525,000, S\$2.6 million and S\$2.1 million during the Track Record Period, respectively. The following table sets forth the breakdown of other expenses, net for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Listing expenses	—	811	95	1,186
Suppliers and service providers costs	61	529	134	410
Travel and entertainment expenses	58	363	91	116
Professional fees	123	187	55	109
Administrative fees	197	207	115	62
Fair value loss/(gain) on a financial asset at fair value through profit or loss	—	98	—	(36)
Other miscellaneous expenses	86	356	254	293
<b>Total</b>	<b>525</b>	<b>2,551</b>	<b>744</b>	<b>2,140</b>

### Income tax credit/expense

During the Track Record Period, our income tax credit/(expense) represented over-provision in prior years, deferred tax credit recognised mainly in relation to tax losses available for offsetting against future taxable profits and income tax charged at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate or domicile.

During the Track Record Period, our income tax amounted to expense of approximately S\$54,000, credit of approximately S\$174,000 and credit of approximately S\$57,000, respectively. Our effective tax rate for 2015 was 0.9%. Since our Group recorded tax credits for 2016 and the six months ended 30 June 2017, the calculations of effective tax rates were not meaningful.

We had no tax payable in any tax jurisdictions other than Singapore during the Track Record Period. Our effective tax rate was significantly lower than the statutory tax rate for Singapore of 17% or we did not record tax expense even when we recorded a profit before taxation mainly because dividends income from Establishment Shares, representing approximately 49.6%, 56.4% and 41.5% of our total revenue during the Track Record Period, respectively, are tax-exempt under Singapore's One-Tier System. Please refer to the section headed "Regulatory Overview —

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Regulatory Requirements in Singapore — Singapore taxation — Dividend distributions — (i) One tier corporate taxation system” in this prospectus for further details on the tax treatment of our Group’s dividends from Establishment Shares.

During the Track Record Period and up to the Latest Practicable Date, we fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

### DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

#### Fair value changes on available-for-sale financial assets

Fair value changes on available-for-sale financial assets, representing the unrealised revaluation differences of the Establishment Shares received or receivable or contractual rights over the Establishment Shares to be awarded by the investors of the Investment SPVs for which our Group acts as the investment manager, amounted to gain of approximately S\$383,000 and S\$1.9 million, for 2015 and 2016, and loss of S\$2.9 million for the six months ended 30 June 2017, respectively, and were recognised as other comprehensive income/(loss) in the consolidated statements of comprehensive income. For details, please refer to the paragraph “Financial Information — Available-for-sale financial assets” in this section.

### REVIEW OF HISTORICAL RESULTS OF OPERATIONS

#### Six months ended 30 June 2017 compared to six months ended 30 June 2016

##### *Revenue*

Our revenue increased from approximately S\$3.2 million for the six months ended 30 June 2016 to approximately S\$7.5 million for the six months ended 30 June 2017, representing an increase of approximately 133.8%. Such increase was primarily attributable to the increase in revenue recognised from each of our (i) investment management services business segment; (ii) project consultancy and management services business segment; and (iii) property management and tenancy management services business segment.

##### (a) *Investment management services*

Revenue generated from the investment management services business segment increased from approximately S\$2.2 million for the six months ended 30 June 2016 to approximately S\$4.7 million for the six months ended 30 June 2017, representing an increase of approximately 110.6%. Such increase was mainly due to the increase in (i) dividends from Establishment Shares; and (ii) fund management fees from ARO II Fund and BBW6 Fund and fund establishment fee from S1 Fund.

During the six months ended 30 June 2017, the amount of dividends received from Establishment Shares were primarily attributable to Investment Project B, which received its first tranche dividend from the Development SPV during the period. Due to the relatively larger amount

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of investment size in Investment Project B, the dividends received from such project already contributed approximately 57.2% of total dividends received during the six months ended 30 June 2017. Such increase was partially offset by the absence of dividends received from Establishment Shares for Nin Residence, Premier@Kaki Bukit and Riversound Residence where substantially all of their dividends have been received in prior years.

We also derived (i) fund management fees of S\$159,000 from our ARO II Fund and S\$95,000 from our BBW6 Fund, which were successfully established in April and October 2016, respectively; and (ii) fund establishment fee of S\$465,000 from our S1 Fund, which were successfully established in May 2017.

(b) *Project consultancy and management services*

Revenue generated from the project consultancy and management services business segment increased from approximately S\$384,000 for the six months ended 30 June 2016 to approximately S\$844,000 for the six months ended 30 June 2017, representing an increase of approximately 119.8%. Such increase was mainly due to our contract term with Customer J which was newly commenced in January 2017 and contributed revenue of S\$262,000 for the six months ended 30 June 2017. Moreover, we generated revenue of approximately S\$277,000 from one-off consultancy services projects for the six months ended 30 June 2017, mainly attributable to services provided to Customer I amounted to S\$194,000, which also contributed to the increase in revenue during the six months ended 30 June 2017.

(c) *Property management and tenancy management services*

Revenue generated from property management and tenancy management services business segment increased from approximately S\$584,000 for the six months ended 30 June 2016 to approximately S\$1.9 million for the six months ended 30 June 2017, representing an increase of approximately 224.5%. Such increase was mainly due to (i) the increase of average number of properties under management from 10 during the six months ended 30 June 2016 to 21 during the six months ended 30 June 2017; and (ii) the increase in average revenue per property per month from S\$9,600 for the six months ended 30 June 2016 to S\$14,000 for the six months ended 30 June 2017. Our significant growth in the property management and tenancy management services was mainly attributable to the competitive services offered to our clients. This includes a web portal allowing home owners to book facilities, request for property maintenance and receive notification updates regarding their property. A dedicated technical support team provides “twenty-four seven” support and provides immediate response to home owners on any property maintenance request.

(d) *Financial advisory services*

Revenue generated from the financial advisory services business segment for the six months ended 30 June 2017 amounted to approximately S\$46,000. No financial advisory fees was recorded for the six months ended 30 June 2016 because this business segment was newly commenced in December 2016.

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### *Other income*

Our other income increased from approximately S\$33,000 for the six months ended 30 June 2016 to approximately S\$51,000 for the six months ended 30 June 2017, representing an increase of approximately 54.5%. The increase was primarily due to the increase in government grants which subsidised for our increased staff costs and enhanced business capabilities in the six months ended 30 June 2017.

### *Staff costs*

Our staff costs increased from approximately S\$1.9 million for the six months ended 30 June 2016 to approximately S\$3.2 million for the six months ended 30 June 2017, representing an increase of approximately 71.1%. The increase was mainly due to the increase in number of staff for (i) the investment management and project consultancy and management services from 20 as of 30 June 2016 to 26 as of 30 June 2017 because of its ramping up following our success in obtaining a capital markets services license from MAS; and (ii) property management and tenancy management services from 49 as of 30 June 2016 to 62 as of 30 June 2017, because of the increase in average number of properties under our management.

### *Other expenses, net*

Our other expenses, net increased from approximately S\$744,000 for the six months ended 30 June 2016 to approximately S\$2.1 million for the six months ended 30 June 2017, representing an increase of approximately 187.6%. The increase was mainly due to increase in (i) Listing expenses; and (ii) suppliers and service providers costs because of the increase in average number of properties managed under our property management and tenancy management services business segment.

### *Income tax credit*

For the six months ended 30 June 2016 and 2017, our income tax credit amounted to approximately S\$62,000 and S\$57,000, respectively.

### *Profit for the period*

As a result of the foregoing, we recorded profit for the period of approximately S\$384,000 and S\$1.8 million for the six months ended 30 June 2016 and 2017, respectively.

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### Year ended 31 December 2016 compared to year ended 31 December 2015

#### *Revenue*

Our revenue increased from approximately S\$8.7 million in 2015 to approximately S\$11.5 million in 2016, representing an increase of approximately 31.9%. Such increase was primarily attributable to the increase in revenue recognised from (i) dividends received from our SPV investment management in our investment management business segment; and (ii) service income in our property management and tenancy management segment.

#### (a) *Investment management services*

Revenue generated from investment management services business segment increased from approximately S\$7.1 million in 2015 to approximately S\$8.4 million in 2016, representing an increase of approximately 18.1%. Such increase was mainly due to several Investment SPVs that started to contribute dividends, partially offset by the decrease in management fees and performance fees from Investment SPVs during the year. The decrease in management fees was primarily because the recognition periods of management fees for certain Investment SPVs have lapsed in 2015. The decrease in performance fees was primarily due to the decrease in dividends entitled by the major investor to whom we offer a priority right to participate in certain Investment SPVs in 2016.

In 2016, the amount of dividends received from Establishment Shares were primarily attributable to Parc Centros, Riversound Residence and Woodlands Industrial Xchange, which received their first tranche dividends from their respective Development SPVs during the year. Due to the relatively larger amount of investment size in Parc Centros, the dividends received from such project already contributed approximately 52.8% of total dividends received in 2016. Such increase was partially offset by the decrease in dividends recognized from Premier@Kaki Bukit and Riverparc Residence where the first tranche dividends were recognised in 2015 and remained a lesser amount of dividends distributed in 2016.

We also derived management fees of S\$176,000 from two funds managed by us, namely the ARO II Fund and the BBW6 Fund, which were successfully established in April and October 2016, respectively.

#### (b) *Project consultancy and management services*

Revenue generated from project consultancy and management services decreased from approximately S\$1.3 million in 2015 to approximately S\$858,000 in 2016, representing a decrease of approximately 32.3%. Such decrease was mainly due to our contract term with Developer B, which was ended in December 2015, due to which no revenue was recorded from this contract in 2016 compared to that of S\$400,000 in 2015.

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### *(c) Property management and tenancy management services*

Revenue generated from the property management and tenancy management business segment increased from approximately S\$296,000 in 2015 to S\$2.2 million in 2016, representing an increase of approximately 641.9%. Such increase was mainly due to (i) the increase of average number of properties under management from 3 in 2015 to 14 in 2016; and (ii) the increase in average revenue per property per month from S\$7,100 in 2015 to S\$13,200 in 2016. Our significant growth in the property management and tenancy management services was mainly attributable to the competitive services offered to our clients. This includes a web portal allowing home owners to book facilities, request for property maintenance and receive notification updates regarding their property. A dedicated technical support team provides “twenty-four seven” support and provides immediate response to home owners on any property maintenance request.

### *Other income and gain*

Our other income and gain increased from approximately S\$20,000 in 2015 to approximately S\$262,000 in 2016, representing an increase of approximately 1,210.0%. The increase was mainly due to the increase in foreign exchange difference, net in 2016.

### *Staff costs*

Our staff costs increased from approximately S\$2.0 million in 2015 to approximately S\$5.1 million in 2016, representing an increase of approximately 148.0%. The increase was mainly due to the increase in number of staff from (i) the investment management services and project consultancy and management services business segment which had the number of staff increased from 14 in 2015 to 34 in 2016, because of its ramping up following our success in obtaining a capital markets services license from MAS; and (ii) property management and tenancy management services business segment which had the number of staff increased from 15 as of 31 December 2015 to 65 as of 31 December 2016, because of its increase in number of properties under our management.

### *Other expenses, net*

Our other expenses, net increased from approximately S\$525,000 in 2015 to approximately S\$2.6 million in 2016, representing an increase of approximately 385.9%. The increase was mainly due to the increase in (i) Listing expenses of approximately S\$811,000 which were only incurred in 2016; (ii) suppliers and service providers costs because of the increase in number of projects under our property management and tenancy management services business segment; (iii) travel and entertainment expenses because of the increased travel between Singapore and Hong Kong following the set-up of a new office in Hong Kong in 2016; (iv) professional fees because of the legal and advisory fees for obtaining the CMS license and setting up the ARO II Fund and the BBW6 Fund, established in 2016; and (v) other miscellaneous expenses because of the ramping up of our businesses and operations.



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### *Income tax expense/credit*

For the years ended 31 December 2015 and 2016, our income tax amounted to expense of approximately S\$54,000 and credit of approximately S\$174,000, respectively.

### *Profit for the year*

As a result of the foregoing, our profit for the year decreased by approximately S\$2.4 million or 40.1% from approximately S\$6.0 million in 2015 to approximately S\$3.6 million in 2016. Despite the increase in revenue, our net profit margin decreased by approximately 37.5 percentage points from approximately 68.7% in 2015 to approximately 31.2% in 2016 which was mainly due to (i) Listing expenses which were only incurred in 2016; and (ii) increase in staff costs in 2016.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	<u>Year ended 31 December</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	S\$'000	S\$'000	S\$'000 (Unaudited)	S\$'000
Operating cash flows before changes in working capital	6,056	3,587	391	1,883
Changes in working capital and tax refunded/(paid)	<u>(6,617)</u>	<u>(1,913)</u>	<u>(1,664)</u>	<u>(2,731)</u>
Net cash flows from/(used in) operating activities	(561)	1,674	(1,273)	(848)
Net cash flows from/(used in) investing activities	(114)	(1,824)	(183)	1,464
Net cash flows from/(used in) financing activities	<u>613</u>	<u>3,476</u>	<u>3,756</u>	<u>(258)</u>
Net increase/(decrease) in cash and cash equivalents	(62)	3,326	2,300	358
Cash and cash equivalents at beginning of year/period	1,025	964	964	4,371
Effect of foreign exchange rate changes, net	<u>1</u>	<u>81</u>	<u>21</u>	<u>6</u>
Cash and cash equivalents at end of year/period	<u><u>964</u></u>	<u><u>4,371</u></u>	<u><u>3,285</u></u>	<u><u>4,735</u></u>

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### *Net cash flows from/(used in) operating activities*

We generated our cash from operating activities primarily from rendering of our services. We used our cash in operating activities primarily for staff costs and other expenses including Listing expenses, suppliers and service providers costs, travel and entertainment expenses. Our net cash flows generated from/(used in) operating activities reflects our profit before taxation, as adjusted for non-cash items, such as depreciation and write-off of items of property, plant and equipment, and the effects of changes in working capital such as increase or decrease in trade receivables, prepayments, deposits and other receivables and trade payables, other payables and accruals.

For the six months ended 30 June 2017, our net cash flows used in operating activities was, after incurring the one-off Listing expenses of S\$1.2 million, S\$848,000, primarily due to (i) operating cash inflow before changes in working capital of S\$1.9 million, offset by (ii) increase in trade receivables of S\$2.0 million relating primarily to revenue earned but yet to be settled; (iii) decrease in trade payables, other payables and accruals and amounts due to related parties for an aggregated amount of approximately S\$634,000, relating primarily to settlement made during the period and (iv) the one-off Listing expenses of S\$1.2 million.

In 2016, our net cash flows generated from operating activities was S\$1.7 million, primarily due to (i) operating cash inflows before changes in working capital of S\$3.6 million, (ii) increase in trade payables, other payables and accruals of S\$1.0 million relating primarily to delayed settlements, offset by (iii) an increase in trade receivables of S\$2.4 million relating primarily to revenue earned but yet to be settled.

In 2015, our net cash used in operating activities was S\$561,000, primarily due to (i) operating cash inflows before changes in working capital of S\$6.1 million, offset by (ii) increase in trade receivables of S\$7.7 million relating primarily to revenue earned but yet to be settled.

### *Net cash flows from/(used in) investing activities*

Our cash outflows for investing activities was primarily utilised to (i) purchase property, plant and equipment to cope with our Group's business expansion; and (ii) fund deposit for structured deposit in a financial institution. During the Track Record Period, our cash inflow from investing activities was primarily derived from redemption of such structured deposit.

For the six months ended 30 June 2017, our net cash inflows from investing activities of approximately S\$1.5 million was mainly attributable to redemption of the structured deposit of approximately S\$1.5 million.

In 2016, our net cash flows used in investing activities of approximately S\$1.8 million represented fund deposit into the structured deposit of approximately S\$1.5 million and purchases of items of property, plant and equipment mainly for computers and office renovation of approximately S\$349,000.

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In 2015, our cash flow used in investing activities of approximately S\$114,000 mainly represented purchases of items of property, plant and equipment mainly for computers and office equipment of approximately S\$78,000.

### *Net cash flows from/(used in) financing activities*

Our cash outflows for financing activities mainly represented dividends paid to the ultimate holding company. During the Track Record Period, our cash inflow from financing activities were primarily derived from (i) increase in amount due to the ultimate holding company; and (ii) proceeds from issue of shares by subsidiaries from the ultimate holding company.

For the six months ended 30 June 2017, the net cash outflows of S\$258,000 in financing activities was mainly attributable to repayment of an amount due to the ultimate holding company.

In 2016, our net cash inflows from financing activities of approximately S\$3.5 million primarily represented increase in an amount due to the ultimate holding company of approximately S\$5.8 million and proceeds from issue of shares by ZACD Capital to the ultimate holding company of approximately S\$500,000, which was partially offset by dividends paid of approximately S\$2.6 million.

In 2015, our net cash inflows from financing activities of approximately S\$613,000 primarily represented increase in an amount due to the ultimate holding company of approximately S\$254,000 and proceeds from issue of shares by ZACD Capital to the ultimate holding company of approximately S\$204,000.

## FINANCIAL INFORMATION

### Net Current Assets

We recorded net current assets of approximately S\$6.5 million, S\$5.0 million, S\$7.0 million and S\$9.4 million as at 31 December 2015 and 2016, 30 June 2017 and 31 October 2017, respectively. The table below sets forth our current assets and current liabilities as of the dates indicated:

	As at 31 December		As at 30 June	As at 31 October
	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000 (unaudited)
<b>Current Assets</b>				
Trade receivables	7,652	2,698	4,656	7,022
Amount due from the ultimate holding company	78	—	3	—
Amounts due from related parties	87	140	148	99
Prepayments, deposits and other receivables	39	706	828	1,043
Financial asset at fair value through profit or loss	—	1,500	—	—
Available-for-sale financial assets	—	—	234	234
Cash and cash equivalents	964	4,371	4,735	4,549
Total current assets	8,820	9,415	10,604	12,947
<b>Current Liabilities</b>				
Trade payables, other payables and accruals	1,092	2,425	2,161	2,410
Amount due to the ultimate holding company	275	1,132	858	736
Amounts due to related parties	871	741	459	254
Tax payable	100	100	99	99
Total current liabilities	2,338	4,398	3,577	3,499
<b>Net Current Assets</b>	6,482	5,017	7,027	9,448

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Our net current assets decreased from approximately S\$6.5 million as at 31 December 2015 to approximately S\$5.0 million as at 31 December 2016, representing a decrease of approximately of 22.6%. The decrease was primarily due to the increase in trade payables, other payables and accruals and amount due to the ultimate holding company.

Our net current assets increased from approximately S\$5.0 million as at 31 December 2016 to approximately S\$7.0 million as at 30 June 2017, representing an increase of approximately 40.1%. The increase was primarily due to the increase in trade receivables and decrease in amount due to the ultimate holding company, partially offset by the decrease in financial asset at fair value through profit or loss.

Our net current assets increased from approximately S\$7.0 million as at 30 June 2017 to approximately S\$9.4 million as at 31 October 2017, representing an increase of approximately 34.5%. The increase was primarily due to the increase in trade receivables mainly attributable to revenue earned during the period.

### **Working Capital**

Although our operating cash flow has fluctuated during the Track Record Period, overall our net cash generated from operating activities has been increasing and we expect our cash flow from our existing and future projects to remain steady in the future.

Our Directors confirm that, taking into consideration the financial resources presently available to us, including our cash generated from operations and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

After due consideration and discussion with the Company's management and based on the above, the Joint Sponsors have no reason to believe that the Company cannot meet the working capital requirements for the next 12 months from the date of this prospectus.

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### DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

#### Available-for-sale financial assets

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Unlisted equity shares, at fair value	1,498	6,474	3,518
Contractual rights over unlisted equity shares, at fair value	13,567	10,521	10,550
	15,065	16,995	14,068
Less: Available-for-sale financial assets included in current assets	—	—	(234)
	15,065	16,995	13,834

The Establishment Shares were accounted for as available-for-sale financial assets and were measured at fair value. Our available-for-sale financial assets can be categorised into (i) unlisted equity shares and (ii) contractual rights over unlisted equity shares. Unlisted equity shares represent the equity shares in the Investment SPVs that are currently held by our Group after the conversion of the Investment SPVs. Contractual rights over unlisted equity shares represent equity shares in the Investment SPVs that are not yet issued to our Group but to which our Group is entitled. Both of them are the Establishment Shares entitled by the Group as consideration for services rendered to investors (including third parties and our Group's ultimate holding company) in relation to the establishment and incorporation of the Investment SPVs as real estate development investment vehicles. Through these Investment SPVs, the investors participate in real estate projects by investing in convertible loans issued by the Investment SPVs.

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Although the Establishment Shares are earned by our Group upon the subscription of convertible loans in the Investment SPVs by the investors, the legal title of the Establishment Shares will only be transferred to our Group from the investors upon conversion of their convertible loans as and when the underlying real estate projects are substantially completed.

The following table sets forth a summary of our available-for-sale financial assets as of the dates indicated:

	As at 31 December						As at 30 June		
	2015			2016			2017		
	Number of SPVs	Equity stake in		Number of SPVs	Equity stake in		Number of SPVs	Equity stake in	
		Investment SPV	Fair value		Investment SPV	Fair value		Investment SPV	Fair value
	%	S\$'000		%	S\$'000		%	S\$'000	
Unlisted equity shares	4	Approximately 14% to 16%	1,498	9	Approximately 14 to 18%	6,474	9	Approximately 14 to 18%	3,518
Contractual rights over unlisted equity shares	19	No more than 19%	13,567	14	No more than 19%	10,521	14	No more than 19%	10,550
	<u>23</u>		<u>15,065</u>	<u>23</u>		<u>16,995</u>	<u>23</u>		<u>14,068</u>

## FINANCIAL INFORMATION

The following table sets forth a breakdown of the fair value of our available-for-sale financial assets by investment projects as of the date indicated:

<u>Investment Projects</u>	<u>As at 31 December</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Nin Residence	211	212	45
Premier@Kaki Bukit	—	20	21
Riverparc Residence	73	75	29
Riversound Residence	—	46	33
Investment Project B	—	3,078	1,463
Investment Project C	3	3	3
Parc Centros	—	849	232
Investment Project D	1,211	1,156	827
Woodlands Industrial Xchange	—	1,035	865
<b>Total of unlisted equity shares, at fair value</b>	<b>1,498</b>	<b>6,474</b>	<b>3,518</b>
Premier@Kaki Bukit	20	—	—
Investment Project A	5,450	5,450	5,450
Riversound Residence	45	—	—
Investment Project B	2,236	—	—
Parc Centros	665	—	—
Investment Project E	845	1,241	1,228
Woodlands Industrial Xchange	893	—	—
Investment Project F	1,160	1,146	1,150
West Star	194	201	197
Bellewoods	247	432	434
Bellewaters	230	402	413
Mega@Woodlands	618	644	652
The Visionaire	123	128	129
Investment Project G	67	67	67
Investment Project H (1st Tranche)	570	596	614
Investment Project H (2nd Tranche)	—	—	—
iNZ Residences	204	214	216
<b>Total contractual rights over unlisted equity shares, at fair value</b>	<b>13,567</b>	<b>10,521</b>	<b>10,550</b>
<b>Total available-for-sale financial assets, at fair value</b>	<b>15,065</b>	<b>16,995</b>	<b>14,068</b>

The fair value of available-for-sale financial assets held by the Group is measured using valuation techniques including the discounted cash flow (“DCF”) model as these instruments do not have quoted prices in active markets. Key inputs in the DCF model include future dividend distribution expected to be received by our 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. Increase or decrease in fair values of our available-for-sale financial assets during the Track Record Period was mainly due to the net effect of diminishing uncertainties over future cash flows which contributes to increase in fair value offset by dividends payout from the Investment SPVs which contributes to decrease in fair value.



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Our available-for-sale financial assets amounted to approximately S\$15.1 million, S\$17.0 million and S\$14.1 million during the Track Record Period, respectively. The fair values of our unlisted equity shares increased from approximately S\$1.5 million as at 31 December 2015 to approximately S\$6.5 million as at 31 December 2016, representing an increase of approximately 332.2%. The increase was mainly due to the conversion of five Investment SPVs in 2016. The decrease in the fair values of unlisted equity shares from approximately S\$6.5 million as at 31 December 2016 to S\$3.5 million as at 30 June 2017, representing a decrease of approximately 45.7%, was mainly due to the declaration of dividends from Investment Project B and Parc Centros during the period. The fair values of our contractual rights over unlisted equity shares decreased from approximately S\$13.6 million as at 31 December 2015 to approximately S\$10.5 million as at 31 December 2016, representing a decrease of approximately 22.5%. The decrease was primarily due to the conversion of five Investment SPVs in 2016. The balance remained stable at approximately S\$10.6 million as at 30 June 2017 as there was no conversion of Investment SPVs and the overall effect of diminishing of uncertainties was not significant for unconverted Investment SPVs during the six months ended 30 June 2017. During the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, the fair value changes in respect of our Group's available-for-sale financial assets recognised in other comprehensive income/(loss) amounted to gain of approximately S\$383,000, gain of approximately S\$1.9 million and loss of approximately S\$2.9 million, respectively.

As at 30 June 2017, our Group had available-for-sale financial assets of S\$234,000 classified as current asset, representing 10% of the fair value of the six Investment SPVs for which we have novated our obligations as investment manager to Avalon. The completions of the novations have taken place on 24 November 2017. Please refer to the section entitled "Summary — Recent Developments — Business Transfer Agreements" for further details.

As at 31 December 2015, our Group had unlisted equity shares in 4 SPVs with an aggregate carrying value of S\$1.5 million which were held by our ultimate holding company on behalf of our Group pursuant to various deeds of novation entered into in or before 2015 in relation to the internal reorganisation to optimise the structure and the management of our business. For further details of the reorganisation, please refer to paragraphs head "History, development and reorganisation — Reorganisation" in this prospectus.

Pursuant to a deed of ratification entered into between all the investors of ZACD (Kaki Bukit) Pte. Ltd. ("ZACD (Kaki Bukit)"), one of our Investment SPVs and our Group dated 30 June 2017, the beneficial equity interest in ZACD (Kaki Bukit) was held in trust by the ultimate holding company for all the investors and our Group when ZACD (Kaki Bukit) declared a dividend on 28 October 2015. As at 31 December 2015, the fair value of contractual right over the Establishment Shares of ZACD (Kaki Bukit) was amounted to S\$19,000 and our Group recognised dividend income of approximately S\$1.5 million from ZACD (Kaki Bukit) in 2015. The Establishment Shares of ZACD (Kaki Bukit) were awarded to our Group during the year ended 31 December 2016.

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### Trade receivables

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Trade receivables	7,652	2,698	4,656

Our trade receivables amounted to approximately S\$7.7 million, S\$2.7 million and S\$4.7 million during the Track Record Period, respectively. The exceptionally large receivable balance in 2015 was mainly attributable to receivables from investment management services and comprising (i) receivable from the ultimate holding company which was intended to be settled through dividend to be distributed by our Group, amounting to S\$4.1 million and (ii) the receivables of performance fees from the major investor amounting to approximately S\$1.8 million, which was subsequently settled in 2016. Our trade receivables decreased from approximately S\$7.7 million as at 31 December 2015 to approximately S\$2.7 million as at 31 December 2016, representing a decrease of approximately 64.7%. The decrease was mainly due to (i) the decrease in trade receivables from the ultimate holding company by S\$4.1 million which was offset against the dividends declared by a subsidiary of the Group and; (ii) decrease in performance fees receivable by S\$1.5 million primarily due to the settlement from the major investor in 2016. Our trade receivables increased from approximately S\$2.7 million as at 31 December 2016 to approximately S\$4.7 million as at 30 June 2017, representing an increase of approximately 72.6%. The increase was mainly resulted from (i) increase in performance fee receivables from the major investor by S\$620,000 relating primarily to performance fee earned but yet to be settled; (ii) increase in fund management and establishment fees receivables by S\$558,000 primarily due to increase in revenue from fund management services; and (iii) increase in property management and tenancy management fees receivables by S\$424,000, primarily due to increase in revenue from property management services.

The following table sets forth a breakdown of our trade receivables by segment and by nature as of the dates indicated:

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Investment management services	6,597	1,611	2,857
Project consultancy and management services	985	511	799
Property management and tenancy management services	70	576	1,000
	7,652	2,698	4,656

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Our Group's dividends receivable is not governed by any credit terms and the payment of dividends is subject to the discretion of the directors of the Development SPVs. However, we typically have board representatives on the boards of the Development SPVs by which we can monitor the construction and sale status of the underlying real estate development project as well as the payout status of dividends.

For other trade receivables, our Group's trading terms with our customers are mainly on credit settlement. The credit period is generally 30 days. Our Group seeks to maintain strict control over our outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Our Group does not hold any collateral or other credit enhancement over our trade receivable balances. Trade receivables are non-interest-bearing.

The following table sets forth the aging analysis of our trade receivables that are not individually nor collectively considered to be impaired, as at the dates indicated:

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Receivables not yet invoiced	3,206	874	837
Dividend receivables	100	686	698
Neither past due nor impaired	3,931	540	1,733
Less than 1 month past due	73	296	341
1 to 3 months past due	342	302	1,047
 Total	 7,652	 2,698	 4,656

Our receivables not yet invoiced were derived from revenue earned pursuant to relevant services agreements but invoiced after the end of the financial year/period. During the Track Record period, our receivables not yet invoiced comprise certain performance fee receivables from the major investor, Investment SPVs management fees receivables, fund management fees receivables and project consultancy and management services fees receivables. As of 30 June 2017, our receivables not yet invoiced solely represented the performance fees receivables from the major investor.

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During the Track Record Period, our Group had the following trade receivables from our Group's ultimate holding company and related companies which are repayable on credit terms similar to those offered to the major customers of our Group.

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
The ultimate holding company*	4,111	—	55
Related parties**	365	1,372	2,338

\* In 2016, dividends payable by a subsidiary of our Company to our ultimate holding company were offset against the trade receivables due from the ultimate holding company.

\*\* These related companies are Investment SPVs which are controlled by the Controlling Shareholders who are also the directors of the Company, associates of the ultimate holding company or managed by the Group and the Controlling Shareholders are key management personnel of that company. The balance is incurred in the ordinary business of our Group.

Our policy for impairment on trade receivables due from third parties is based on an evaluation of collectability and aging analysis of the receivables that requires the use of judgment and estimates of our management. Provisions would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we will make provisions for the impairment of certain overdue trade receivables in order to ensure the quality of our assets. We did not experience any material payment defaults from our customers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, no provisions for individually impaired accounts receivable were recorded.

As at 31 October 2017, S\$2.9 million or 62.0% of our trade receivables outstanding as at 30 June 2017 were settled.

The table below sets forth our turnover days of trade receivables for the dates indicated:

	Year ended 31 December		Six months ended 30 June
	2015	2016	2017
Turnover days of trade receivables <sup>(1)</sup>	253	165	88

*Note 1:* Turnover days of trade receivables is calculated using the average of beginning and ending total trade receivables balance as at the year end or period end divided by revenue for the relevant year or period and multiplied by the number of days of the year or period (i.e. 365 days for a full year in 2015, 366 days for a full year in 2016 and 181 days for the six months ended 30 June 2017).

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We recorded relatively higher turnover days for our trade receivables in 2015 which was mainly attributable to receivables from our Group's ultimate holding company and performance fees receivable from the major investor in 2015. The decrease in trade receivables turnover days of our Group in 2016 was primarily due to the settlement of receivables from our Group's ultimate holding company and settlement of the performance fees receivable from the major investor. Such settlement contributed to decrease in trade receivables balance in 2016 and therefore also lowered the turnover days in the six months ended 30 June 2017. Despite our relatively long turnover days of trade receivables, our trade receivables were neither past due nor impaired during the Track Record Period, as reflected in the aging analysis.

### Prepayments, deposits and other receivables

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Prepayments	9	387	101
Deposits	111	117	114
Other receivables	3	16	41
Deferred Listing expenses	—	276	658
	123	796	914
Less: amounts classified as current assets	(39)	(706)	(828)
Amounts classified as non-current assets	84	90	86

Our prepayments mainly represented prepaid Listing expenses, prepaid marketing costs and prepaid subscription fee for new IT system. Our deposits mainly represented office rental deposits during the Track Record Period.

Our total prepayments, deposits and other receivables increased from approximately S\$123,000 as at 31 December 2015 to approximately S\$796,000 as at 31 December 2016 representing an increase of approximately 547.2%, which was mainly due to the prepaid Listing expenses included in prepayments and the increase in deferred Listing expenses compared to nil as at 31 December 2015. The balance further increased to approximately S\$914,000 as at 30 June 2017, representing an increase of approximately 14.8%, which was mainly due to the increase in deferred Listing expenses, offset by decrease in prepaid Listing expenses included in prepayments.

### Financial asset at fair value through profit or loss

Our financial asset at fair value through profit or loss represents an investment in a structured deposit which was stated at fair value and placed with a bank. As at 31 December 2016, the deposit amounted to approximately S\$1.5 million. The principal of the deposit was fully guaranteed by the

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bank and the maximum expected rate of return was 2% per annum. Our Group used the structured deposit primarily to enhance the return on idle working capital. The structured deposit was fully redeemed at its principal amount during the six months ended 30 June 2017.

### Trade payables, other payables and accruals

The following table sets forth the components of our trade payables, other payables and accruals as at the dates indicated:

	<u>As at 31 December</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	S\$'000	S\$'000	2017
	S\$'000	S\$'000	S\$'000
Trade payables	1	187	55
Other payables	412	638	472
Accruals	199	1,127	1,434
Deferred revenue	<u>969</u>	<u>645</u>	<u>297</u>
	1,581	2,597	2,258
Less: amounts classified as current liabilities	<u>(1,092)</u>	<u>(2,425)</u>	<u>(2,161)</u>
Amounts classified as non-current liabilities	<u>489</u>	<u>172</u>	<u>97</u>

### Trade payables

Our trade payables primarily consist of payables to suppliers for the property management and tenancy management services business segment.

Credit periods granted to us are generally 30 days. The following table sets forth the aging analysis of our trade payables based on invoice dates, as at the dates indicated:

	<u>As at 31 December</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	S\$'000	S\$'000	2017
	S\$'000	S\$'000	S\$'000
Within 1 month	1	176	55
1 to 2 months	<u>—</u>	<u>11</u>	<u>—</u>
	<u>1</u>	<u>187</u>	<u>55</u>

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The following table sets forth our trade payables turnover days for the dates indicated:

	Year ended 31 December		Six months ended 30 June
	2015	2016	2017
	2015	2016	2017
Trade payables turnover days <sup>(1)</sup>	3	71	53

*Note 1:* Turnover days of trade payables is calculated using the average of beginning and ending total trade payables balance as at the year end or period end divided by suppliers costs for the relevant year or period and multiplied by the number of days of the year or period (i.e. 365 days for a full year in 2015, 366 days for a full year in 2016 and 181 days for the six months ended 30 June 2017).

During the Track Record Period, balances of nil, S\$160,000 and S\$39,000 were payable to a related company and included in the trade payable of our Group respectively. The decrease in trade payables turnover day was mainly due to decrease in payables to the related company during the Track Record Period.

### *Other payables*

Our other payables mainly include GST liabilities.

Other payables increased by approximately S\$226,000 from approximately S\$412,000 as at 31 December 2015 to approximately S\$638,000 as at 31 December 2016 and decreased by S\$166,000 to approximately S\$472,000 as at 30 June 2017. The fluctuation during the Track Record Period was the net effect of (1) decrease in GST liabilities mainly due to decrease in SPV management fee during the Track Record Period, which is subject to GST, under our SPV investment management business segment and (2) increase in operating expense payables which is in line with the increase in our operating expenses during the Track Record Period.

### *Accruals*

The following table sets forth the components of accruals:

	As at 31 December		As at 30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Accrued Listing expenses	—	590	1,041
Accrued staff costs	95	465	335
Others	104	72	58
	199	1,127	1,434

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Accruals increased from approximately S\$199,000 as at 31 December 2015 to approximately S\$1.1 million as at 31 December 2016, representing an increase of approximately 466.3%, which was mainly attributable to the increase in accrued Listing expenses and accrued staff costs. Accruals further increased to approximately S\$1.4 million as at 30 June 2017, representing an increase of 27.2%, as we continue to incur Listing expenses during the period.

### *Deferred revenue*

Our deferred revenue relates to investment management fees received in advance by our Group for which related services are not yet rendered as of the end of the reporting period.

Deferred revenue decreased from approximately S\$969,000 as at 31 December 2015 to approximately S\$645,000 as at 31 December 2016, representing a decrease of approximately 33.4%, and further decreased to approximately S\$297,000 as at 30 June 2017, representing a decrease of approximately 54.0%, mainly due to the recognition of deferred revenue as revenue during the year/period upon rendering of related services.

## CAPITAL EXPENDITURES AND COMMITMENTS

### Capital expenditures

Our capital expenditures during the Track Record Period were approximately S\$78,000, S\$349,000 and S\$25,000, respectively, which primarily related to purchases of computers and office equipment, and office renovation. We have financed our capital expenditures primarily through cash flow generated from operating activities.

### Operating lease commitments

The following table sets forth a breakdown of our commitments for future minimum lease payments in respect of office properties under non-cancellable operating lease arrangements as of the date indicated:

	<u>As at 31 December</u>		<u>As at</u> <u>30 June</u>	<u>As at</u> <u>31 October</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within 1 year	206	216	482	472
After 1 year but not more than 5 years	<u>395</u>	<u>195</u>	<u>505</u>	<u>343</u>
	<u>601</u>	<u>411</u>	<u>987</u>	<u>815</u>

### Capital commitments

As at the end of each of the Track Record Period and as of the Latest Practicable Date, our Group did not have any significant capital commitments.



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### PROPERTY INTERESTS

Our Directors confirm that, as at 30 June 2017, there were no circumstances that would give rise to a disclosure requirement under Rules 8.01 to 8.10 of the GEM Listing Rules. As at 30 June 2017, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

### INDEBTEDNESS

We had no loan facilities and bank borrowings as at 31 December 2015 and 2016, 30 June 2017, and 31 October 2017. As at the Latest Practicable Date, we had no unutilised banking facilities.

Apart from intra-group liabilities, our Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities as at the Latest Practicable Date.

#### Contingent liabilities

As of 31 October 2017, being the latest practicable date for the purpose of the indebtedness statement, save as disclosed in subsection headed “Indebtedness”, our Group did not have any significant contingent liabilities.

As of the date of this prospectus, we did not have any plan for material external debt financing.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions commitments and arrangements except as disclosed in the paragraph under “Capital expenditures and commitments” above.

### RELATED PARTY TRANSACTIONS

For details of related party transactions, please refer to note 26 to the Accountants’ Report in Appendix I to this prospectus. Due to the structure of our investment management business segment, all of our revenue derived from dividends income from Investment SPVs were regarded as related party transactions pursuant to the relevant accounting standard. Moreover, as part of our integrated services, we also derived revenue from services rendered to Investment SPVs. These transactions with Investment SPVs were regarded as related party transactions under IFRS. Our Directors confirm that these transactions were conducted in the ordinary and usual course of

## FINANCIAL INFORMATION

business and on normal commercial terms. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results non-reflective in the Track Record Period.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for each of the periods or as at each of the dates indicated:

	Year ended 31 December		Six months ended 30 June
	2015	2016	2017
	Net profit margin (%) <sup>(1)</sup>	68.7	31.2
Return on equity (%) <sup>(2)</sup>	28.2	16.1	NA
Return on total assets (%) <sup>(3)</sup>	24.9	13.3	NA
	As at 31 December		As at 30 June
	2015	2016	2017
Current ratio <sup>(4)</sup>	3.8	2.1	3.0

*Notes:*

- (1) Net profit margin for each of the years/periods ended 31 December 2015 and 2016 and 30 June 2017 was calculated on net profit for each year/period divided by revenue for the respective year/period. Please refer to the paragraph headed “Review of Historical Results of Operations” in this section for more details on our net profit margin.
- (2) Return on equity for each of the years ended 31 December 2015 and 2016 equals net profit for each year divided by the total equity at the end of the respective year and multiplied by 100%. For the six months ended 30 June 2017, the calculation of return on equity is not applicable since the calculation is on a full-year basis.
- (3) Return on total assets for each of the years ended 31 December 2015 and 2016 equals net profit for each year divided by the total assets at the end of the respective year and multiplied by 100%. For the six months ended 30 June 2017, the calculation of return of assets is not applicable since the calculation is on a full-year basis.
- (4) Current ratios as at 31 December 2015 and 2016 and 30 June 2017 were calculated as the total current assets divided by the total current liabilities as at the end of the respective year/period.

### Net profit margin

Our net profit margin was 68.7%, 31.2% and 24.6% during the Track Record Period. The decrease was mainly due to the significant increase in staff cost during the Track Record Period as a result of expansion in investment management services and property management and tenancy

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management services business segment. In addition, the expansion of property management business which is a labour-intensive business with increasing staff costs further lowered the net profit margin during the Track Record Period.

### Return on equity

Our return on equity decreased from approximately 28.2% in 2015 to approximately 16.1% in 2016, primarily due to a decrease in net profit as a result of (i) Listing expenses which only incurred in 2016; and (ii) increase in staff costs.

### Return on total assets

Our return on total assets decreased from approximately 24.9% in 2015 to approximately 13.3% in 2016 due to the reasons as discussed in “Return on equity” above.

### Current ratio

Our current ratio decreased from 3.8 as at 31 December 2015 to 2.1 as at 31 December 2016 primarily due to the increase in other payables and accruals, and an amount due to the ultimate holding company. Our current ratio increased to 3.0 as at 30 June 2017, primarily due to the increase in trade receivables and cash and cash equivalents.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market, such as credit and liquidity risk.

### Credit risk

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

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

At the end of each of the Track Record Period, our Group had certain concentrations of credit risk with respective to trade receivables as follows:

	<u>As at 31 December</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Due from the largest debtor	54%	18%	25%
Due from the five largest debtors	<u>91%</u>	<u>52%</u>	<u>60%</u>

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### **Liquidity risk**

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

### **DIVIDEND POLICY**

In 2015, a subsidiary of our Company declared dividends of approximately S\$5.0 million to the ultimate holding company. The dividends were offset against the trade receivables due from the ultimate holding company. In 2016, a subsidiary of our Company declared dividends of approximately S\$6.8 million to the ultimate holding company, of which, approximately S\$2.6 million were settled by cash while approximately S\$4.2 million were offset against the trade receivables due from the ultimate holding company. In the six months ended 30 June 2017, no dividend has been declared by our Group.

The dividends declared by a subsidiary of our Company to our ultimate holding company were approximately S\$5.0 million, S\$6.8 million and nil during the Track Record Period, respectively. No dividend has been paid or declared by our Company since its incorporation and during the Track Record Period. Subsequent to the Track Record Period, a dividend of approximately S\$1.5 million was declared by our Company to our ultimate holding company in November 2017, which was settled in cash through internal resources as at the Latest Practicable Date. Save for disclosed above, we have no plan to pay or declare any dividends prior to the Listing.

The recommendation of the payment of dividends is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividends for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Act, including the approval of our Shareholders.

Subject to the factors described above, our Board intends to recommend dividends of no less than 30% of our distributable profits to the Shareholders in each financial year beginning from the year ending 31 December 2018.

### **DISTRIBUTABLE RESERVES**

Our Company was incorporated on 8 November 2016 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at 30 June 2017.

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### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK\$0.295 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total Listing expenses are estimated to be approximately S\$6.0 million, of which S\$2.1 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of S\$3.9 million has been or will be reflected in our consolidated statements of profit or loss. Listing expenses, of approximately nil, S\$811,000 and S\$1.2 million, in relation to services already performed by relevant parties, were reflected in our consolidated statements of profit or loss in 2015, 2016 and the six months ended 30 June 2017 respectively, and an additional of S\$1.9 million is expected to be recognised in our consolidated statements of profit or loss subsequent to the Track Record Period and upon Listing.

### UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For our unaudited pro forma adjusted net tangible assets, please refer to the Unaudited Pro Forma Financial Information in Appendix II to this prospectus.

### DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules upon the listing of the Shares on the Stock Exchange.

### RECENT ACCOUNTING PRONOUNCEMENTS

For recent accounting pronouncement, please refer to Note 2.3 to the “Accountants’ Report” in Appendix I to this prospectus.

### NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that save as disclosed under section headed “Summary — Recent Developments”, since 30 June 2017 and up to the date of this prospectus, there had been no material adverse change in our financial, operational and trading positions or prospects or in the general regulatory economic and market conditions in Singapore and Hong Kong or in the industry in which we operate that materially and adversely affected our business, results of operations or financial condition.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please see the section headed “Business — Our Strategies” of this prospectus for a detailed description of our future plans.

### REASONS FOR THE GLOBAL OFFERING

Prior to the Listing, funding of our business activities was primarily from internally generated cash. As we do not have sufficient fixed assets available for security or pledge that is generally required to obtain banking facilities necessary to finance meaningful business expansion, it is difficult for us to obtain debt financing from banks on commercially viable terms. Our Directors believe that the ability to be the first-mover is a key element for us to maintain market competitiveness. We have, therefore, drawn up business plans of setting up a bridging reserve fund, which will require considerable additional financial resources. In addition, we also plan to expand our property management business by setting up a dedicated client service centre and investing in mobile application systems to provide greater efficiency in our services, both of which will also require considerable additional funds. As such, our Directors believe that the Listing will enable us to raise additional funds immediately and have access to the equity capital markets for raising funds in the future to fulfil our capital needs. Our Directors also believe that it would be easier and more cost-effective for us to obtain sufficient debt financing from banks to fund our future operations and development with a listing status.

Furthermore, we aim to expand our business reach to Hong Kong as we foresee a market potential in this region. As part of our effort to achieve this objective, we plan to expand our financial advisory business in Hong Kong with part of the proceeds from the Global Offering. We believe that becoming a company listed on the Stock Exchange can further our expansion plan to the Hong Kong market.

We also believe that our profile as a company listed on the Stock Exchange will serve as a stepping stone in achieving our business objective of further strengthening our position as an asset manager offering integrated solutions across the real estate value chain. In addition to furthering our business objective, we believe that the Listing of our Company can (i) sharpen our competitive strengths; and (ii) raising confidence of potential and existing real estate developer partner, customers, suppliers and staff in our Group. We intend to leverage such visibility and confidence to (i) attract new customers; (ii) attract new talents; and (iii) strengthen our business relationships with existing customers, suppliers and real estate developer partners. A public listing status on GEM may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares. We further believe that our internal control and corporate governance practices could be further enhanced following the Listing.

## FUTURE PLANS AND USE OF PROCEEDS

### USE OF PROCEEDS

The estimated net proceeds of the Global Offering which we will receive, assuming an Offer Price is fixed at the low-end, mid-point and high-end of the Offer Price range stated in this prospectus with and without exercising the Over-allotment Option and after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering are set out in the table below.

	<b>Estimated net proceeds of the Global Offering</b>		
	<b>Offer Price of HK\$0.26 per Offer Share (low-end of Offer Price)</b>	<b>Offer Price of HK\$0.295 per Offer Share (mid-point of Offer Price)</b>	<b>Offer Price of HK\$0.33 per Offer Share (high-end of Offer Price)</b>
Over-allotment Option exercised in full	HK\$114.6 million	HK\$134.2 million	HK\$153.7 million
Over-allotment Option not exercised	HK\$95.7 million	HK\$112.7 million	HK\$129.7 million

We intend to use the net proceeds of the Global Offering which we will receive for the following purposes:

- approximately 41.2%, or S\$8.0 million or HK\$46.4 million, of the net proceeds for setting up a bridging reserve fund to enhance investments sourcing capabilities to be utilised as follows:
  - (i) to participate in tenders or sales for land parcels and/or real estate assets at a maximum of S\$8.0 million, including but not limited to payment of the deposits for such transactions, which we currently intend to use S\$4.5 million to S\$6.0 million or HK\$26.1 million to HK\$34.8 million for Singapore, and S\$4.6 million to S\$5.7 million or HK\$26.7 million to HK\$33.1 million for Australia. Such funds in the bridging reserve fund to be used for participating in such tenders or sales are expected to be replenished by the funds raised by the investors; and/or
  - (ii) to be used in the future to commit to the take-up of the investment stake of potential real estate projects first before setting up of the investment vehicles and/or securing investment funds from the investors when the real estate developer partners approach us for co-investing in new potential real estate projects.

For details of the utilisation of the bridging reserve fund and life span of investments with the bridging reserve fund, see the section headed “— Implementation Plans” in this section.

- approximately 15.8%, or S\$3.1 million or HK\$17.9 million, of the net proceeds for further expansion of our investment management business, including hiring more experienced relationship managers with existing networks of investors to expand our

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## FUTURE PLANS AND USE OF PROCEEDS

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fund distribution channels, hiring more professionals, analysts and consultants to expand our research and consultancy capabilities, and hiring more supporting staff to support overall investment management operations in Singapore;

- approximately 15.4%, or S\$3.0 million or HK\$17.4 million, of the net proceeds for expanding our property management business, including setting up of a dedicated client service centre, potential acquisition of project management companies and upgrading our existing infrastructure. As at the Latest Practicable Date, we have not identified any acquisition targets;
- approximately 16.0%, or S\$3.1 million or HK\$18.0 million, of the net proceeds for expanding our financial advisory business, including hiring more staff in Hong Kong;
- approximately 4.2%, or S\$810,000 or HK\$4.7 million, of the net proceeds for expanding our project consultancy and management business, including hiring more real estate developer relationship managers and additional building and construction professionals; and
- the balance of approximately 7.4%, or S\$1.4 million or HK\$8.3 million, of the net proceeds will be used to provide funding for our working capital and other general corporate purposes.

Please refer to the section entitled “Business — Our Strategies” in this prospectus for further details.

If the Offer Price is determined at HK\$0.33, being the highest point of the indicative range of the Offer Price, the net proceeds to us would be increased by HK\$17.0 million. In such event, the percentage of our allocation of the total net proceeds for the above purposes will be adjusted on a pro rata basis.

If the Offer Price is determined at HK\$0.26, being the lowest point of the indicative range of the Offer Price, the net proceeds to us would be decreased by HK\$17.0 million. In such event, the percentage of our allocation of the total net proceeds for the above purposes will be adjusted on a pro rata basis.

If the Over-allotment Option is exercised in full, and assuming that the Offer Price is HK\$0.295, (being the mid-point of the indicative range of the Offer Price, the net proceeds to us would be increased by HK\$21.5 million. In such event, the percentage of our allocation of the total net proceeds for the above purposes will be adjusted on a pro rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the net proceeds will be used for general corporate purposes.



## FUTURE PLANS AND USE OF PROCEEDS

### IMPLEMENTATION PLANS

The implementation plans for each of the six-month periods until 31 December 2019 for carrying out our business strategies are set out below. The following implementation plans are formulated on the bases and assumptions set out in the sub-paragraph headed “Bases and key assumptions” below in this paragraph and are subject to uncertainties, variables and unexpected factors. There is no assurance that the implementation plans will materialise in accordance with the timetable below or that our business objectives will be accomplished at all.

	For the six months ending					Total	Approximate % of net proceeds
	Upon Latest Practicable Date to 31 December 2017	30 June		31 December			
		2018	2018	2019	2019		
		2018	2018	2019	2019		
In S\$'000							
Bridging reserve fund	—	8,000	—	—	—	8,000	41.2%
Expansion of investment management business	—	880	680	830	690	3,080	15.8%
Expansion of property management business	—	230	70	2,700	—	3,000	15.4%
Expansion of financial advisory business	—	1,010	830	680	590	3,110	16.0%
Expansion of project consultancy and management business	—	210	400	200	—	810	4.2%
Working capital	—	857	572	—	—	1,429	7.4%
<b>Total</b>	<b>—</b>	<b>11,187</b>	<b>2,552</b>	<b>4,410</b>	<b>1,280</b>	<b>19,429</b>	<b>100.0%</b>

	For the six months ending					Total	Approximate % of net proceeds
	Upon Latest Practicable Date to 31 December 2017	30 June		31 December			
		2018	2018	2019	2019		
		2018	2018	2019	2019		
In HKD'000							
Bridging reserve fund	—	46,404	—	—	—	46,404	41.2%
Expansion of investment management business	—	5,104	3,944	4,814	4,003	17,865	15.8%
Expansion of property management business	—	1,334	406	15,661	—	17,401	15.4%
Expansion of financial advisory business	—	5,858	4,814	3,944	3,423	18,039	16.0%
Expansion of project consultancy and management business	—	1,218	2,320	1,160	—	4,698	4.2%
Working capital	—	4,971	3,318	—	—	8,289	7.4%
<b>Total</b>	<b>—</b>	<b>64,889</b>	<b>14,802</b>	<b>25,579</b>	<b>7,426</b>	<b>112,696</b>	<b>100.0%</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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For the period from 1 January 2018 to 30 June 2018

Business Strategies	Implementation Activities	Source of Funding
Bridging reserve fund	<p>Utilising such bridging reserve fund as follows: (i) to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions; and/or (ii) to be used in the future to commit to the take-up of the investment stake of potential real estate projects first before setting up of the investment vehicles and/or securing investment funds from the investors when the real estate developer partners approach us for co-investing in new potential real estate projects.</p>	<p>To be funded by net proceeds from the Global Offering of <b>SGD8,000,000 or HK\$46.4 million</b>. For details of the breakdown of the proceeds to be applied for the bridging reserve fund, please refer to the paragraphs headed “Implementation Plans — Bridging Reserve Fund” in this section.</p>
Expansion of investment management business	<p>Set up a new investment management team by recruiting one senior relationship manager head, three junior relationship managers, one senior operation head, one compliance head, one finance staff and one general staff to support operations, in line with our business expansion</p> <p>The relationship managers will be responsible for marketing investment opportunities and our services to new clients through their networks and engaging existing clients to explore investment opportunities, and should each have around five to ten years’ relevant experience in the investment management or real estate industry in Singapore. The operation, compliance, finance and general staff will be responsible for providing operational and administrative supports to the investment management team, and should each have around two years’ relevant experience</p>	<p>To be funded by net proceeds from the Global Offering of <b>SGD880,000 or HK\$5.1 million</b></p>

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## FUTURE PLANS AND USE OF PROCEEDS

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Business Strategies	Implementation Activities	Source of Funding
	<p>Lease an additional office space for the new investment management team, carry out renovation works as well as the acquisition of furniture and fixtures and acquire office equipment in relation to the aforementioned new office premises in Singapore</p> <p>Purchase additional software licenses to enhance existing information technology systems such as Yardi, which is an integrated investment management software system that covers the full spectrum of processes involved in our fund management activities</p>	
Expansion of property management business	<p>Expand our property management team by setting up a dedicated customer service centre and recruiting two supporting staff to enhance our property management services, and should each have around one to three years' relevant experience in the customer service industry in Singapore</p> <p>Upgrade existing assets, both software and hardware</p> <ul style="list-style-type: none"> <li>● Invest in information technology such as mobile applications to enhance workflow processes</li> <li>● Addition of a commercial vehicle to support business activities</li> </ul>	<p>To be funded by net proceeds from the Global Offering of <b>S\$230,000 or HK\$1.3 million</b></p>

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## FUTURE PLANS AND USE OF PROCEEDS

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Business Strategies	Implementation Activities	Source of Funding
Expansion of financial advisory business	<p>Expand our team for marketing and distribution activities in Hong Kong by recruiting one junior relationship manager, one compliance head, one general staff and one corporate finance staff to expand our corporate finance team in Hong Kong</p> <p>The relationship manager will be responsible for marketing our existing and future investment opportunities from Singapore to new clients in Hong Kong through his/her networks, and should have around three to five years' relevant experience in the financial advisory industry in Hong Kong. The compliance and general staff will provide operational and administrative supports to the financial advisory team, in line with our business expansion, and should each have around two years' relevant experience. The corporate finance staff will be responsible for sourcing and leading transactions, and should each have around three to five years' relevant experience in the corporate finance industry in Hong Kong</p> <p>Recruit two responsible officers to source for potential deals and lead the execution team, and should each have at least 5 years' relevant experience with a degree.</p> <p>Professional fees and setup costs for the business expansion, including the retention of local consultants and attorneys</p> <p>Lease additional office space for the new finance advisory team, carry out renovation works as well as the acquisition of furniture and fixtures and acquire office equipment in relation to the aforementioned new office premises in Hong Kong</p>	To be funded by net proceeds from the Global Offering of <b>S\$1,010,000 or HK\$5.9 million</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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<u>Business Strategies</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
Expansion of project consultancy & management business	Expand our consultancy management team by recruiting one senior manager and three general staff, who will be responsible for sourcing and leading the execution of our consultancy and management projects, and should each have around three to five years' relevant experience in the real estate project management industry in Singapore	To be funded by net proceeds from the Global Offering of <b>S\$210,000 or HK\$1.2 million</b>
General working capital		To be funded by net proceeds from the Global Offering of <b>S\$857,000 or HK\$5.0 million</b>

### For the period from 1 July 2018 to 31 December 2018

<u>Business Strategies</u>	<u>Implementation Activities</u>	<u>Funding Amount</u>
Expansion of investment management business	Expand our investment management team by recruiting two junior relationship managers who will be responsible for marketing investment opportunities and our services to new clients through their network and engaging existing clients to explore investment opportunities, and should each have around five to ten years' relevant experience in the investment management or real estate industry in Singapore	To be funded by net proceeds from the Global Offering of <b>S\$680,000 or HK\$3.9 million</b>
	Retain the relationship managers, operation, compliance, finance and general staff	
Expansion of property management business	Retain the customer service centre staff	To be funded by net proceeds from the Global Offering of <b>S\$70,000 or HK\$406,000</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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Business Strategies	Implementation Activities	Funding Amount
Expansion of financial advisory business	<p>Expand our team for marketing and distribution activities in Hong Kong by recruiting one junior relationship manager, who will be responsible for marketing our existing and future investment opportunities from Singapore to new clients in Hong Kong through his/her networks, and should have around six to eight years' relevant experience in the financial advisory industry in Hong Kong</p> <p>Retain the relationship managers and responsible officers</p>	To be funded by net proceeds from the Global Offering of <b>S\$830,000 or HK\$4.8 million</b>
Expansion of project consultancy & management business	<p>Expand our consultancy management team by recruiting one senior manager and three general staff who will be responsible for sourcing and leading the execution of our consultancy and management projects, and should each have around three to five years' relevant experience in the real estate project management industry in Singapore</p> <p>Retain the senior manager and general staff</p>	To be funded by net proceeds from the Global Offering of <b>S\$400,000 or HK\$2.3 million</b>
General working capital		To be funded by net proceeds from the Global Offering of <b>S\$572,000 or HK\$3.3 million</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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**For the period from 1 January 2019 to 30 June 2019**

<u>Business Strategies</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
Expansion of investment management business	<p>Recruit two senior relationship manager heads, five junior relationship managers, one industry expert to support the CIO Office in Singapore, one finance staff and one general staff to support operations, in line with our business expansion</p> <p>The relationship managers will be responsible for marketing investment opportunities and our services to new clients through their networks and engaging existing clients to explore investment opportunities, and should each have around five to ten years' relevant experience in the investment management or real estate industry in Singapore. The industry expert will support the CIO Office in collecting market intelligence and research, and conduct analyses on potential investment opportunities, and should have around eight to ten years' relevant experience in the real estate research or investment management sector in Singapore. The finance and general staff will be responsible for providing operational support to the investment management team, and should each have around two years' relevant experience</p> <p>Retain the junior relationship managers</p>	To be funded by net proceeds from the Global Offering of <b>S\$830,000 or HK\$4.8 million</b>
Expansion of property management business	Acquisition of 1–2 project management companies to increase the number of contracts under our property management arm	To be funded by net proceeds from the Global Offering of <b>S\$2,700,000 or HK\$15.7 million</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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Business Strategies	Implementation Activities	Source of Funding
Expansion of financial advisory business	<p>Recruit one senior relationship manager head, two relationship managers, one finance manager and one information technology manager, one corporate finance staff and two senior fund managers to support the business expansion in Hong Kong</p> <p>The relationship managers will be responsible for marketing our existing and future investment opportunities from Singapore to new clients in Hong Kong through their networks, and should each have around six to eight years' relevant experience in the financial advisory industry in Hong Kong. The finance and information technology managers will provide operational supports to the financial advisory team, in line with our business expansion, and should each have around two years' relevant experience. The corporate finance staff will be responsible for sourcing and leading transactions, and should each have around three to five years' relevant experience in the corporate finance industry in Hong Kong. The senior fund managers will be responsible for managing investment opportunities for our existing clients, and should each have around three to five years' relevant experience in the investment management industry in Hong Kong</p> <p>Retain the junior relationship manager</p>	To be funded by net proceeds from the Global Offering of <b>S\$680,000 or HK\$3.9 million</b>
Expansion of project consultancy & management business	Retain the senior manager and general staff	To be funded by net proceeds from the Global Offering of <b>S\$200,000 or HK\$1.2 million</b>



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## FUTURE PLANS AND USE OF PROCEEDS

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**For the period from 30 June 2019 to 31 December 2019**

<u>Business Strategies</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
Expansion of investment management business	Retain the relationship managers, industry expert, finance and general staff	To be funded by net proceeds from the Global Offering of <b>S\$690,000 or HK\$4.0 million</b>
Expansion of financial advisory business	Retain the relationship manager head, finance manager, information technology manager, corporate finance staff and fund managers	To be funded by net proceeds from the Global Offering of <b>S\$590,000 or HK\$3.4 million</b>

### **Bridging reserve fund**

Our Directors believe that through the Listing, we will be able to raise net proceeds from the Global Offering the implementation of our business strategies. In particular, we plan to set up our bridging reserve fund, the use of which will be restricted to (i) participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions, and (ii) commit to the take-up of an investment stake in potential real estate projects first before setting up the investment vehicles and/or securing investment funds from our investors when the real estate developer partners approach us for co-investing in new potential real estate projects, to further develop our investment management business. We intend to utilise S\$4.5 million to S\$6.0 million or HK\$26.1 million to HK\$34.8 million of our bridging reserve fund as initial tender deposit to tender for the identified real estate project in Singapore. If we are successful in our tender, we will then raise fund from our identified investors within one month from the official acceptance date to invest into the project and to replenish the bridging reserve fund. We also intend to utilise S\$4.6 million to S\$5.7 million or HK\$26.7 million to HK\$33.1 million of our bridging reserve fund as deposit to enter into legally binding contract with the vendor of the identified real estate project in Melbourne, Australia, if we are successful in our submitted non-legally binding expression of interest. Based on the proposed terms, we will have up to six months from the binding contract to raise funds from investors to complete the transaction and to replenish the bridging reserve fund.

The replenished bridging reserve fund will be used to participate in other tenders or sales for land parcels and/or real estate assets to further develop our investment management business. Depending on the timing of success in securing each of the identified potential real estate project in Singapore and Australia, we may temporarily fund any shortfall of the bridging reserve fund with our internal fund.

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## FUTURE PLANS AND USE OF PROCEEDS

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The life cycle of our future investments with the bridging reserve fund varies according to the nature of the potential investment. For public tender of land parcel by HDB, Singapore's public housing authority, the life cycle of the investment is generally approximately one month, regardless of whether we succeed in such public tender. This is because HDB requires a deposit of 5.0% to the initial tender bid amount. If we are successful in our tender, we will then raise fund from our identified investors within one month from the official acceptance date to invest into the project and to replenish the bridging reserve fund. However, if we are unsuccessful in our tender, the Directors estimate that HDB will refund our initial tender bid amount in approximately one month and the bridging reserve fund will be replenished then. For other private tenders or sales for land parcels and/or real estate assets, the life cycle of the investment varies as it depends on the negotiations between the relevant parties. Based on our Directors' experience, we estimate the life cycle of investments to be generally approximately one to three months, if we are successful in our tender. However, if we are unsuccessful in our tender, there will be no life cycle since deposit is usually not required for the submission of non-legally binding express of interest or tender, and deposit is usually only required prior to entering into a legally binding contract when the tender is successful.

However, we may not be able to replenish our bridging reserve fund in the event that we are unable to secure sufficient investors' funds, which will adversely affect the liquidity of the bridging reserve fund and ultimately affecting our financial position and results of operations. For details of the associated risks, please refer to the subsection entitled "Risk Factors — We may not be able to replenish our bridging reserve fund in the event we are unable to secure sufficient investors' funds".

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes, it is our present intention that such net proceeds will be deposited into interest bearing bank accounts with licensed financial institutions.

### **Bases and key assumptions:**

The implementation plans are based on the following bases and key assumptions:

- there will be no material changes in the existing applicable laws, policies or industry or regulatory treatment or in the political, fiscal, foreign trade or economic conditions in Hong Kong, Singapore and other places in which our Group operates or intends to operate;
- there will be no significant changes in the interest rates or the currency exchange rates from those currently prevailing;
- there will be no material changes in the bases or rates of taxation applicable to our Group;
- the Global Offering will be completed in accordance with and as described in the section headed "Structure and Conditions of the Global Offering";

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## **FUTURE PLANS AND USE OF PROCEEDS**

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- our Group will not be materially adversely affected by the risk factors as set out under the section headed “Risk factors”; and
- our Group will be able to continue our operation in substantially the same manner as it has been operating and there will be no disasters, natural, political or otherwise, which would materially disrupt our business or the implementation of our development plans.

### **OFFER SHARES ARE FULLY UNDERWRITTEN**

This prospectus is published in connection with the Global Offering. The Listing is sponsored by the Joint Sponsors. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The International Placing Underwriting Agreement relating to the International Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters). The Global Offering is managed by the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers. Further information relating to the Public Offer Underwriters and the Global Offering and the underwriting arrangements is set out in the section headed “Underwriting” of this Prospectus. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse.

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## UNDERWRITING

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### UNDERWRITERS

#### Public Offer Underwriters

China Everbright Securities (HK) Limited  
Innovax Securities Limited  
Zhongtai International Securities Limited  
CLC Securities Limited  
Eternal Pearl Securities Limited  
Marketsense Securities Limited

### UNDERWRITING ARRANGEMENTS

#### Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other matters, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to the satisfaction of certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the International Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

#### *Grounds for termination*

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Joint Global Coordinators that:
  - (i) any material statement contained in any of this prospectus, the Application Forms, formal notice, any supplemental offering materials, and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company or the International Placing Underwriters for the purposes of or in connection with the International Placing (including any

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## UNDERWRITING

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- supplement or amendments thereto) (collectively, the “**Relevant Documents**”), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or
- (ii) any material matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or
  - (iii) any breach of any of the obligations imposed or to be imposed upon any party to the Public Offer Underwriting Agreement or the International Placing Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
  - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and the Controlling Shareholders (the “**Warrantors**”) pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or under the International Placing Underwriting Agreement; or
  - (v) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group; or
  - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Public Offer Underwriting Agreement ; or
  - (vii) the approval by the Listing Division of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (viii) our Company withdraws any of the Relevant Documents or the Global Offering; or
  - (ix) any person (other than the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Relevant Documents or to the issue of any of this prospectus or the Applications Forms; or

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## UNDERWRITING

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- (x) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
  - (xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management member of the Group as set out in the “Directors and Senior Management” section of this prospectus; or
  - (xii) a portion of the orders in the bookbuilding process, which is considered by the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters) in their absolute opinion to be material, at the time the International Placing Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Joint Global Coordinators, in their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
  - (xiii) any loss or damage has been sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters) in their sole absolute opinion to be material; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

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## UNDERWRITING

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- (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
- (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or
- (iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority (“**Law(s)**”), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, Singapore, the European Union (or any member thereof) or any other jurisdictions relevant to any member of the Group or the Global Offering (the “**Specific Jurisdictions**”); or
- (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for, any of the Specific Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

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## UNDERWRITING

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- (ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or
- (x) any of the Directors and senior management member of our Company as set out in the “Directors and Senior Management” section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of our Company vacating his or her office; or
- (xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xiii) a contravention by any member of the Group or any Director of the GEM Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Shares issued under the Over-allotment Option pursuant to the terms of the Global Offering; or
- (xv) non-compliance of this prospectus and the Application Forms or any aspect of the Global Offering with the GEM Listing Rules or any other Laws applicable to the Global Offering; or
- (xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters):

- (a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, results of operation, financial, trading or other condition or prospects



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## UNDERWRITING

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or risks of our Company or our Group or any member of the Group or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

- (b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Public Offer or the level of interest under the International Placing; or
- (c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Public Offer Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
- (d) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

### **Undertakings to the Stock Exchange pursuant to the GEM Listing Rules**

#### ***By our Company***

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as prescribed under Rule 17.29 of the GEM Listing Rules.

#### ***By our Controlling Shareholders***

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that, except pursuant to the Global Offering, the Over-allotment or the Stock Borrowing Agreement, it/he/she shall not and shall procure that the relevant registered shareholder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owners; or

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## UNDERWRITING

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- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be controlling shareholders (as defined in the GEM Listing Rules).

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has also undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

- (a) when it/he/she pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rule, or pursuant to any right or waiver granted by the Stock Exchange, it/he/she must inform us of such pledge or charge disclosing the details specified in the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Shares under (a) above, it/he/she must inform us immediately in the event that it/he/she become aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of shares affected.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and must forthwith publish an announcement to be published in accordance with the GEM Listing Rules as soon as possible.

### **Undertakings pursuant to the Public Offer Underwriting Agreement**

#### ***By our Company***

Our Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, and will procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option,

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## UNDERWRITING

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warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other members of the Group, as applicable; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other members of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other members of the Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other members of the Group not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”).

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## UNDERWRITING

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In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

### *By our Controlling Shareholders*

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that, except (i) pursuant to the Global Offering and the Over-allotment Option or the Stock Borrowing Agreement; (ii) permitted under the GEM Listing Rules, without the prior written consent of the Joint Sponsors or the Joint Global Coordinators (for themselves and on behalf of the other Public Offer Underwriters):

- (i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the “**Controlled Entities**”) shall not,
  - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the “**Relevant Securities**”), or deposit any Relevant Securities with a depository in connection with the issue of depository receipts; or
  - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or
  - (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or
  - (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

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## UNDERWRITING

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- (ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she would cease to be a “controlling shareholder” (as defined in the GEM Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be “controlling shareholders” (as defined in the GEM Listing Rules) of our Company;
- (iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and
- (iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

- (i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform our Company and the Joint Sponsors in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Joint Sponsors in writing of such indications.

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## UNDERWRITING

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### **International Placing Underwriting Agreement**

In connection with the International Placing, it is expected that our Company will enter into the International Placing Underwriting Agreement with, among others, the International Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the International Placing Underwriting Agreement, the International Placing Underwriters will severally agree to subscribe or procure subscribers for the International Placing Shares being offered pursuant to the International Placing.

It is expected that, pursuant to the International Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “Underwriting arrangements — Public Offer Underwriting Agreement — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

It is expected that each of our Controlling Shareholders will undertake to the International Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by it/him/her in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph “Underwriting arrangements — Public Offer Underwriting Agreement — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

### **COMMISSION AND EXPENSES**

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Offer Shares (including the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option). We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the new Shares together with any applicable fees relating to the Global Offering. In addition, the Joint Global Coordinators may each also be entitled to an incentive fee of or up to, as the case may be, 0.5% of Offer Shares from the Global Offering, including proceeds from the exercise of the Over-allotment Option at our discretion.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK\$34.1 million in total (assuming the Over-allotment Option is not exercised and based on the mid-point of our indicative Offer Price range for the Global Offering, being HK\$0.295 per Offer Share).

If the Over-allotment Option is exercised by the Joint Global Coordinators, the commission, SFC transaction levy and Stock Exchange trading fee, relating thereto shall be borne by us.

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## **UNDERWRITING**

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### **JOINT SPONSORS', JOINT GLOBAL COORDINATORS', JOINT BOOKRUNNERS', JOINT LEAD MANAGERS' AND UNDERWRITERS' INTERESTS IN OUR COMPANY**

The Joint Sponsors will receive a sponsorship fee. The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the sub-paragraph headed "Commission and expenses" in this section.

Our Company has appointed Innovax Capital Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the compliance adviser agreement is otherwise terminated in accordance with its terms and conditions.

Save for the obligations and the interests under the Underwriting Agreements and save as disclosed in this prospectus, none of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers nor the Underwriters or their associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

### **STAMP TAXES**

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

### **INDEMNITY**

Our Company and the Controlling Shareholders have agreed to severally indemnify the Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Underwriting Agreements and any breach by us or the Controlling Shareholders of the Underwriting Agreements as the case may be.

### **JOINT SPONSORS' INDEPENDENCE**

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### STRUCTURE OF THE GLOBAL OFFERING

The Global Offering comprises:

- (i) the Public Offer of an aggregate of 50,000,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong; and
- (ii) the International Placing of 450,000,000 International Placing Shares (subject to reallocation as mentioned below and the Over-allotment Option).

Investors may apply for the Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for the Offer Shares under the International Placing, but may not do both. The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after completion of the Global Offering (but without taking into account any Shares which may be issued pursuant to the Over-allotment Option and any options which may be granted under the Share Option Scheme). The number of Offer Shares to be offered under the Public Offer and the International Placing, respectively, may be subject to reallocation as mentioned below.

### CONDITIONS OF THE GLOBAL OFFERING

The Global Offering is conditional upon, among other things:

- (i) the Listing Division of the Stock Exchange granting or agreeing to grant the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be allotted and issued as mentioned in this prospectus, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been duly determined; and
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 12 January 2018.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Global Offering will be published by our Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) on the next business day following such lapse.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE PUBLIC OFFER

#### Number of Offer Shares initially offered

We are initially offering 50,000,000 Public Offer Shares at the Offer Price, representing 10% of the Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to reallocation of Offer Shares between the International Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering, and without taking into account Shares which may be issued pursuant to the Over-allotment Option and upon exercise of options as may be granted under the Share Option Scheme. The Public Offer is open to members of the public in Hong Kong as well as to institutional professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Global Offering" in this section.

#### Allocation

Allocation of the Offer Shares to investors under the Global Offering will be based solely on the level of valid applications received under the Global Offering. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants. Allocation of the Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the total number of the Public Offer Shares available under the Public Offer is to be divided equally into two pools:

- **Pool A:** The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and
- **Pool B:** The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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price” for the Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Public Offer Shares from either pool A or pool B but not from both pools.

Multiple or suspected multiple applications under the Public Offer and any application for more than 25,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the International Placing, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The final Offer Price, the level of indication of interest in the International Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Monday, 15 January 2018 through a variety of channels as described in paragraph headed “How to apply for Public Offer Shares — Publication of results”.

### **Reallocation**

Allocation of the Offer Shares between the Public Offer and the International Placing is subject to adjustment which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Joint Global Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 100,000,000 Offer Shares will be reallocated to the Public Offer from the International Placing so that the total number of Offer Shares available under the Public Offer will be 150,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 150,000,000 Offer Shares will be reallocated to the Public Offer from the International Placing so that the total number of Offer Shares available under the Public Offer will be 200,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 200,000,000 Offer Shares will be reallocated to the Public Offer from

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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the International Placing so that the total number of Offer Shares available under the Public Offer will be 250,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may in their sole and absolute discretion reallocate Offer Shares from the International Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Joint Global Coordinators deem appropriate.

In addition, the Offer Shares to be offered under the Public Offer and the International Placing may, in certain circumstances (including but not limited to the requests of the Stock Exchange and/or the SFC), be reallocated as between these offerings at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

### THE INTERNATIONAL PLACING

#### Number of the Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Placing will be 450,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Placing and the Public Offer, the number of Shares initially offered under the International Placing will represent approximately 22.5% of our Company's enlarged issue share capital immediately after the completion of the Global Offering, but without taking into account Shares which may be issued pursuant to the Over-allotment Option and upon exercise of options as may be granted under the Share Option Scheme.

#### Allocation

Pursuant to the International Placing, the International Placing Shares will be conditionally placed by the International Placing Underwriters. The International Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such International Placing Shares in Hong Kong. The International Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the International Placing will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered International Placing Shares under the International Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

### OVER-ALLOTMENT OPTION

Our Company is expected to grant to the Joint Global Coordinators the Over-allotment Option. The Joint Global Coordinators can exercise the Over-allotment Option solely to cover any over-allocation in the International Placing. Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the date of the International Placing Underwriting Agreement up to the 30th day after the last day for lodging of applications under the Public Offer and from time to time, to require our Company to allot and issue up to an aggregate of 75,000,000 additional Shares at the Offer Price, representing approximately 15% of the Offer Shares initially available under the Global Offering. Any such additional Shares to be issued pursuant to the Over-allotment Option will not be used for price stabilisation purpose and is not subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

In the event that the Over-allotment Option is exercised in full, 75,000,000 additional International Placing Shares will be issued resulting in a total number of 2,075,000,000 Shares in issue and the shareholding of the Shareholders will be diluted by approximately 3.6% following completion of the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$21.5 million, after deducting all related expenses (including underwriting fees), assuming an Offer Price of HK\$0.295 per Offer Share.

The net proceeds will be used in the same proportions as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, on a pro-rata basis, irrespective of whether the Over-allotment Option is exercised.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Over-allotment Option has been exercised. In the event that the Over-allotment Option has not been exercised by the Joint Global Coordinators, our Company will confirm in such announcement that the Over-allotment Option has lapsed and cannot be exercised at any future date.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with ZACD Investments to borrow, whether on its own or through any person acting for it, up to 75,000,000 Shares (being the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option), and/or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with ZACD Investments is entered into, it will only be effected by the Stabilising Manager or any person acting for it for settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 13.16A of the GEM Listing Rules, provided that the requirements set forth in Rule 13.15(5)(a) of the GEM Listing Rules are complied with. The same number of Shares so borrowed must be returned to ZACD Investments or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the day on which the Over-allotment Option is exercised in full, or (iii) such earlier time as may be agreed in writing between the Stabilising Manager and ZACD Investments. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to ZACD Investments by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise, and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the International Placing Underwriters, may, to the extent permitted by applicable laws in Hong Kong, over-allocate and/or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Public Offering. The stabilising action which may be taken by the Stabilising Manager or any person acting for it may include primary and ancillary stabilising actions such as purchasing or agreeing to purchase any of the Offer Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the Shares, liquidating long positions in the Shares or offering or attempting to do any such actions. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity. Any such stabilising activities will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules. Such stabilisation, if commenced, will be conducted at the sole and absolute discretion of the Stabilising Manager or any person acting for it, and may be discontinued at any

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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time, and is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares which may be issued or sold upon exercise of the Over-allotment Option, being 75,000,000 Shares, which is 15% of our Offer Shares initially available under the Global Offering and before the exercise of the Over-allotment Option.

The Stabilising Manager or any person acting for it, may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

- (a) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and/or
- (b) in connection with any action described in paragraph (a) above:
  - (i) (A) over-allocate our Shares; or  
(B) sell or agree to sell our Shares so as to establish a short position in them,  
for the sole purpose of preventing or minimising any reduction in the market price of our Shares;
  - (ii) exercise the Over-allotment Option so as to purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (i) above;
  - (iii) sell or agree to sell any of our Shares acquired by it in the course of the stabilising action referred to in paragraph (a) above in order to liquidate any position that has been established by such action; and/or
  - (iv) offer or attempt to do anything as described in paragraph (b)(i)(B), (b)(ii) or (b)(iii) above.

The Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares, and there is no certainty as to the extent to which or the time period for which it or any person acting for it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may have an adverse impact on the market price of our Shares.

Stabilisation cannot be used to support the price of our Shares for longer than the stabilisation period, which begins on the day on which dealings in our Shares commence on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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therefore their market price, could fall. Our Company will ensure or procure that a public announcement will be made within seven days after the end of the stabilising period in compliance with the Securities and Futures (Price Stabilizing) Rules.

Any stabilising action taken by the Stabilising Manager or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilising action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

In connection with the Global Offering, the Joint Global Coordinators may over-allocate up to an aggregate of 75,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Joint Global Coordinators on behalf of the International Placing Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Stabilising Manager may borrow up to 75,000,000 Shares, under the stock borrowing arrangement. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefit will be made to ZACD Investments by the Joint Global Coordinators in relation to the stock borrowing arrangement.

### **OFFER PRICE**

#### **Determination of the Offer Price**

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or about Friday, 5 January 2018 or such later date as may be agreed between the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and our Company. If the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Wednesday, 10 January 2018, the Global Offering will not become unconditional and will not proceed. The Joint Global Coordinators (for themselves and on behalf of the other Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) an announcement of such change on or before the Price Determination Date. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) a notice of the change and if applicable the revised date.

### **Offer Price range**

The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.26 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced.

### **Price payable on application**

The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.26 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.33 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$3,333.26 per board lot of 10,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.33 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

### **ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATION**

Announcement of the final Offer Price, together with the level of indication of interest in the International Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) on Monday, 15 January 2018.

### **COMMENCEMENT OF DEALINGS**

Dealings in the Shares on GEM are expected to commence on Tuesday, 16 January 2018. The Shares will be traded in board lots of 10,000 Shares each. The GEM stock code for the Shares is 8313.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus on GEM and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on GEM or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Global Offering will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

In respect of the dealings in the Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a Director or chief executive of our Company and/or any of our subsidiaries;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the GEM Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or have otherwise participated in the International Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Thursday, 4 January 2018 from:

- (i) the following offices of the Public Offer Underwriters in Hong Kong:

**China Everbright Securities (HK) Limited**

24/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

**Innovax Securities Limited**

Unit A–C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

**Zhongtai International Securities Limited**

7th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**CLC Securities Limited**

13/F, Nan Fung Tower  
88 Connaught Road Central  
Central  
Hong Kong

**Eternal Pearl Securities Limited**

19/F, 88 Gloucester Road  
Wanchai  
Hong Kong

**Marketsense Securities Limited**

Unit 7801–7803, The Centre  
99 Queen's Road  
Central  
Hong Kong

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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(ii) any of the following branches of the receiving bank:

### **Industrial and Commercial Bank of China (Asia) Limited**

<b>District</b>	<b>Branch</b>	<b>Address</b>
Hong Kong Island	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317–319 Des Voeux Road Central, Sheung Wan, Hong Kong
	Central Branch Wanchai Road Branch	1/F, 9 Queen's Road Central, Hong Kong G/F, Times Media Centre, No. 133 Wan Chai Road, Hong Kong
	Fortress Hill Branch	Shop A–C, G/F, Kwong Chiu Terrace, 272–276 King's Road, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35–37 Hankow Road, Tsimshatsui, Kowloon
	Prince Edward Branch	777 Nathan Road, Mongkok, Kowloon
	Wong Tai Sin Branch	Shop 128, Level One, Wong Tai Sin Plaza, 103 Ching Tak Street, Wong Tai Sin, Kowloon
	Telford Branch	Shop F19, Telford Plaza, Kowloon Bay, Kowloon

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Thursday, 4 January 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — ZACD Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 28 December 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 29 December 2017	—	9:00 a.m. to 5:00 p.m.
Saturday, 30 December 2017	—	9:00 a.m. to 1:00 p.m.
Tuesday, 2 January 2018	—	9:00 a.m. to 5:00 p.m.
Wednesday, 3 January 2018	—	9:00 a.m. to 5:00 p.m.
Thursday, 4 January 2018	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 4 January 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" below in this section.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form**, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Constitution;
- (ii) agree to comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Constitution;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (vi) agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Hong Kong Share Registrar, the receiving bank, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as an agent.

### **Additional Instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING THROUGH HK eIPO WHITE FORM**

### **General**

Individuals who meet the criteria set out in “2. Who Can Apply” in this section, may apply through the **HK eIPO White Form** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### **Time for Submitting Applications under the HK eIPO White Form**

You may submit your application to the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 28 December 2017 until 11:30 a.m. on Thursday, 4 January 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 January 2018 or such later time in “10. Effects of Bad Weather on the Opening of the Applications Lists” in this section.

### **No Multiple Applications**

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** or by any other means, all of your applications are liable to be rejected.

### **Section 40 of the Companies (WUMP) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

## **6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS**

### **General**

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**

Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Share Registrar.

### **Giving Electronic Application Instructions to HKSCC via CCASS**

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Public Offer Shares applied for or any lesser number of such Shares allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as an agent;
- confirm that you understand that our Company, our Directors, the Joint Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators the Joint Bookrunners, the Joint Lead Managers, the other Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters the Share Registrar, the receiving bank and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Constitution; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

### **Effect of Giving Electronic Application Instructions to HKSCC via CCASS**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 28 December 2017	—	9:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Friday, 29 December 2017	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Saturday, 30 December 2017	—	8:00 a.m. to 1:00 p.m. <sup>(1)</sup>
Tuesday, 2 January 2018	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Wednesday, 3 January 2018	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Thursday, 4 January 2018	—	8:00 a.m. <sup>(1)</sup> to 12:00 noon

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Thursday, 4 January 2018 (24 hours daily, except on the last application day).

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 4 January 2018, the last application day or such later time as described in “10. Effect of Bad Weather on the Opening of the Application Lists” below in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (WUMP) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

### **Personal Data**

The section in the Application Form headed “Personal Data” applies to any personal data held by our Company, the Share Registrar, the receiving bank, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the other Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 4 January 2018.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"*Unlisted company*" means a company with no equity securities listed on the Stock Exchange.

"*Statutory control*" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** or **YELLOW** Application Forms have tables showing the exact amount payable for our Shares.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for our Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **[www.hkeipo.hk](http://www.hkeipo.hk)**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Global Offering — Pricing and Allocation” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 January 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 4 January 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 15 January 2018 on our Company’s website at **[www.zacdgroup.com](http://www.zacdgroup.com)** and the website of the Stock Exchange at **[www.hkexnews.hk](http://www.hkexnews.hk)**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- in the announcement to be posted on our Company's website at [www.zacdgroup.com](http://www.zacdgroup.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, 15 January 2018;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 15 January 2018 to 12:00 midnight on Sunday, 21 January 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 15 January 2018 to Thursday, 18 January 2018 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 15 January 2018 to Wednesday, 17 January 2018 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or our agents exercise discretion to reject your application:**

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker 's cashier order paid by you is dishonoured upon its first presentation;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinator believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.33 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the conditions set out in “Structure and Conditions of the Global Offering — Conditions of the Public Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 15 January 2018.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Monday, 15 January 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker 's cashier 's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 16 January 2018 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### **(i) *If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Public Offer Shares have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 15 January 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Monday, 15 January 2018, by ordinary post and at your own risk.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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**(ii) *If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 15 January 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 15 January 2018, or in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 15 January 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

**(iii) *If you apply through the HK eIPO White Form***

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 15 January 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 15 January 2018 by ordinary post at your own risk.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

**(iv) *If you apply via electronic application instructions to HKSCC***

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 15 January 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "11. Publication of Results" above on Monday, 15 January 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 15 January 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 15 January 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 15 January 2018.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

*The following is the text of a report, prepared for the inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.*



22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

The Directors  
ZACD Group Ltd.  
China Everbright Capital Limited  
Innovax Capital Limited

Dear Sirs,

We report on the historical financial information of ZACD Group Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-74, which comprises the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2015 and 2016, and the six months ended 30 June 2017 (the “Track Record Period”), and the consolidated statements of financial position of the Group as at 31 December 2015 and 2016 and 30 June 2017 and the statements of financial position of the Company as at 31 December 2016 and 30 June 2017 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-74 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 December 2017 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

#### **Directors’ responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.



**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015 and 2016 and 30 June 2017 and of the Company as at 31 December 2016 and 30 June 2017 and of the financial performance and cash flows of the Group for each of the Track Record Period in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**Review of interim comparative financial information**

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative

Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**Report on matters under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

*Dividends*

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

*No historical financial statements for the Company*

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

28 December 2017

## I. HISTORICAL FINANCIAL INFORMATION

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Ernst & Young LLP, Singapore in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S\$") and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

### Consolidated statements of profit or loss

	<i>Section II</i>	<b>Year ended 31 December</b>		<b>Six months ended</b>	
		<b>2015</b>	<b>2016</b>	<b>30 June</b>	
	<i>Notes</i>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
				<b>(unaudited)</b>	
REVENUE	6	8,711	11,493	3,217	7,522
Other income and gain	6	20	262	33	51
Staff costs	7	(2,046)	(5,075)	(1,862)	(3,185)
Depreciation	13	(16)	(166)	(69)	(92)
Office rentals and related expenses		(17)	(217)	(107)	(237)
Marketing expenses		(87)	(333)	(146)	(128)
Other expenses, net		<u>(525)</u>	<u>(2,551)</u>	<u>(744)</u>	<u>(2,140)</u>
PROFIT BEFORE TAX	7	6,040	3,413	322	1,791
Income tax credit/(expense)	10	<u>(54)</u>	<u>174</u>	<u>62</u>	<u>57</u>
PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>5,986</u>	<u>3,587</u>	<u>384</u>	<u>1,848</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## Consolidated statements of comprehensive income

	<i>Section II</i> <i>Notes</i>	<u>Year ended 31 December</u>		<u>Six months ended</u> <u>30 June</u>	
		<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u> (unaudited)	<u>S\$'000</u>
PROFIT FOR THE YEAR/PERIOD		5,986	3,587	384	1,848
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(7)	(3)	20	8
Fair value changes on available-for- sale financial assets	<i>14</i>	<u>383</u>	<u>1,930</u>	<u>156</u>	<u>(2,927)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		<u>376</u>	<u>1,927</u>	<u>176</u>	<u>(2,919)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>6,362</u>	<u>5,514</u>	<u>560</u>	<u>(1,071)</u>

## Consolidated statements of financial position

	<i>Section II</i> <i>Notes</i>	<u>31 December</u>		<u>30 June</u>
		<u>2015</u>	<u>2016</u>	<u>2017</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	13	69	244	177
Available-for-sale financial assets	14	15,065	16,995	13,834
Deposit	18	84	90	86
Deferred tax assets	22	—	151	227
Total non-current assets		<u>15,218</u>	<u>17,480</u>	<u>14,324</u>
<b>CURRENT ASSETS</b>				
Trade receivables	15	7,652	2,698	4,656
Amount due from the ultimate holding company	17	78	—	3
Amounts due from related parties	17	87	140	148
Prepayments, deposits and other receivables	18	39	706	828
Financial asset at fair value through profit or loss	19	—	1,500	—
Available-for-sale financial assets	14	—	—	234
Cash and cash equivalents	20	964	4,371	4,735
Total current assets		<u>8,820</u>	<u>9,415</u>	<u>10,604</u>
<b>CURRENT LIABILITIES</b>				
Trade payables, other payables and accruals	21	1,092	2,425	2,161
Amount due to the ultimate holding company	17	275	1,132	858
Amounts due to related parties	17	871	741	459
Tax payable		100	100	99
Total current liabilities		<u>2,338</u>	<u>4,398</u>	<u>3,577</u>
NET CURRENT ASSETS		<u>6,482</u>	<u>5,017</u>	<u>7,027</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,700</u>	<u>22,497</u>	<u>21,351</u>
<b>NON-CURRENT LIABILITIES</b>				
Other payables	21	489	172	97
NET ASSETS		<u>21,211</u>	<u>22,325</u>	<u>21,254</u>
<b>EQUITY</b>				
Share capital	23	—	—	4,718
Reserves	24	21,211	22,325	16,536
TOTAL EQUITY		<u>21,211</u>	<u>22,325</u>	<u>21,254</u>

## Consolidated statements of changes in equity

	Section II Notes	Available- for-sale financial assets		Exchange fluctuation reserve	Merger reserve	Capital reserve	Retained profits/ (accumulated losses)	Total equity
		Share capital	revaluation reserve					
		S\$'000	S\$'000					
At 1 January 2015		—	14,682	—	2,000	1,491	1,392	19,565
Profit for the year		—	—	—	—	—	5,986	5,986
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations		—	—	(7)	—	—	—	(7)
Fair value changes on available-for- sale financial assets	14	—	383	—	—	—	—	383
Total comprehensive income for the year		—	383	(7)	—	—	5,986	6,362
Issue of shares by subsidiaries		—	—	—	284	—	—	284
2015 dividends	12	—	—	—	—	—	(5,000)	(5,000)
At 31 December 2015 and 1 January 2016		—	15,065*	(7)*	2,284*	1,491*	2,378*	21,211
Profit for the year		—	—	—	—	—	3,587	3,587
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations		—	—	(3)	—	—	—	(3)
Fair value changes on available-for- sale financial assets	14	—	1,930	—	—	—	—	1,930
Total comprehensive income for the year		—	1,930	(3)	—	—	3,587	5,514
Issue of shares by subsidiaries		—	—	—	2,434	—	—	2,434
2016 dividends	12	—	—	—	—	—	(6,834)	(6,834)
At 31 December 2016 and 1 January 2017		—	16,995*	(10)*	4,718*	1,491*	(869)*	22,325
Profit for the period		—	—	—	—	—	1,848	1,848
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations		—	—	8	—	—	—	8
Fair value changes on available-for- sale financial assets	14	—	(2,927)	—	—	—	—	(2,927)
Total comprehensive loss for the period		—	(2,927)	8	—	—	1,848	(1,071)
Issue of shares by the Company for acquisition of subsidiaries in connection with the Reorganisation	23	4,718	—	—	(4,718)	—	—	—
At 30 June 2017		4,718	14,068*	(2)*	—*	1,491*	979*	21,254

	Section II Notes	Share capital	Available- for-sale financial assets revaluation reserve	Exchange fluctuation reserve	Merger reserve	Capital reserve	Retained profits	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000 (Note 24)	S\$'000 (Note 24)	S\$'000	S\$'000
<b>(Unaudited)</b>								
At 1 January 2016		—	15,065	(7)	2,284	1,491	2,378	21,211
Profit for the period		—	—	—	—	—	384	384
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations		—	—	20	—	—	—	20
Fair value changes on available- for-sale financial assets	14	—	156	—	—	—	—	156
Total comprehensive income for the period		—	156	20	—	—	384	560
Issue of shares by subsidiaries		—	—	—	500	—	—	500
At 30 June 2016		—	15,221	13	2,784	1,491	2,762	22,271

\* These reserve accounts comprise the consolidated reserves of S\$21,211,000, S\$22,325,000 and S\$16,536,000 in the consolidated statements of financial position as at 31 December 2015 and 2016 and 30 June 2017, respectively.

## Consolidated statements of cash flows

	<i>Section II</i> <i>Notes</i>	<u>Year ended 31 December</u>		<u>Six months ended</u> <u>30 June</u>	
		<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u> <i>(unaudited)</i>	<u>S\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		6,040	3,413	322	1,791
Adjustments for:					
Depreciation	13	16	166	69	92
Write-off of items of property, plant and equipment	7	—	8	—	—
Operating cash flows before changes in working capital		6,056	3,587	391	1,883
<i>Changes in working capital</i>					
Increase in trade receivables		(7,676)	(2,400)	(1,553)	(1,958)
Increase in prepayments, deposits and other receivables		(23)	(665)	(92)	(118)
Increase/(decrease) in trade payables, other payables and accruals		886	1,017	(21)	(338)
Increase/(decrease) in amounts due to related parties		196	112	2	(296)
Cash generated from/(used in) operations		(561)	1,651	(1,273)	(827)
Income tax paid		—	—	—	(21)
Income tax refunded		—	23	—	—
Net cash flows from/(used in) operating activities		(561)	1,674	(1,273)	(848)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of items of property, plant and equipment	13	(78)	(349)	(182)	(25)
Redemption/(purchase) of a financial asset at fair value through profit or loss		—	(1,500)	—	1,500
Decrease/(increase) in an amount due from the ultimate holding company		(78)	78	(1)	(3)
Decrease/(increase) in amounts due from related parties		42	(53)	—	(8)
Net cash flows from/(used in) investing activities		(114)	(1,824)	(183)	1,464



	<i>Section II</i>	<b>Year ended 31 December</b>		<b>Six months ended</b>	
				<b>30 June</b>	
		<b>2015</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>
	<i>Notes</i>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
				<b>(unaudited)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase/(decrease) in an amount due to the ultimate holding company		254	5,819	3,339	(274)
Increase/(decrease) in amounts due to related parties		155	(243)	(83)	16
Proceeds from issue of shares by subsidiaries received from the ultimate holding company		204	500	500	—
Dividends paid		—	(2,600)	—	—
Net cash flows from/(used in) financing activities		<u>613</u>	<u>3,476</u>	<u>3,756</u>	<u>(258)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents at beginning of year/period		1,025	964	964	4,371
Effect of foreign exchange rate changes, net		<u>1</u>	<u>81</u>	<u>21</u>	<u>6</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u><u>964</u></u>	<u><u>4,371</u></u>	<u><u>3,285</u></u>	<u><u>4,735</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>					
Cash and bank balances	20	<u><u>964</u></u>	<u><u>4,371</u></u>	<u><u>3,285</u></u>	<u><u>4,735</u></u>

## Statements of financial position of the Company

	<i>Section II Notes</i>	<b>31 December 2016</b>	<b>30 June 2017</b>
		<b>S\$'000</b>	<b>S\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	16	<u>10</u>	<u>4,728</u>
<b>CURRENT ASSETS</b>			
Prepayments and other receivables	18	507	676
Amounts due from subsidiaries	16	—	390
Cash and cash equivalents	20	<u>—</u>	<u>16</u>
Total current assets		<u>507</u>	<u>1,082</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	21	590	1,077
Amount due to the ultimate holding company	17	132	681
Amounts due to subsidiaries	16	<u>626</u>	<u>1,377</u>
Total current liabilities		<u>1,348</u>	<u>3,135</u>
NET CURRENT LIABILITIES		<u>(841)</u>	<u>(2,053)</u>
NET ASSETS/(LIABILITIES)		<u>(831)</u>	<u>2,675</u>
<b>EQUITY</b>			
Share capital	23	—	4,718
Accumulated losses	24	<u>(831)</u>	<u>(2,043)</u>
TOTAL EQUITY		<u>(831)</u>	<u>2,675</u>

No statement of financial position of the Company as at 31 December 2015 has been presented as the Company was incorporated on 8 November 2016.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 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.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is ZACD Investments Pte. Ltd. (“ZACD Investments”), which is incorporated in Singapore.

The Company is an investment holding company. During the Track Record 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.

In preparation for the listing of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, a business transfer agreement was entered into between SLP International Property Consultants Pte. Ltd. (“SLP International”) and a subsidiary now comprising the Group, pursuant to which the property management and tenancy management business (the “PMTM Business”) formerly operated by SLP International was transferred to a subsidiary now comprising the Group and the business transfer was completed on 1 July 2016. SLP International is jointly owned by Mr. Yeo Choon Guan (Yao Junyuan) and Ms. Sim Kain Kain (together the “Controlling Shareholders”) who are the controlling shareholders of ZACD Investments, the ultimate holding company of the Company.

The PMTM Business of SLP International did not exist as a legal or statutory entity and no separate statutory financial statements were therefore prepared. The historical financial information of the PMTM Business has been prepared to reflect its historical results of operations and its historical assets and liabilities.

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the “Reorganisation”) as set out in the section headed “History, Development and Reorganisation” in the Prospectus. The Company became the holding company of the subsidiaries now comprising the Group upon completion of the Reorganisation. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

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

Company name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
ZACD International Pte. Ltd. (formerly known as ZACD (Bio5) Pte. Ltd.) <sup>1</sup>	Singapore 28 January 2011	S\$2	100%	—	Investment management and project consultancy and management services
ZACD Capital Pte. Ltd. <sup>1</sup>	Singapore 25 October 2011	S\$3,280,000	100%	—	Investment management and fund management services
ZACD Financial Group Limited <sup>2</sup>	Hong Kong 7 October 2015	HKD8,000,000	100%	—	Financial advisory services
ZACD Group Holdings Limited <sup>2</sup>	Hong Kong 7 October 2015	HKD10,000	100%	—	Investment management services
獅展商務諮詢(上海)有限公司 <sup>3/4</sup> (ZACD (China) Co., Ltd.*)	People's Republic of China ("PRC") 13 July 2016	RMB1,000,000	—	100%	Business consultancy services
ZACD POSH Pte. Ltd. <sup>3</sup>	Singapore 17 November 2016	S\$10,000	100%	—	Property management and tenancy management services
ZACD (Australia) Pty Ltd. <sup>3</sup>	Australia 23 November 2016	AUD2	100%	—	Business consulting services
ZACD Fund Holdings Pte. Ltd. <sup>3</sup>	Singapore 15 March 2017	S\$2	100%	—	Fund holding

\* *For identification purpose only.*

<sup>1</sup> The statutory financial statements of these entities for the period from 1 June 2014 to 31 December 2015 and year ended 31 December 2016 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

<sup>2</sup> The statutory financial statements of these entities for the period from 7 October 2015 (date of incorporation) to 31 December 2016 prepared under Hong Kong Financial Reporting Standards were audited by Ernst & Young, Hong Kong.

<sup>3</sup> No statutory financial statements have been prepared for these entities since their incorporation.

<sup>4</sup> 獅展商務諮詢(上海)有限公司 is registered as a wholly-foreign owned enterprise under the laws of the PRC. As at the date of this report, the paid up capital of this entity amounted to RMB290,900.

## 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed "History, Development and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 31 March 2017. The companies now comprising the Group and the PMTM Business were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the

Reorganisation and the transfer of the PMTM Business had been completed at the beginning of the Track Record Period or since the date when the respective subsidiaries first came under the common control of the Controlling Shareholders, whichever is later.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period and the six months ended 30 June 2016 include the results and cash flows of all the companies and business now comprising the Group from the earliest date presented or since the date when the respective subsidiaries and business were incorporated/established or first came under the common control of the Controlling Shareholders, whichever is later. The consolidated statements of financial position of the Group as at the end of each of the Track Record Period have been prepared to present the assets and liabilities of the subsidiaries and business using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

## 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and the six months ended 30 June 2016.

The Historical Financial Information has been prepared under the historical cost convention, except for available-for-sale financial assets and a financial asset at fair value through profit or loss, which have been measured at fair value.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information:

IFRS 9	<i>Financial Instruments</i> <sup>1</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
IFRS 16	<i>Leases</i> <sup>2</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>1</sup>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i> <sup>2</sup>
Amendments to IAS 40	<i>Transfers of Investment Property</i> <sup>1</sup>
Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>1</sup>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i> <sup>1</sup>
<i>Annual Improvements to IFRSs Standards 2014–2016 Cycle:</i>	
Amendments to IAS 28	<i>Investments in Associates and Joint Ventures</i> <sup>1</sup>
Amendments to IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

### **IFRS 9 *Financial Instruments***

IFRS 9 replaces the whole of IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss. IFRS 9 introduces a new model for the recognition of impairment losses, the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on the ECL model either on a twelve-month basis or a lifetime basis.

The Group expects to adopt IFRS 9 from 1 January 2018. The Group does not expect the adoption of IFRS 9 will have a significant impact on the classification of financial instruments and the Group’s financial performance and financial position, including the measurement of financial assets and disclosures, except for the adoption of the ECL model may result in earlier recognition of credit losses of the Group’s receivables. The Group expects to apply simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of ECL on its trade and other receivables upon the adoption of IFRS 9.

### **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 replaces the previous revenue standards: IAS 18 *Revenue* and IAS 11 *Construction Contracts*, and the related interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

The Group is in the process of performing a detailed assessment of the potential impact of the application of IFRS 15 and expects to adopt IFRS 15 from 1 January 2018. Based on the Group’s initial assessment, the adoption of IFRS 15 will have significant impact on the Group’s current pattern of revenue and profit recognition for its performance fees from a major investor in return for providing a priority right to this investor from its SPV investment management services. Currently, the Group recognised such performance fees when performance obligation is satisfied and when uncertainty is resolved. IFRS 15 prohibits the recognition of variable consideration as revenue until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of the uncertainty. The Group expects that application of IFRS 15 will result in earlier

recognition of revenue when performance obligation is satisfied and when the highly probable requirement is fulfilled rather than when the uncertainty is resolved. The Group plans to elect to use the modified retrospective transition method for the adoption of IFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2018.

### **IFRS 16 Leases**

IFRS 16 will supersede IAS 17 *Leases* and other standards on leases under IFRSs and is effective from 1 January 2019. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the statement of financial position. Instead, almost all leases must be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation). Each lease will be mapped in the consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. In the consolidated statement of profit or loss, leases will be recognised in the future as depreciation of right-of-use assets and interest expense on lease liability and will no longer be recorded as an operating expense on a straight-line basis. Therefore, during the initial period of a lease term, the lease expense (asset depreciation plus interest) under the new standard is higher compared to the operating lease expense recognised under the existing standard.

The Group expects to adopt IFRS 16 from 1 January 2019. As set out in note 27 to the Historical Financial Information, the Group had total future minimum lease payments under non-cancellable operating leases as at 30 June 2017 amounted to S\$987,000. The directors of the Company do not expect the adoption of IFRS 16 would result in a significant impact on the Group's results except that certain portion of these lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Basis of consolidation**

The Historical Financial Information includes the financial statements of the Company and its subsidiaries now comprising the Group and the PMTM Business for the Track Record Period. The financial statements of the subsidiaries and the PMTM Business are prepared for the same reporting period as the Company, using consistent accounting policies.

As explained in note 2.1 of above, the acquisition of subsidiaries and business under common control has been accounted for using the merger accounting.

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

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

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements

- The Group's voting rights and potential voting rights

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

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

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

### 3.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

### 3.3 Fair value measurement

The Group measures financial instruments such as unquoted available-for-sale financial assets and a structured deposit at fair value at the end of each reporting period. Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (note 30)



- Quantitative disclosures of fair value measurement hierarchy (note 30)
- Financial instruments (including those carried at amortised cost) (note 29)

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

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

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

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

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

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

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

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

The Group's management determines the policies and procedures for recurring fair value measurement, such as unquoted available-for-sale financial assets and a structured deposit.

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

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

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

### 3.4 Foreign currencies

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

#### (a) *Transactions and balances*

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

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

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

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

#### (b) *Group companies*

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

### 3.5 Cash dividend distribution to equity holders of the parent

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

### 3.6 Property, plant and equipment

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

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

Computers	—	3 years
Office equipment	—	3 years
Furniture and fittings	—	3 years
Renovation	—	Over the shorter of the lease term and 3 years

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

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

### 3.7 Financial instruments — initial recognition and subsequent measurement

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

#### (a) *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (“EIR”) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in other expenses for receivables.

#### Available-for-sale financial assets

Available-for-sale financial assets include equity investments. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the available-for-sale financial assets revaluation reserve until the investment is de-recognised, at which time, the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale financial assets revaluation reserve to profit or loss in finance costs.

#### *De-recognition*

A financial asset is primarily de-recognised (i.e., removed from the Group's consolidated statements of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting estimates (note 4)
- Trade receivables (note 15)

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

#### Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In accordance with the Group's policy, any duration in excess of 12 months is considered as prolonged and deficit greater than 20% is considered as significant.

#### (b) *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise trade payables, other payables and accruals, and amounts due to the ultimate holding company and related parties.

#### *Subsequent measurement*

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

#### *De-recognition*

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

#### **(c) *Offsetting of financial instruments***

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

### **3.8 Impairment of non-financial assets**

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

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

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

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last

impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

### 3.9 Cash and cash equivalents

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

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

### 3.10 Government grants

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

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

### 3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

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

#### *Rendering of services*

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

#### (a) *SPV investment management*

The Group provides investment management services to investors of real estate projects by establishing and incorporating SPV (the "Investment SPV") through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV. Post establishment and incorporation of the Investment SPV, the Group continues to provide investment management services to the investors by managing the Investment SPV up to the time of project completion.

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

The Group recognises the fixed pre-negotiated investment management fee revenue on a time-apportioned basis over the estimated real estate development period, and establishment fee revenue, based on the initial fair value of its right over the entitlement to the Establishment Shares which the Group is entitled to receive upon subscription of convertible loans in the Investment SPV by the investors, when it is probable that the Group will receive the Establishment Shares. Subsequent to initial recognition, the Group's entitlement to the Establishment Shares is accounted for as available-for-sale financial assets in accordance with note 3.7(a) above. The Group's entitlement over the dividend from the Establishment Shares is accounted for according to the accounting policies for "Dividends" set out below. Performance fee is recognised as and when the Group's right to such fee is established and the revenue amount can be reliably measured, which is generally when the Investment SPV declares dividends and/or profit distributions.

(b) *Fund management*

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund upon divestment of all investments in the fund or expiration or early termination of the fund life. The fund management fees are received semi-annually or annually and are recognised on a straight-line basis over the contract terms. The fund establishment fees and performance fees are recognised as and when the Group's rights and entitlement to the fees are established.

(c) *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.

The Group enters into service agreements with real estate developers for these services in which fixed pre-negotiated fees are specified. Project consultancy and management fees are recognised on a time-apportioned basis over the contractual service period.

(d) *Property management and tenancy management services*

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



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

(e) *Financial advisory services*

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

***Dividends***

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

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

**3.12 Leases**

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

***Group as a lessee***

A lease is classified at the inception date as a finance lease or an operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense on a straight-line basis over the lease term.

**3.13 Employee benefits**

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

### 3.14 Taxes

#### (a) *Current income tax*

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

#### (b) *Deferred tax*

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

### 3.15 Deferred revenue

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

### 3.16 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

### 3.17 General provisions

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

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

### 3.18 Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Capital management (note 31)
- Financial risk management objectives and policies (note 31)

##### **Judgement**

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the Historical Financial Information:

##### *Consolidation of Investment SPVs and private real estate funds*

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

As at 31 December 2015, 31 December 2016 and 30 June 2017, the Group acted as manager for 19, 14 and 14 Investment SPVs respectively, and nil, 2 and 4 private real estate funds respectively. Having considered the fact patterns surrounding each of these Investment SPVs and private real estate funds in which the Group acts as a manager, the Group considers that it does not control all these Investment SPVs and private real estate funds.

##### **Estimates and assumptions**

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

##### *Fair value measurement of available-for-sale financial assets*

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

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. Key estimates include considerations of inputs such as future dividend distribution cash flows expected to be received by the Group based on the Investment SPV's projected distributable profits, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the real estate project's development and its sale progress, as well as the discount rate. Changes in assumptions relating to these factors could affect the reported fair value of the financial instruments. See note 30 for further disclosures.

#### ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with an adverse effect on the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of each reporting period during the Track Record Period is disclosed in note 29.

## **5. 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.

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

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

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

Following the commencement of the financial advisory business during the six months ended 30 June 2017, a change on the reporting structure of operating segments was made for facilitating management to make decisions about operating matters, resources allocation and performance assessment. Accordingly, an additional reportable operating segment of "Financial advisory" was separately disclosed and certain previously unallocated corporate assets and liabilities have been allocated to the new reportable operating segment.

Year ended 31 December 2015

	<u>Investment management</u>		<u>Project consultancy and management services</u>	<u>Property management and tenancy management</u>	<u>Total</u>
	<u>SPV investment management</u>	<u>Fund management</u>			
	<u>S\$'000</u>	<u>S\$'000</u>			
<b>Segment revenue</b>					
External customers	<u>7,147</u>	<u>—</u>	<u>1,268</u>	<u>296</u>	<u>8,711</u>
<b>Segment results</b>	6,382	(610)	1,079	(150)	6,701
<i>Reconciliation:</i>					
Other income and gain					20
Corporate and unallocated expenses					<u>(681)</u>
Profit before tax					<u>6,040</u>
<b>Segment assets</b>	21,344	1,803	679	78	23,904
<i>Reconciliation:</i>					
Corporate and unallocated assets					<u>134</u>
Total assets					<u>24,038</u>
<b>Segment liabilities</b>	1,132	1,024	171	241	2,568
<i>Reconciliation:</i>					
Corporate and unallocated liabilities					<u>259</u>
Total liabilities					<u>2,827</u>
<b>Other segment information:</b>					
Depreciation					
— operating segment	10	3	2	1	16
Capital expenditure*					
— operating segment	39	—	7	7	53
— unallocated					<u>25</u>
					<u>78</u>

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



Year ended 31 December 2016

	<u>Investment management</u>		<u>Project</u>	<u>Property</u>	
	<u>SPV</u>	<u>Fund</u>	<u>consultancy and</u>	<u>management</u>	
	<u>investment</u>	<u>management</u>	<u>management</u>	<u>and tenancy</u>	<u>Total</u>
	<u>management</u>	<u>management</u>	<u>services</u>	<u>management</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Segment revenue</b>					
External customers	<u>8,263</u>	<u>176</u>	<u>858</u>	<u>2,196</u>	<u>11,493</u>
<b>Segment results</b>	7,331	(1,927)	760	(536)	5,628
<i>Reconciliation:</i>					
Other income and gain					262
Corporate and unallocated expenses					<u>(2,477)</u>
Profit before tax					<u>3,413</u>
<b>Segment assets</b>	20,220	1,111	720	868	22,919
<i>Reconciliation:</i>					
Corporate and unallocated assets					<u>3,976</u>
Total assets					<u>26,895</u>
<b>Segment liabilities</b>	1,745	632	131	339	2,847
<i>Reconciliation:</i>					
Corporate and unallocated liabilities					<u>1,723</u>
Total liabilities					<u>4,570</u>
<b>Other segment information:</b>					
Depreciation					
— operating segment	74	23	7	48	152
— unallocated					<u>14</u>
					<u>166</u>
Write-off of items of property, plant and equipment	—	—	—	8	8
Capital expenditure*					
— operating segment	202	27	21	88	338
— unallocated					<u>11</u>
					<u>349</u>

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

Six months ended 30 June 2016 (unaudited)

	<u>Investment management</u>		<u>Project</u>	<u>Property</u>	
	<u>SPV</u>	<u>Fund</u>	<u>consultancy and</u>	<u>management</u>	
	<u>investment</u>	<u>management</u>	<u>management</u>	<u>and tenancy</u>	<u>Total</u>
	<u>management</u>	<u>management</u>	<u>services</u>	<u>management</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Segment revenue</b>					
External customers	<u>2,249</u>	<u>—</u>	<u>384</u>	<u>584</u>	<u>3,217</u>
<b>Segment results</b>	1,914	(817)	317	(246)	1,168
<i>Reconciliation:</i>					
Other income and gain					33
Corporate and unallocated expenses					<u>(879)</u>
Profit before tax					<u>322</u>
<b>Segment assets</b>	22,964	1,847	698	46	25,555
<i>Reconciliation:</i>					
Corporate and unallocated assets					<u>2,855</u>
Total assets					<u>28,410</u>
<b>Segment liabilities</b>	1,089	1,001	198	160	2,448
<i>Reconciliation:</i>					
Corporate and unallocated liabilities					<u>3,691</u>
Total liabilities					<u>6,139</u>
<b>Other segment information:</b>					
Depreciation					
— operating segment	17	9	3	34	63
— unallocated					<u>6</u>
					<u>69</u>
Capital expenditure*					
— operating segment	83	25	16	48	172
— unallocated					<u>10</u>
					<u>182</u>

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

Six months ended 30 June 2017

	<u>Investment management</u>		Project	Property		
	SPV	Fund	consultancy and	management	Financial	Total
	investment	management	management	and tenancy	advisory	
	<u>management</u>	<u>management</u>	<u>services</u>	<u>management</u>		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Segment revenue</b>						
External customers	<u>4,018</u>	<u>719</u>	<u>844</u>	<u>1,895</u>	<u>46</u>	<u>7,522</u>
<b>Segment results</b>	3,325	20	644	(49)	(489)	3,451
<i>Reconciliation:</i>						
Other income and gain						51
Corporate and unallocated expenses						<u>(1,711)</u>
Profit before tax						<u>1,791</u>
<b>Segment assets</b>	18,972	1,039	1,276	1,497	1,409	24,193
<i>Reconciliation:</i>						
Corporate and unallocated assets						<u>735</u>
Total assets						<u>24,928</u>
<b>Segment liabilities</b>	555	460	96	705	95	1,911
<i>Reconciliation:</i>						
Corporate and unallocated liabilities						<u>1,763</u>
Total liabilities						<u>3,674</u>
<b>Other segment information:</b>						
Depreciation						
— operating segment	57	9	10	10	6	92
Capital expenditure*						
— operating segment	—	22	—	—	3	<u>25</u>

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

**Geographical information****(a) Revenue from external customers**

	<b>Year ended 31 December</b>		<b>Six months ended</b>	
			<b>30 June</b>	
	<b>2015</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
			<b>(unaudited)</b>	
Singapore	7,113	10,307	2,772	6,776
Malaysia	1,578	1,116	403	720
Other countries/jurisdictions	20	70	42	26
	<u>8,711</u>	<u>11,493</u>	<u>3,217</u>	<u>7,522</u>

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

**(b) Non-current assets**

	<b>31 December</b>		<b>30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Singapore	44	222	158
Other countries/jurisdictions	<u>25</u>	<u>22</u>	<u>19</u>
	<u>69</u>	<u>244</u>	<u>177</u>

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

**Information about major customers**

Revenue from major customers contributing to 10% or more of the Group's revenue for each of the Track Record Period and the six months ended 30 June 2016 is set out below:

	<b>Year ended 31 December</b>		<b>Six months ended</b>	
			<b>30 June</b>	
	<b>2015</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
			<b>(unaudited)</b>	
Customer A	1,699	N/A*	396	N/A*
Customer B	1,505	N/A**	N/A**	N/A**
Customer C	1,357	N/A**	N/A**	N/A**
Customer D	N/A^	3,428	N/A^	848
Customer E	N/A#	1,277	962	N/A#
Customer F	<u>N/A@</u>	<u>N/A@</u>	<u>N/A@</u>	<u>1,787</u>

\* Revenue from Customer A for the year ended 31 December 2016 and the six months ended 30 June 2017 was less than 10% of the Group's revenue.

- \*\* Revenue from Customer B and C for the year ended 31 December 2016, and the six months ended 30 June 2016 (unaudited) and 30 June 2017 was less than 10% of the Group's revenue.
- ^ Revenue from Customer D for the year ended 31 December 2015 and the six months ended 30 June 2016 (unaudited) was less than 10% of the Group's revenue.
- # Revenue from Customer E for the year ended 31 December 2015 and the six months ended 30 June 2017 was less than 10% of the Group's revenue.
- @ Revenue from Customer F for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2016 (unaudited) was less than 10% of the Group's revenue.

## 6. REVENUE, OTHER INCOME AND GAIN

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 gain is as follows:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(unaudited)	
<b>Revenue</b>				
Investment management				
— SPV investment management fees	7,147	8,263	2,249	4,018
— Fund management fees	—	176	—	719
Project consultancy and management service fees	1,268	858	384	844
Property management and tenancy management fees	296	2,196	584	1,895
Financial advisory fees	—	—	—	46
	<u>8,711</u>	<u>11,493</u>	<u>3,217</u>	<u>7,522</u>
<b>Other income and gain</b>				
Government grants*	20	98	33	51
Foreign exchange differences, net	—	109	—	—
Others	—	55	—	—
	<u>20</u>	<u>262</u>	<u>33</u>	<u>51</u>

- \* Government grants have been received by certain subsidiaries in connection with employment of senior Singaporean workers under Special Employment Credit and Wage Credit Scheme and enhancement/scale up of business capabilities under Capability Development Grant provided by Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

**7. PROFIT BEFORE TAX**

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

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Employee benefit expense (including directors' remuneration ( <i>note 8</i> )): <ul style="list-style-type: none"> <li>Salaries, bonuses, commission, and other allowances</li> <li>Retirement benefit scheme contributions (defined contribution scheme)</li> </ul>	1,859	4,518	1,637	2,850
	<u>187</u>	<u>557</u>	<u>225</u>	<u>335</u>
	<u>2,046</u>	<u>5,075</u>	<u>1,862</u>	<u>3,185</u>
Auditor's remuneration	17	17	9	8
Listing expenses	—	811	95	1,186
Write-off of items of property, plant and equipment	—	8	—	—
Minimum lease payments under operating leases	17	217	107	237
Fair value loss/(gain) on a financial asset at fair value through profit or loss	—	98	—	(36)
Dividend income from the Establishment <ul style="list-style-type: none"> <li>Shares included in SPV investment management fees</li> </ul>	(4,321)	(6,487)	(1,459)	(3,124)
Foreign exchange differences, net	<u>—</u>	<u>(109)</u>	<u>20</u>	<u>72</u>

**8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION**

A director received remuneration from the subsidiaries now comprising the Group for his appointment as director of these subsidiaries or his capacity as employee of these subsidiaries. The remuneration of the director as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Fees	—	—	—	—
Other emoluments: <ul style="list-style-type: none"> <li>Salaries, allowances and benefits in kind</li> <li>Retirement benefit scheme contributions (defined contribution scheme)</li> </ul>	56	345	172	175
	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>
	<u>57</u>	<u>348</u>	<u>174</u>	<u>177</u>

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

The Company did not have any non-executive directors and independent non-executive directors at any time during the Track Record Period.

**(b) Executive directors and chief executive**

The Company did not have any chief executive and executive directors prior to 8 November 2016 since the Company was only incorporated in Singapore subsequent to that date. Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Gwee Yuen Kerr Ryan and Mr. Siew Chen Yei were appointed as directors of the Company on 8 November 2016. Mr. Gwee Yuen Kerr Ryan resigned as the director of the Company on 15 February 2017. Mr. Yeo Choon Guan (Yao Junyuan) was re-designated as the chief executive officer of the Company on 12 July 2017.

The remuneration of each of the directors of the Company for the Track Record Period and the six months ended 30 June 2016 is set out below:

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Year ended 31 December 2015</b>				
Yeo Choon Guan (Yao Junyuan)	—	—	—	—
Sim Kain Kain	—	—	—	—
Gwee Yuen Kerr Ryan	—	—	—	—
Siew Chen Yei	—	56	1	57
	<u>—</u>	<u>56</u>	<u>1</u>	<u>57</u>
<b>Year ended 31 December 2016</b>				
Yeo Choon Guan (Yao Junyuan)	—	—	—	—
Sim Kain Kain	—	—	—	—
Gwee Yuen Kerr Ryan	—	—	—	—
Siew Chen Yei	—	345	3	348
	<u>—</u>	<u>345</u>	<u>3</u>	<u>348</u>
<b>Six months ended 30 June 2017</b>				
Yeo Choon Guan (Yao Junyuan)	—	—	—	—
Sim Kain Kain	—	—	—	—
Gwee Yuen Kerr Ryan	—	—	—	—
Siew Chen Yei	—	175	2	177
	<u>—</u>	<u>175</u>	<u>2</u>	<u>177</u>

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Six months ended</b>				
<b>30 June 2016 (unaudited)</b>				
Yeo Choon Guan (Yao Junyuan)	—	—	—	—
Sim Kain Kain	—	—	—	—
Gwee Yuen Kerr Ryan	—	—	—	—
Siew Chen Yei	—	172	2	174
	<u>—</u>	<u>172</u>	<u>2</u>	<u>174</u>
	<u>—</u>	<u>172</u>	<u>2</u>	<u>174</u>

During the Track Record Period and the six months ended 30 June 2016, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period and the six months ended 30 June 2016.

#### 9. FIVE HIGHEST PAID EMPLOYEES

No director was the five highest paid employees during the year ended 31 December 2015. The five highest paid employees during the year ended 31 December 2016 and the six months ended 30 June 2016 and 2017 included 1, 1 (unaudited) and 1 director of the Company, respectively, details of whose remuneration are set out in note 8 above.

Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive for the Track Record Period and the six months ended 30 June 2016 are analysed as follows:

	<u>Year ended 31 December</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)			
Salaries, bonuses, allowances and benefits in kind	674	598	326	359
Retirement benefit scheme contributions	45	53	16	20
	<u>719</u>	<u>651</u>	<u>342</u>	<u>379</u>



The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the Track Record Period and the six months ended 30 June 2016 is as follows:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016 (unaudited)	2017
Nil to HKD1,000,000	4	3	4	4
HKD1,000,001 to HKD1,500,000	—	1	—	—
HKD1,500,001 to HKD2,000,000	1	—	—	—
	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>

#### 10. INCOME TAX

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the Track Record Period and the six months ended 30 June 2016. 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 Track Record Period and the six months ended 30 June 2016.

The major components of the income tax charge/(credit) for the Track Record Period and the six months ended 30 June 2016 are as follows:

	Year ended 31 December		Six months ended 30 June	
	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
Current				
Charge for the year/period	54	—	—	24
Overprovision in prior years	—	(23)	—	(5)
Deferred ( <i>note 22</i> )	—	(151)	(62)	(76)
Total tax charge/(credit) for the year/period	<u>54</u>	<u>(174)</u>	<u>(62)</u>	<u>(57)</u>

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

**Year ended 31 December 2015**

	<u>Singapore</u>		<u>Hong Kong</u>		<u>PRC</u>		<u>Total</u>
	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>
Profit/(loss) before tax	<u>6,160</u>		<u>(120)</u>		<u>—</u>		<u>6,040</u>
Tax at the statutory tax rate	1,047	17.0	(20)	16.5	—	25.0	1,027
Expenses not deductible for tax	5		20		—		25
Income not subject to tax	(738)		—		—		(738)
Deferred tax assets not recognised	22		—		—		22
Effect of utilisation of losses under group relief*	(256)		—		—		(256)
Effect of partial tax exemption and tax rebate	<u>(26)</u>		<u>—</u>		<u>—</u>		<u>(26)</u>
Tax charge at the Group's effective rate	<u>54</u>	0.9	<u>—</u>	0.0	<u>—</u>	0.0	<u>54</u>

**Year ended 31 December 2016**

	<u>Singapore</u>		<u>Hong Kong</u>		<u>PRC</u>		<u>Total</u>
	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>
Profit/(loss) before tax	<u>4,618</u>		<u>(1,211)</u>		<u>6</u>		<u>3,413</u>
Tax at the statutory tax rate	785	17.0	(200)	16.5	2	25.0	587
Expenses not deductible for tax	223		216		—		439
Income not subject to tax	(1,109)		(16)		(2)		(1,127)
Effect of partial tax exemption and tax rebate	(37)		—		—		(37)
Benefits from previously unrecognised tax losses	(13)		—		—		(13)
Adjustments in respect of current tax of previous periods	<u>(23)</u>		<u>—</u>		<u>—</u>		<u>(23)</u>
Tax credit at the Group's effective rate	<u>(174)</u>	(3.8)	<u>—</u>	0.0	<u>—</u>	0.0	<u>(174)</u>

## Six months ended 30 June 2017

	Singapore		Hong Kong		Australia		PRC		Total
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000
Profit/(loss) before tax	<u>2,315</u>		<u>(496)</u>		<u>(8)</u>		<u>(20)</u>		<u>1,791</u>
Tax at the statutory tax rate	393	17.0	(82)	16.5	(2)	30.0	(5)	25.0	304
Expenses not deductible for tax	214		82		2		5		303
Income not subject to tax	(539)		—		—		—		(539)
Effect of partial tax exemption and tax rebate	(120)		—		—		—		(120)
Adjustments in respect of current tax of previous periods	<u>(5)</u>		<u>—</u>		<u>—</u>		<u>—</u>		<u>(5)</u>
Tax credit at the Group's effective rate	<u>(57)</u>	(2.5)	<u>—</u>	0.0	<u>—</u>	0.0	<u>—</u>	0.0	<u>(57)</u>

## Six months ended 30 June 2016 (unaudited)

	Singapore		Hong Kong		Total
	S\$'000	%	S\$'000	%	S\$'000
Profit/(loss) before tax	<u>962</u>		<u>(640)</u>		<u>322</u>
Tax at the statutory tax rate	164	17.0	(106)	16.5	58
Expenses not deductible for tax	43		106		149
Benefits from previous unrecognised tax losses	(13)		—		(13)
Income not subject to tax	(252)		—		(252)
Effect of partial tax exemption and tax rebate	<u>(4)</u>		<u>—</u>		<u>(4)</u>
Tax credit at the Group's effective rate	<u>(62)</u>	(6.4)	<u>—</u>	0.0	<u>(62)</u>

\* During the year ended 31 December 2015, the Group received tax losses of S\$1,505,000 from the ultimate holding company under the Group Relief System of the Inland Revenue Authority of Singapore to offset taxable profit incurred during that year.

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Track Record Period and the six months ended 30 June 2016 as further explained in note 2.1 to the Historical Financial Information.

**12. DIVIDENDS**

No dividend has been paid or declared by the Company since its incorporation and during the Track Record Period.

The dividends declared by a subsidiary of the Company to the ultimate holding company during the Track Record Period and the six months ended 30 June 2016 are as follows:

	<u>Year ended 31 December</u>		<u>Six months ended</u>	
	<u>2015</u>	<u>2016</u>	<u>30 June</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>2016</u>	<u>2017</u>
			<u>(unaudited)</u>	
			<u>S\$'000</u>	<u>S\$'000</u>
Dividends	<u>5,000</u>	<u>6,834</u>	<u>—</u>	<u>—</u>

**13. PROPERTY, PLANT AND EQUIPMENT**

	<u>Computers</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Renovation</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>31 December 2015</b>					
At 1 January 2015:					
Cost	53	—	—	—	53
Accumulated depreciation	<u>(46)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(46)</u>
Net carrying amount	<u>7</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7</u>
At 1 January 2015, net of accumulated depreciation					
	7	—	—	—	7
Additions	25	28	12	13	78
Depreciation provided during the year	<u>(14)</u>	<u>(1)</u>	<u>(1)</u>	<u>—</u>	<u>(16)</u>
At 31 December 2015, net of accumulated depreciation	<u>18</u>	<u>27</u>	<u>11</u>	<u>13</u>	<u>69</u>
At 31 December 2015:					
Cost	78	28	12	13	131
Accumulated depreciation	<u>(60)</u>	<u>(1)</u>	<u>(1)</u>	<u>—</u>	<u>(62)</u>
Net carrying amount	<u>18</u>	<u>27</u>	<u>11</u>	<u>13</u>	<u>69</u>

	<b>Computers</b>	<b>Office equipment</b>	<b>Furniture and fittings</b>	<b>Renovation</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>31 December 2016</b>					
At 31 December 2015 and 1 January 2016:					
Cost	78	28	12	13	131
Accumulated depreciation	<u>(60)</u>	<u>(1)</u>	<u>(1)</u>	<u>—</u>	<u>(62)</u>
Net carrying amount	<u>18</u>	<u>27</u>	<u>11</u>	<u>13</u>	<u>69</u>
At 1 January 2016, net of accumulated depreciation					
	18	27	11	13	69
Additions	180	6	17	146	349
Depreciation provided during the year	(132)	(10)	(7)	(17)	(166)
Write-off during the year	<u>—</u>	<u>—</u>	<u>(8)</u>	<u>—</u>	<u>(8)</u>
At 31 December 2016, net of accumulated depreciation	<u>66</u>	<u>23</u>	<u>13</u>	<u>142</u>	<u>244</u>
At 31 December 2016:					
Cost	247	34	19	159	459
Accumulated depreciation	<u>(181)</u>	<u>(11)</u>	<u>(6)</u>	<u>(17)</u>	<u>(215)</u>
Net carrying amount	<u>66</u>	<u>23</u>	<u>13</u>	<u>142</u>	<u>244</u>
<b>30 June 2017</b>					
At 31 December 2016 and 1 January 2017:					
Cost	247	34	19	159	459
Accumulated depreciation	<u>(181)</u>	<u>(11)</u>	<u>(6)</u>	<u>(17)</u>	<u>(215)</u>
Net carrying amount	<u>66</u>	<u>23</u>	<u>13</u>	<u>142</u>	<u>244</u>
At 1 January 2017, net of accumulated depreciation					
	66	23	13	142	244
Additions	19	2	3	1	25
Depreciation provided during the period	<u>(57)</u>	<u>(6)</u>	<u>(3)</u>	<u>(26)</u>	<u>(92)</u>
At 30 June 2017, net of accumulated depreciation	<u>28</u>	<u>19</u>	<u>13</u>	<u>117</u>	<u>177</u>
At 30 June 2017:					
Cost	266	36	22	160	484
Accumulated depreciation	<u>(238)</u>	<u>(17)</u>	<u>(9)</u>	<u>(43)</u>	<u>(307)</u>
Net carrying amount	<u>28</u>	<u>19</u>	<u>13</u>	<u>117</u>	<u>177</u>

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December		30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Unlisted equity shares, at fair value	1,498	6,474	3,518
Contractual rights over unlisted equity shares, at fair value	13,567	10,521	10,550
	15,065	16,995	14,068
Less: Available-for-sale financial assets included in current assets	—	—	(234)
	15,065	16,995	13,834

During the years ended 31 December 2015 and 2016, the gross gain in respect of the Group's available-for-sale financial assets recognised in other comprehensive income amounted to S\$383,000 and S\$1,930,000, respectively. During the six months ended 30 June 2016 and 2017, the fair value change in respect of the Group's available-for-sale financial assets recognised in other comprehensive income/(loss) amounted to a gross gain of S\$156,000 (unaudited) and a gross loss of S\$2,927,000, respectively.

The above financial assets were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

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

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

The Group receives dividend distributions from the Investment SPVs through the Establishment Shares it has received from the investors and as and when declared by the Investment SPVs. Such dividend distributions are included in the Group's SPV investment management fees (note 6).

As at 31 December 2015, the Group held approximately 14% to 16% equity shares in 4 SPVs while as at 31 December 2016 and 30 June 2017, the Group held approximately 14% to 18% equity shares in 9 SPVs. In addition, the Group also had contractual rights over the Establishment Shares to be awarded by the investors in 19, 14 and 14 Investment SPVs, which upon conversion, represent no more than 19% in the enlarged share capital of the respective Investment SPVs as at 31 December 2015 and 2016 and 30 June 2017, respectively.

As at 31 December 2015, the Group's Establishment Shares with an aggregate carrying value of S\$1,498,000 were held by the ultimate holding company on behalf of the Group pursuant to various deeds of novation entered into in various dates between 2014 and 2015 and the Group also recognised dividend income in an aggregate amount of S\$2,816,000 from these Establishment Shares during the year ended 31 December 2015. The legal titles of these Establishment Shares were awarded to the Group during the year ended 31 December 2016.

Pursuant to a convertible loan agreement (the “Kaki Bukit CLA”) dated 8 October 2010 entered into between all the investors of ZACD (Kaki Bukit) Pte. Ltd. (“ZACD (Kaki Bukit)”) and the ultimate holding company, a deed of novation dated 1 June 2014 entered into between the ultimate holding company and the Group, and a supplemental deed to Kaki Bukit CLA dated 30 September 2016 entered into between all the investors (including the ultimate holding company), ZACD (Kaki Bukit) and the Group, the Group, as the manager to provide the project management services, shall be entitled to all the benefits of the terms and conditions of the Kaki Bukit CLA which are applicable to the Group, with effect from the date of Kaki Bukit CLA, including the establishment fees and payouts derived from the Establishment Shares. On 28 October 2015, ZACD (Kaki Bukit) declared dividend and the Group’s beneficial equity interest over the dividend amounting to S\$1,505,000 was received by the ultimate holding company on behalf of the Group. In addition, pursuant to a deed of ratification (the “Ratification Deed”) entered into between all the investors of ZACD (Kaki Bukit) and the Group dated 30 June 2017, it is clarified that the beneficial equity interest in ZACD (Kaki Bukit) was held in trust by the ultimate holding company for all the investors and the Group when ZACD (Kaki Bukit) declared dividend on 28 October 2015. As at 31 December 2015, the fair value of contractual right over the Establishment Shares of ZACD (Kaki Bukit) was amounted to S\$19,000 and the Establishment Shares of ZACD (Kaki Bukit) was awarded to the Group during the year ended 31 December 2016.

The Group entered into certain business transfer agreements dated 7 November 2017 (collectively the “Business Transfer Agreements”) with an independent third party (the “Project Management Co”). Pursuant to the Business Transfer Agreements, the Group agreed to sell, assign and transfer the business of provision of investment management services for six Investment SPVs to the Project Management Co. The consideration will be satisfied by (i) a fixed payment in an aggregate amount of S\$100,000 upon completion and (ii) contingent payments equivalent to 90% of all dividends or other distributions of any kind to be paid by the relevant Investment SPVs in respect of the Establishment Shares which have been, or which will be, issued to or transferred to the Project Management Co within 5 business days upon receipt. Pursuant to the Business Transfer Agreements, the Company shall transfer or procure the issuance of the Establishment Shares to the Project Management Co upon the conversion of the respective convertible loans held by the respective investors of the six Investment SPVs as and when the underlying real estate development project is substantial complete. Accordingly, the Group classified the fair value of 10% of the six Investment SPVs amounting to S\$234,000 as at 30 June 2017 as current assets. The transactions were completed in November 2017.

#### 15. TRADE RECEIVABLES

	<u>31 December</u>		<u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Trade receivables	<u>7,652</u>	<u>2,698</u>	<u>4,656</u>

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.

Included in the trade receivables were S\$3,206,000, S\$874,000 and S\$837,000 that were recognised as receivables as at 31 December 2015, 31 December 2016 and 30 June 2017 in accordance with the terms of underlying agreements but the amounts have not been invoiced to respective customers.

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

	<u>31 December</u>		<u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within 1 month	3,931	540	1,733
1 to 2 months	73	296	341
2 to 3 months	23	85	255
Over 3 months	<u>319</u>	<u>217</u>	<u>792</u>
	<u>4,346</u>	<u>1,138</u>	<u>3,121</u>

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<u>31 December</u>		<u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Receivables not yet invoiced	3,206	874	837
Dividend receivables	100	686	698
Neither past due nor impaired	3,931	540	1,733
Less than 1 month past due	73	296	341
1 to 3 months past due	<u>342</u>	<u>302</u>	<u>1,047</u>
	<u>7,652</u>	<u>2,698</u>	<u>4,656</u>

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

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



As at 31 December 2015 and 2016 and 30 June 2017, the Group had the following trade receivables from the Group's ultimate holding company and related parties which are repayable on credit terms similar to those offered to the major customers of the Group.

	<u>31 December</u>		<u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
The ultimate holding company	4,111	—	55
Related parties*	<u>365</u>	<u>1,372</u>	<u>2,338</u>

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

	<u>31 December</u>		<u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
BH-ZACD (Woodlands) Development Pte. Ltd.	35	139	77
BH-ZACD (Tuas Bay) Development Pte. Ltd.	230	235	310
Wee Hur (Woodlands12) Pte. Ltd.	100	—	—
Publique Realty Pte. Ltd.	—	172	36
SLP International	—	1	2
Publique Realty (Jurong) Pte. Ltd.	—	59	60
Wee Hur (Punggol Central) Pte. Ltd.	—	61	235
ZACD (Sennett) Pte. Ltd.	—	151	—
ZACD (Punggol Drive) Pte. Ltd.	—	367	—
ZACD (Seng Kang) Pte. Ltd.	—	167	—
ZACD (BBW6) Ltd.	—	17	113
ZACD (Shunfu) Ltd.	—	—	465
ZACD Investments (ARO II) Ltd.	—	3	—
ZACD (Punggol Central) Pte. Ltd.	—	—	519
ZACD (Woodlands2) Pte. Ltd.	—	—	179
Publique Realty (Pasir Ris) Pte. Ltd.	—	—	342
	<u>365</u>	<u>1,372</u>	<u>2,338</u>

Relationship of the above related companies with the Company or the Group are set out in note 26 to the Historical Financial Information.

## 16. INVESTMENTS IN SUBSIDIARIES

### Company

	<u>31 December</u>	<u>30 June</u>
	<u>2016</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Unlisted shares, at cost	<u>10</u>	<u>4,728</u>

Pursuant to the Reorganisation, the Company acquired all of the issued shares of ZACD Group Holdings Limited, ZACD International Pte. Ltd. and ZACD Capital Pte. Ltd. on 28 February 2017, and of ZACD Financial Group Limited on 31 March 2017, in which the Company issued and allotted an aggregate of 13,704,641 new shares of the Company to ZACD Investments. Further details are set out in note 23 to the Historical Financial Information.

Details of the subsidiaries are disclosed in note 1 of this section.

As at 30 June 2017, the amounts due from subsidiaries of S\$390,000, included in the current assets of the Company, are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2016 and 30 June 2017, the amounts due to subsidiaries of S\$626,000 and S\$1,377,000, respectively, included in the current liabilities of the Company are unsecured, non-interest bearing and repayable on demand.

#### 17. BALANCES WITH THE ULTIMATE HOLDING COMPANY AND RELATED PARTIES

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

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

##### 31 December 2015

	<b>31 December 2015</b>	<b>Maximum amount outstanding during the year</b>	<b>1 January 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Due from the ultimate holding company</b>			
ZACD Investments	78	176	176
<b>Due from related parties</b>			
ZACD (Woodlands3) Pte. Ltd.	81	81	81
ZACD (Neew) Pte. Ltd.	6	6	—
	<u>87</u>		<u>81</u>

## 31 December 2016

	<b>31 December 2016</b>	<b>Maximum amount outstanding during the year</b>	<b>1 January 2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Due from the ultimate holding company</b>			
ZACD Investments	—	178	78
<b>Due from related parties</b>			
ZACD (Woodlands3) Pte. Ltd.	81	81	81
ZACD (Neew) Pte. Ltd.	6	6	6
SLP International	33	33	—
SKR Holdings Ltd.	20	20	—
	<u>140</u>		<u>87</u>

## 30 June 2017

	<b>30 June 2017</b>	<b>Maximum amount outstanding during the period</b>	<b>1 January 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Due from the ultimate holding company</b>			
ZACD Investments	3	3	—
<b>Due from related parties</b>			
ZACD (Woodlands3) Pte. Ltd.	81	81	81
ZACD (Neew) Pte. Ltd.	6	6	6
SLP International	26	33	33
ZACD Investments (ARO II) Limited	1	1	—
Magnificent Vine Group Holdings Pte. Ltd.	34	34	—
SKR Holdings Ltd.	—	20	20
	<u>148</u>		<u>140</u>

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

<b>Group</b>	<b>31 December</b>		<b>30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Due to the ultimate holding company</b>			
ZACD Investments	275	1,132	858
<b>Due to related parties</b>			
Magnificent Vine Group Holdings Pte. Ltd.	445	557	261
SLP International	426	182	187
Creo Adworld Pte. Ltd.	—	—	1
SLP Realty Pte. Ltd.	—	2	1
ZACD (BBW6) Ltd.	—	—	9
	<u>871</u>	<u>741</u>	<u>459</u>
<b>Company</b>		<b>31 December</b>	<b>30 June</b>
		<b>2016</b>	<b>2017</b>
		<b>S\$'000</b>	<b>S\$'000</b>
<b>Due to the ultimate holding company</b>			
ZACD Investments		<u>132</u>	<u>681</u>

Relationship of the above related parties with the Company or the Group are set out in note 26 to the Historical Financial Information.

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

#### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

<b>Group</b>	<b>31 December</b>		<b>30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Prepayments	9	387	101
Deposits	111	117	114
Other receivables	3	16	41
Deferred listing expenses	—	276	658
	123	796	914
Less: amounts classified as current assets	<u>(39)</u>	<u>(706)</u>	<u>(828)</u>
Amounts classified as non-current assets	<u>84</u>	<u>90</u>	<u>86</u>

<u>Company</u>	<b>31 December</b>	<b>30 June</b>
	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Prepayments	231	18
Deferred listing expenses	<u>276</u>	<u>658</u>
	507	676
Less: amounts classified as current assets	<u>(507)</u>	<u>(676)</u>
Amounts classified as non-current assets	<u>—</u>	<u>—</u>

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

#### 19. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

This represented an investment in a structured deposit which was stated at fair value and placed with a bank. As at 31 December 2016, the principal of the deposit amounting to S\$1,500,000 was fully guaranteed by the bank and the maximum expected rate of return was 2% per annum. The Group designated this structured deposit as financial asset at fair value through profit or loss at initial recognition in accordance with IAS 39. The Group uses the structured deposit primarily to enhance the return on investment. The structured deposit matured on 23 February 2017.

#### 20. CASH AND CASH EQUIVALENTS

<u>Group</u>	<b>31 December</b>		<b>30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances	<u>964</u>	<u>4,371</u>	<u>4,735</u>
		<b>31 December</b>	<b>30 June</b>
<u>Company</u>		<b>2016</b>	<b>2017</b>
		<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances		<u>—</u>	<u>16</u>

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.

## 21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Group	31 December		30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Trade payables	1	187	55
Other payables	412	638	472
Accruals	199	1,127	1,434
Deferred revenue	969	645	297
	1,581	2,597	2,258
Less: amounts classified as current liabilities	(1,092)	(2,425)	(2,161)
Amounts classified as non-current liabilities	489	172	97
Company	31 December		30 June
	2016	2017	2017
	S\$'000	S\$'000	S\$'000
Accruals	590	1,041	
Other payables	—	36	
	590	1,077	

An aged analysis of the Group's trade payables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	31 December		30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Within 1 month	1	176	55
1 to 2 months	—	11	—
	1	187	55

Included in the Group's trade payables as at 31 December 2015 and 2016 and 30 June 2017 is an amount due to Neew Pte. Ltd., a subsidiary of a company controlled by the Controlling Shareholders who are also the directors of the Company, of nil, S\$160,000 and S\$39,000, respectively.

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

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

Deferred revenue relates to investment management fees received in advance by the Group for which related services were not yet rendered as at the end of the respective reporting period. As at 31 December 2015 and 2016 and 30 June 2017, investment management fees received in advance of S\$489,000, S\$172,000 and S\$97,000, respectively, were classified under non-current liabilities because the related services were expected to be rendered after one year from the end of the respective reporting period.

**22. DEFERRED TAX**

The movements in deferred tax assets during the Track Record Period are as follows:

	<b>Losses available for offsetting against future taxable profits</b>	<b>Others</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Gross deferred tax assets at 1 January 2015, 31 December 2015 and 1 January 2016	—	—	—
Deferred tax credited to the consolidated statement of profit or loss during the year ( <i>note 10</i> )	<u>151</u>	<u>—</u>	<u>151</u>
Gross deferred tax assets at 31 December 2016 and 1 January 2017	151	—	151
Deferred tax credited to the consolidated statement of profit or loss during the period ( <i>note 10</i> )	<u>—</u>	<u>76</u>	<u>76</u>
Gross deferred tax assets at 30 June 2017	<u><u>151</u></u>	<u><u>76</u></u>	<u><u>227</u></u>

The Group has unrecognised tax losses arising in Singapore of S\$129,000, S\$54,000 and S\$54,000 as at 31 December 2015 and 2016 and 30 June 2017, respectively. The tax losses arising in Singapore, subject to the agreement by the Inland Revenue Authority of Singapore, are available for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit for the years ended 31 December 2015 and 2016 would increase by S\$22,000 and S\$9,000, respectively, and the profit for the six months ended 30 June 2017 would increase by S\$9,000.

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

**23. SHARE CAPITAL**

	<b>31 December 2016</b>	<b>30 June 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Issued and fully paid:		
1,000,000,000 ordinary shares on 30 June 2017 (31 December 2016: 1 share)	<u>—</u>	<u>4,718</u>

A summary of movements in the Company's issued share capital during the period from 8 November 2016 (date of incorporation) to 30 June 2017 is as follows:

	<i>Notes</i>	<u>Number of ordinary shares</u>	<u>Nominal value of ordinary shares</u> S\$'000
Issued and fully paid:			
Upon incorporation on 8 November 2016 and as at 31 December 2016 and 1 January 2017	<i>(a)</i>	1	—
Issue of shares	<i>(b)</i>	13,704,641	13,705
Acquisition of subsidiaries in the Reorganisation	<i>(b)</i>	—	(8,987)
Additions from share split	<i>(c)</i>	<u>986,295,358</u>	<u>—</u>
As at 30 June 2017		<u><u>1,000,000,000</u></u>	<u><u>4,718</u></u>

- (a) The Company was incorporated in Singapore as an exempt company with limited liability on 8 November 2016. On the same date, 1 ordinary share of the Company was allotted and issued to the ultimate holding company at S\$1.
- (b) On 28 February 2017 and 31 March 2017, the Company allotted and issued an aggregate 13,704,641 ordinary shares (the "Allotted Shares") to the ultimate holding company to acquire four subsidiaries (the "Acquired Subsidiaries") from the ultimate holding company for an aggregate consideration of approximately S\$13,705,000 in connection with the Reorganisation. In the opinion of the directors, since the Acquired Subsidiaries were under the common control of the Controlling Shareholders before and after the Reorganisation, the value of the Allotted Shares should equal to the cost of investment of the ultimate holding company with respect to the Acquired Subsidiaries which amounted to approximately S\$4,718,000.
- (c) On 18 April 2017, the ultimate holding company of the Company resolved that the 13,704,642 ordinary shares in the capital of the Company be split into 1,000,000,000 ordinary shares in the capital of the Company (the "Share Split"). Upon completion of the Share Split, the Company had a total of 1,000,000,000 issued ordinary shares, all of which were directly held by the ultimate holding company and the amount of issued share capital and paid-up share capital was S\$13,704,642.

In the opinion of the directors, since the Share Split did not involve any economic inflow to the Company which would result in a change of the value of the Allotted Shares, the carrying value of the Company's share capital in the statement of financial position remains unchanged and is stated at S\$4,718,000.

## 24. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein during each of the reporting periods of the Track Record Period and the six months ended 30 June 2016 are presented in the consolidated statements of changes in equity on pages I-7 to I-8 of this report.

#### *Merger reserve*

The merger reserve represents reserves arising from the Reorganisation.

#### *Capital reserve*

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



**(b) Company**

	<b>Accumulated losses</b>
	<b>S\$'000</b>
At 8 November 2016 (date of incorporation)	—
Loss and total comprehensive loss for the period	<u>(831)</u>
At 31 December 2016 and 1 January 2017	(831)
Loss and total comprehensive loss for the period	<u>(1,212)</u>
At 30 June 2017	<u><u>(2,043)</u></u>

**25. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS****(i) Major non-cash transactions**

During the Track Record Period, the Group had the following major non-cash transactions:

- (a) During the years ended 31 December 2015 and 2016, dividends in the total amounts of S\$5,000,000 and S\$4,234,000 payable to the ultimate holding company were offset against the trade receivables due from the ultimate holding company.
- (b) During the year ended 31 December 2016, a total amount of S\$3,120,000 advanced from the ultimate holding company was offset against the trade receivables due from the ultimate holding company.
- (c) During the years ended 31 December 2015 and 2016, a subsidiary of the Company allotted 80,000 shares and 500,000 shares respectively, satisfied by capitalisation of an outstanding payable to the ultimate holding company amounting to S\$80,000 and S\$500,000, respectively.
- (d) During the year ended 31 December 2016, a subsidiary of the Company allotted 7,900,000 shares to the ultimate holding company settled by capitalisation of an outstanding payable of S\$1,434,000 from the ultimate holding company.

**(ii) Reconciliation of liabilities arising from financing activities**

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

	At beginning of reporting period	Financing cash flows	Non-cash changes			At end of reporting period
			Capitalisation of loans	Offsetting with trade receivables	Effect of changes in foreign exchange rates	
<b>Year ended</b>						
<b>31 December 2015</b>						
Amount due to the ultimate holding company	88	254	(80)	—	13	275
Amounts due to related companies	271	155	—	—	—	426
<b>Year ended</b>						
<b>31 December 2016</b>						
Amount due to the ultimate holding company	275	5,819	(1,934)	(3,120)	92	1,132
Amounts due to related companies	426	(243)	—	—	1	184
<b>Six months ended</b>						
<b>30 June 2017</b>						
Amount due to the ultimate holding company	1,132	(274)	—	—	—	858
Amounts due to related companies	184	16	—	—	(2)	198

**26. RELATED PARTY TRANSACTIONS**

<u>Name of related companies</u>	<u>Relationship with the Company or the Group</u>
<b>Investment SPVs:</b>	
ZACD (Kaki Bukit)	ZACD (Kaki Bukit) was a wholly-owned subsidiary of the ultimate holding company. Pursuant to the Ratification Deed, the beneficial equity interest in ZACD (Kaki Bukit) was held in trust by the ultimate holding company for all the investors and the Group when ZACD (Kaki Bukit) declared dividend on 28 October 2015 and since then, ZACD (Kaki Bukit) became a 26.8%-owned associate of the ultimate holding company.
ZACD (Punggol Central) Pte. Ltd.	ZACD (Punggol Central) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 24 August 2016, it became a 41.4%-owned associate of the ultimate holding company.

<u>Name of related companies</u>	<u>Relationship with the Company or the Group</u>
ZACD (Punggol Drive) Pte. Ltd.	ZACD (Punggol Drive) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 30 January 2015, it became a 23.3%-owned associate of the ultimate holding company.
ZACD (Sennett) Pte. Ltd.	ZACD (Sennett) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 16 June 2015, it became a 35.3%-owned associate of the ultimate holding company.
ZACD (Woodlands) Pte. Ltd.	ZACD (Woodlands) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 9 July 2015, it became a 29.5%-owned associate of the ultimate holding company.
ZACD (Woodlands2) Pte. Ltd.	ZACD (Woodlands2) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 1 December 2016, it became a 37.5%-owned associate of the ultimate holding company.
ZACD (KB2) Pte. Ltd.	ZACD (KB2) Pte. Ltd. is a 23.5%-owned associate of the ultimate holding company.
ZACD (Woodlands3) Pte. Ltd.	ZACD (Woodlands3) Pte. Ltd. is a wholly-owned subsidiary of the ultimate holding company.
ZACD (Neew) Pte. Ltd.	ZACD (Neew) Pte. Ltd. is a wholly-owned subsidiary of the ultimate holding company.
ZACD (Seng Kang) Pte. Ltd. ("ZACD (Seng Kang)")	ZACD (Seng Kang) was a wholly-owned subsidiary of the ultimate holding company. Upon transfer of certain equity interests on 8 January 2016, ZACD (Seng Kang) ceased to be the subsidiary of the ultimate holding company. One of the Controlling Shareholders remains as a key management personnel of ZACD (Seng Kang) after the transfer.
ZACD (Punggol Field) Pte. Ltd.	ZACD (Punggol Field) Pte. Ltd. was a wholly-owned subsidiary of the ultimate holding company. On 7 July 2016, it became a 27.1%-owned associate of the ultimate holding company.
<b>Development SPVs<sup>#</sup>:</b>	
BH-ZACD (Woodlands) Development Pte. Ltd.	BH-ZACD (Woodlands) Development Pte. Ltd. was a 55%-owned subsidiary of the ultimate holding company. On 1 December 2016, it became a 20.6%-owned associate of the ultimate holding company.
BH-ZACD (Tuas Bay) Development Pte. Ltd.	BH-ZACD (Tuas Bay) Development Pte. Ltd. is a 40%-owned associate of the ultimate holding company.
Publique Realty (Jurong) Pte. Ltd.	Publique Realty (Jurong) Pte. Ltd. is a 45%-owned associate of the ultimate holding company.

<sup>#</sup> Development SPVs represented the investment vehicles through which the Investment SPVs invested into real estate projects.

<u>Name of related companies</u>	<u>Relationship with the Company or the Group</u>
Publique Realty Pte. Ltd. ("Publique Realty")	Publique Realty was a 30%-owned associate of the ultimate holding company. Upon transfer of certain equity interests on 7 July 2016, Publique Realty was no longer the associate of the ultimate holding company. One of the Controlling Shareholders remains as a key management personnel of Publique Realty after the transfer.
Wee Hur (Woodlands12) Pte. Ltd.	Wee Hur (Woodlands12) Pte. Ltd. is a 25%-owned associate of the ultimate holding company.
Wee Hur (Punggol Central) Pte. Ltd. ("Wee Hur (Punggol Central)")	Wee Hur (Punggol Central) was a 20%-owned associate of the ultimate holding company. Upon transfer of certain equity interests on 24 August 2016, Wee Hur (Punggol Central) was no longer the associate of the ultimate holding company. One of the Controlling Shareholders remains as a key management personnel of Wee Hur (Punggol Central) after the transfer.
Publique Realty (Pasir Ris) Pte. Ltd.	One of the Controlling Shareholders is a key management personnel of Publique Realty (Pasir Ris) Pte. Ltd..
<b>Private real estate funds managed by the Group:</b>	
ZACD (BBW6) Ltd. ("BBW6")	BBW6 is managed by the Group and the Controlling Shareholders are key management personnel of BBW6. The ultimate holding company transferred the ordinary shares of BBW6 to the Group on 18 April 2017.
ZACD Investments (ARO II) Ltd. ("ARO II")	ARO II is managed by the Group and the Controlling Shareholders are key management personnel of ARO II.
ZACD (Shunfu) Ltd. ("Shunfu")	Shunfu is managed by the Group and the Controlling Shareholders are key management personnel of Shunfu. The ultimate holding company transferred the ordinary shares of Shunfu to the Group on 30 April 2017.
<b>Common control of the Controlling Shareholders:</b>	
Magnificent Vine Group Holdings Pte. Ltd. ("Magnificent Vine Group")	Magnificent Vine Group is controlled by the Controlling Shareholders who are also the directors of the Company.
Neew Pte. Ltd.	Neew Pte. Ltd. is a wholly-owned subsidiary of Magnificent Vine Group.
SLP International	SLP International is a wholly-owned subsidiary of Magnificent Vine Group.
SLP Realty Pte. Ltd.	SLP Realty Pte. Ltd. is a wholly-owned subsidiary of Magnificent Vine Group.
Creo Adworld Pte. Ltd.	Creo Adworld Pte. Ltd. is a wholly-owned subsidiary of Magnificent Vine Group.
SKR Holdings Ltd.	One of the Controlling Shareholders has joint control over SKR Holdings Ltd..

- (a) In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the Track Record Period and the six months ended 30 June 2016:

	Notes	Year ended 31 December		Six months ended 30 June	
		2015	2016	2016	2017
		S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Investment management — SPV management fees:					
The ultimate holding company	(i)	530	309	192	75
Investment management — dividend income:	(ii)				
ZACD (Punggol Central) Pte. Ltd.		—	3,428	—	848
ZACD (Punggol Drive) Pte. Ltd.		1,357	540	—	—
ZACD (Punggol Field) Pte. Ltd.		—	—	—	1,787
ZACD (Kaki Bukit) Pte. Ltd.		1,505	283	283	—
ZACD (KB2) Pte. Ltd.		581	125	—	—
ZACD (Sennett) Pte. Ltd.		168	366	214	—
ZACD (Seng Kang)		—	1,277	962	—
ZACD (Woodlands) Pte. Ltd.		710	93	—	310
ZACD (Woodlands2) Pte. Ltd.		—	375	—	179
		<u>4,321</u>	<u>6,487</u>	<u>1,459</u>	<u>3,124</u>
Investment management — fund management fees:	(iii)				
BBW6		—	17	—	95
ARO II		—	159	—	159
Shunfu		—	—	—	465
		<u>—</u>	<u>176</u>	<u>—</u>	<u>719</u>
Project consultancy and management fees:	(iv)				
BH-ZACD (Tuas Bay) Development Pte. Ltd.		257	257	129	129
BH-ZACD (Woodlands) Development Pte. Ltd.		191	191	95	16
Publique Realty		400	—	—	—
Wee Hur (Punggol Central)		320	320	160	160
Wee Hur (Woodlands12) Pte. Ltd.		100	—	—	—
Publique Realty (Pasir Ris) Pte. Ltd.		—	—	—	262
		<u>1,268</u>	<u>768</u>	<u>384</u>	<u>567</u>

	Notes	Year ended		Six months ended	
		31 December		30 June	
		2015	2016	2016	2017
		S\$'000	S\$'000	S\$'000	S\$'000
		(unaudited)			
Property management and tenancy management fees:					
BH-ZACD (Woodlands) Development Pte. Ltd.	(v)	—	106	7	98
BH-ZACD (Tuas Bay) Development Pte. Ltd.		—	—	—	48
Publique Realty (Jurong) Pte. Ltd.		—	105	—	111
Publique Realty (Pasir Ris) Pte. Ltd.		—	—	—	58
Publique Realty		—	187	33	—
Wee Hur (Punggol Central)		—	211	40	84
		—	609	80	399
Financial advisory fees:					
SLP International	(vi)	—	—	—	46
Corporate services expense:					
Magnificent Vine Group	(vii)	197	207	115	62
Repair and maintenance services expense:					
Neew Pte. Ltd.	(viii)	42	384	72	329
Rental expenses:					
The ultimate holding company	(ix)	—	—	—	97
SLP International		—	—	—	40
		—	—	—	137

## Notes:

- (i) The SPV management fee income was related to investment management services provided to the ultimate holding company and was charged based on either of 2% per annum of dollar value of the ultimate holding company's investments in the Investment SPVs managed by the Group and at an annual fee of S\$100,000 from 1 June 2013 to 31 May 2016.
- (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 the ultimate holding company a higher percentage of the Establishment Shares comparing with other investors as the Group granted the ultimate holding company a priority right to participate in real estate projects. Further details were set out in note 14 to the Historical Financial Information.
- (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) The project consultancy and management fee income was related to project consultancy and management services rendered by the Group to these related parties who are real estate developers. The fees were determined at terms stipulated in the respective service contracts.

- (v) The property management and tenancy management fee income was related to property management and tenancy management services provided in relation to the properties managed by the Group and was determined at terms stipulated in the respective service contracts.
- (vi) The financial advisory fee income was related to corporate finance advisory services provided and was charged at terms mutually agreed between the relevant parties.
- (vii) 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.
- (viii) 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.
- (ix) The rental expenses were related to office space leased from the ultimate holding company and a related party. The rental expense was determined at monthly rentals of S\$16,200 to S\$19,800.

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

- (b) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 8 to the Historical Financial Information, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)			
Short term employee benefits	249	591	298	348
Post-employment benefits	21	32	17	22
Total compensation paid to key management personnel	270	623	315	370

## 27. COMMITMENTS

### Operating lease commitments — Group as lessee

The Group has entered into operating leases for its office properties, with lease terms between one and three years. The Group has an option, under one of its leases, to lease an office property for an additional term of one year. Future minimum rentals payable under non-cancellable operating leases, are as follows:

	31 December		30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Within 1 year	206	216	482
After 1 year but not more than 5 years	395	195	505
	601	411	987

At the end of each of the Track Record Period, the Group had no other significant commitments.

**28. CONTINGENT LIABILITIES**

At the end of each of the Track Record Period, the Group did not have any contingent liabilities.

**29. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

**31 December 2015***Group — financial assets*

	<u>Available- for-sale financial assets</u>	<u>Loans and receivables</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000
Available-for-sale financial assets	15,065	—	15,065
Trade receivables	—	7,652	7,652
Financial assets included in prepayments, deposits and other receivables	—	114	114
Amount due from the ultimate holding company	—	78	78
Amounts due from related parties	—	87	87
Cash and cash equivalents	—	964	964
	<u>15,065</u>	<u>8,895</u>	<u>23,960</u>

*Group — financial liabilities*

	<u>Financial liabilities at amortised cost</u>
	S\$'000
Financial liabilities included in trade payables, other payables and accruals	499
Amount due to the ultimate holding company	275
Amounts due to related parties	<u>871</u>
	<u>1,645</u>



31 December 2016

*Group — financial assets*

	<u>Available- for-sale financial assets</u>	<u>Financial asset at fair value through profit or loss — designated as such upon initial recognition</u>	<u>Loans and receivables</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Available-for-sale financial assets	16,995	—	—	16,995
Trade receivables	—	—	2,698	2,698
Financial assets included in prepayments, deposits and other receivables	—	—	133	133
Amounts due from related parties	—	—	140	140
Financial asset at fair value through profit or loss	—	1,500	—	1,500
Cash and cash equivalents	—	—	4,371	4,371
	<u>16,995</u>	<u>1,500</u>	<u>7,342</u>	<u>25,837</u>

*Group — financial liabilities*

	<u>Financial liabilities at amortised cost</u>
	S\$'000
Financial liabilities included in trade payables, other payables and accruals	1,382
Amount due to the ultimate holding company	1,132
Amounts due to related parties	741
	<u>3,255</u>

*Company — financial liabilities*

	<u>Financial liabilities at amortised cost</u>
	S\$'000
Accruals	590
Amount due to the ultimate holding company	132
Amounts due to subsidiaries	626
	<u>1,348</u>

The Company did not have any financial assets as at 31 December 2016.

30 June 2017

*Group — financial assets*

	<b>Available- for-sale financial assets</b>	<b>Loans and receivables</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Available-for-sale financial assets	14,068	—	14,068
Trade receivables	—	4,656	4,656
Financial assets included in prepayments, deposits and other receivables	—	155	155
Amount due from the ultimate holding company	—	3	3
Amounts due from related parties	—	148	148
Cash and cash equivalents	—	4,735	4,735
	<u>14,068</u>	<u>9,697</u>	<u>23,765</u>

*Group — financial liabilities*

	<b>Financial liabilities at amortised cost</b>
	<b>S\$'000</b>
Financial liabilities included in trade payables, other payables and accruals	1,296
Amount due to the ultimate holding company	858
Amounts due to related parties	459
	<u>2,613</u>

*Company — financial assets*

	<b>Loans and receivables</b>
	<b>S\$'000</b>
Amounts due from subsidiaries	390
Cash and cash equivalents	16
	<u>406</u>

*Company — financial liabilities*

	<b>Financial liabilities at amortised cost</b>
	<b>S\$'000</b>
Financial liabilities included in other payables and accruals	1,041
Amount due to the ultimate holding company	681
Amounts due to subsidiaries	<u>1,377</u>
	<u><u>3,099</u></u>

**30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

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

	<u>Carrying amounts</u>			<u>Fair values</u>		
			<b>30 June</b>			<b>30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Financial assets</b>						
Available-for-sale financial assets	15,065	16,995	14,068	15,065	16,995	14,068
Financial asset at fair value through profit or loss	<u>—</u>	<u>1,500</u>	<u>—</u>	<u>—</u>	<u>1,500</u>	<u>—</u>
	<u><u>15,065</u></u>	<u><u>18,495</u></u>	<u><u>14,068</u></u>	<u><u>15,065</u></u>	<u><u>18,495</u></u>	<u><u>14,068</u></u>

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

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

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

The fair value of a financial asset at fair value through profit or loss was determined using the discounted cash flow ("DCF") model with reference to the expected return of the structured deposit.

The fair value of the unlisted available-for-sale financial assets has been estimated using a DCF valuation model and is valued under Level 3 of the fair value hierarchy. The valuation requires management to make certain assumptions about the model inputs, including the input base uncertainty as further explained below. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Below is a summary of significant unobservable inputs to the valuation of unlisted available-for-sale financial assets together with a quantitative sensitivity analysis as at 31 December 2015 and 2016, and 30 June 2017:

<b>31 December 2015</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range of uncertainty discount</b>	<b>Sensitivity of fair value to the input</b>
Unlisted available-for-sale financial assets	Discounted cash flow method	Input base uncertainty for projected cash flows	0% to 58%	Decrease by 6 percentage points would result in increase in fair value by S\$608,000  Increase by 12 percentage points would result in decrease in fair value by S\$1,150,000
<b>31 December 2016</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range of uncertainty discount</b>	<b>Sensitivity of fair value to the input</b>
Unlisted available-for-sale financial assets	Discounted cash flow method	Input base uncertainty for projected cash flows	0% to 58%	Decrease by 6 percentage points would result in increase in fair value by S\$370,000  Increase by 12 percentage points would result in decrease in fair value by S\$735,000
<b>30 June 2017</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range of uncertainty discount</b>	<b>Sensitivity of fair value to the input</b>
Unlisted available-for-sale financial assets	Discounted cash flow method	Input base uncertainty for projected cash flows	0% to 58%	Decrease by 6 percentage points would result in increase in fair value by S\$374,000  Increase by 12 percentage points would result in decrease in fair value by S\$743,000

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

lower the uncertainty discount applied is in the DCF model, and vice versa. The sensitivity of fair value to the uncertainty discount rate used is reflective of the high degree of variability of cash flows in underlying real estate development projects used in the valuation of the available-for-sale financial assets.

The fair value changes of the unlisted available-for-sale financial assets was dealt with in available-for-sale financial assets revaluation reserve.

#### Fair value hierarchy

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

#### Assets measured at fair value:

##### 31 December 2015

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	S\$'000	S\$'000	S\$'000	
Available-for-sale financial assets	—	—	15,065	15,065

##### 31 December 2016

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	S\$'000	S\$'000	S\$'000	
Available-for-sale financial assets	—	—	16,995	16,995
Financial asset at fair value through profit or loss	—	1,500	—	1,500
	—	1,500	16,995	18,495

##### 30 June 2017

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	S\$'000	S\$'000	S\$'000	
Available-for-sale financial assets	—	—	14,068	14,068

The movements in fair value measurements within Level 3 during the Track Record Period are as follows:

	31 December		30 June
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Available-for-sale financial assets — unlisted:			
At beginning of reporting period	14,682	15,065	16,995
Total gains/(losses) recognised in other comprehensive income	383	1,930	(2,927)
At end of reporting period	15,065	16,995	14,068

The Group did not have any financial liabilities measured at fair value as at 31 December 2015 and 2016, and 30 June 2017.

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and a financial asset at fair value through profit or loss. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as available-for-sale financial assets, trade receivables, financial assets included in prepayments, deposits and other receivables, balances with the ultimate holding company and related parties, and financial liabilities included in trade payables, other payables and accruals, which mainly arise directly from its operations.

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

#### Credit risk

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

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

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

	31 December		30 June
	2015	2016	2017
	Due from the largest debtor	54%	18%
Due from the five largest debtors	91%	52%	60%

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 15 to the Historical Financial Information.

**Liquidity risk**

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

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

**Group**

	<b>31 December 2015</b>		
	<b>On demand/no fixed terms of repayment</b>	<b>Less than 1 year</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Financial liabilities included in trade payables, other payables and accruals	—	499	499
Amount due to the ultimate holding company	275	—	275
Amounts due to related parties	871	—	871
	<u>1,146</u>	<u>499</u>	<u>1,645</u>

**Group**

	<b>31 December 2016</b>		
	<b>On demand/no fixed terms of repayment</b>	<b>Less than 1 year</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Financial liabilities included in trade payables, other payables and accruals	—	1,382	1,382
Amount due to the ultimate holding company	1,132	—	1,132
Amounts due to related parties	741	—	741
	<u>1,873</u>	<u>1,382</u>	<u>3,255</u>

*Company*

	<b>31 December 2016</b>		
	<b>On demand/no fixed terms of repayment</b>	<b>Less than 1 year</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Accruals	—	590	590
Amount due to the ultimate holding company	132	—	132
Amounts due to subsidiaries	626	—	626
	<u>758</u>	<u>590</u>	<u>1,348</u>

*Group*

	<b>30 June 2017</b>		
	<b>On demand/no fixed terms of repayment</b>	<b>Less than 1 year</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Financial liabilities included in trade payables, other payables and accruals	—	1,296	1,296
Amount due to the ultimate holding company	858	—	858
Amounts due to related parties	459	—	459
	<u>1,317</u>	<u>1,296</u>	<u>2,613</u>

*Company*

	<b>30 June 2017</b>		
	<b>On demand/no fixed terms of repayment</b>	<b>Less than 1 year</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Financial liabilities included in other payables and accruals	—	1,041	1,041
Amount due to the ultimate holding company	681	—	681
Amounts due to subsidiaries	1,377	—	1,377
	<u>2,058</u>	<u>1,041</u>	<u>3,099</u>

**Capital management**

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

Certain subsidiaries of the Group are regulated by the Monetary Authority of Singapore (the "MAS") or the Hong Kong Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the MAS or the SFC. The Group has established a legal and



compliance department which is operated by experienced compliance officers and is monitored by management. The principal roles of the legal and compliance department are to monitor the daily financial status and to review internal control of the Group regularly to ensure the regulated subsidiaries are in compliance with related regulations. The regulated subsidiaries have complied with the related regulations throughout the Track Record Period or since the date when the licences were granted.

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

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

### 32. SIGNIFICANT EVENTS AFTER THE TRACK RECORD PERIOD

The Group has the following significant events after the Track Record Period:

- (a) An interim dividend of S\$1,500,000, representing 0.15 cent per ordinary share, in respect of the year ending 31 December 2017 was declared and approved by the directors of the Company on 17 November 2017.
- (b) On 13 December 2017, the ultimate holding company of the Company resolved that the 1,000,000,000 ordinary shares in the capital of the Company be split into 1,500,000,000 ordinary shares in the capital of the Company. Upon completion, the Company had a total of 1,500,000,000 issued ordinary shares, all of which were directly held by the ultimate holding company, and the amount of issued share capital and paid-up share capital was S\$13,704,642. The carrying amount of the share capital remains unchanged and is stated at S\$4,718,000 (see note 23).
- (c) On 13 December 2017, the Company 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 Company. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

### 33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2017.

The following information sets out in this appendix does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 30 June 2017. This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 30 June 2017 or any future dates:

	Consolidated net tangible assets attributable to owners of the Company as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	S\$'000 (note 1)	S\$'000 (note 2)	S\$'000	S\$ (note 3)	HK\$ equivalent
Based on an Offer Price of HK\$0.26 per Share	<u>21,254</u>	<u>18,500</u>	<u>39,754</u>	<u>0.02</u>	<u>0.12</u>
Based on an Offer Price of HK\$0.33 per Share	<u>21,254</u>	<u>24,352</u>	<u>45,606</u>	<u>0.02</u>	<u>0.13</u>

*Notes:*

1. The consolidated net tangible assets attributable to the owners of the Company as at 30 June 2017 is extracted from the Accountants' Report, as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$0.26 and HK\$0.33 per Share, being the lower end to higher end of the indicative range of price as stated in this prospectus, after deduction of the estimated underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Share Option Scheme.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as describe in note 2 above and on the basis that 2,000,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 June 2017 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Share Option Scheme.
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.
5. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account a dividend of S\$1.5 million declared and paid by the Company in November 2017. Had the dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be S\$0.02 (equivalent to HK\$0.11) (assuming an Offer Price of HK\$0.26 per Offer Share) and S\$0.02 (equivalent to HK\$0.13) (assuming an Offer Price of HK\$0.33 per Offer Share).
6. The conversion rate from Hong Kong dollars to Singapore dollars is based on the exchange rate of S\$1 to HK\$5.8005.

**B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

To the Directors of ZACD Group Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of ZACD Group Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2017 and related notes as set out on page II-1 of the prospectus dated 28 December 2017 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of the Company on the Group’s financial position as at 30 June 2017 as if the transaction had taken place at 30 June 2017. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the six months ended 30 June 2017, on which an accountants’ report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

28 December 2017

Set out below is a summary of certain provisions of the Constitution of our Company and certain provisions of the laws of Singapore applicable to a Singapore incorporated company. This description is only a summary and is qualified by reference to Singapore law and the Constitution of our Company.

Our Company was incorporated in Singapore under the Singapore Companies Act as a public company limited by shares on 8 November 2016.

**A. CONSTITUTION OF THE COMPANY**

The Constitution of our Company was adopted on 13 December 2017 and include provisions to the following effect:

**(a) Liability of members**

*Regulation 3*

The liability of the members of the Company (“**Members**”) is limited.

**(b) Business**

*Regulation 4*

Subject to the provisions of the Companies Act, (Chapter 50) of Singapore (“**Singapore Companies Act**”) and the Constitution, the Company has:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.

**(c) Director’s duty to disclose his interest in contracts with the Company**

*Regulation 107(2)*

Every Director and Chief Executive Officer shall observe the provisions of Section 156 of the Singapore Companies Act relating to the disclosure of the interests of the Directors and Chief Executive Officer in contracts or proposed contracts with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or Chief Executive Officer.

**(d) Director's power to vote on a proposal, arrangement or contract in which the Director is interested**

*Regulation 107(2)*

Notwithstanding disclosure of interest under Section 156 of the Singapore Companies Act, a Director shall not vote in regard to any contract or arrangement or any other proposal whatsoever in which he or any of his close associates has directly or indirectly a personal material interest nor shall he be taken into account in ascertaining whether a quorum is present.

*Regulation 108(2)*

Subject always to regulation 107(2), the Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

**(e) Director's power to hold office**

*Regulation 107(1)*

Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any company of which he is a Director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Singapore Companies Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided always that he has complied with the requirements of Section 156 of the Singapore Companies Act as to disclosure.



*Regulation 108(1)*

A Director may be or become a director of, or hold any office or place of profit (other than as auditor), or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and such Director shall not be accountable for any fees, remuneration or other benefits received by him as a Director or officer of, or by virtue of his interest in such other company unless the Company otherwise directs.

**(f) Remuneration of Directors and a Director's power to vote on remuneration**

*Regulation 104(1)*

The fees of the Directors shall be determined from time to time by an Ordinary Resolution of the Company and such fees shall (unless such resolution otherwise provides) not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall (unless such resolution otherwise provides) be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

*Regulation 104(2)*

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside the scope of his ordinary duties as a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, subject however as is hereinafter provided in this regulation.

*Regulation 104(3)*

The fees (including any remuneration under regulation 104(2)) in the case of a Director other than an Executive Director shall comprise: (i) fees which shall be a fixed sum and/or (ii) such fixed number of shares in the capital of the Company, and shall not at any time be by commission on, or percentage of, the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on, or percentage of turnover.

*Regulation 105*

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company, in the course of the performance of their duties as Directors.

*Regulation 107(2)*

Notwithstanding disclosure of interest under Section 156 of the Singapore Companies Act, a Director shall not vote in regard to any contract or arrangement or any other proposal whatsoever in which he or any of his close associates has directly or indirectly a personal material interest nor shall he be taken into account in ascertaining whether a quorum is present.

**(g) Borrowing powers exercisable by the Directors and how such borrowing powers can be varied**

*Regulation 123*

Subject to the provisions of the Singapore Companies Act and every other act for the time being in force concerning companies incorporated in Singapore (the “**Statutes**”) and the provisions of the Constitution, the Directors may at their discretion exercise all powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any of the property or business of the Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**(h) Appointment, Retirement, Resignation and Removal of Directors**

*Regulation 102*

Subject to the listing rules of a stock exchange in respect of which the shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company (the “**Exchange**”), the number of Directors, all of whom shall be natural persons, shall not be less than two.

*Regulation 109*

The Company in general meeting may, subject to the provisions of the Constitution and any requirements of the Singapore Companies Act, by Ordinary Resolution of which notice has been given to all Members entitled to receive notices, from time to time

remove any Director before the expiration of his period of office (notwithstanding anything in the Constitution or in any agreement between the Company and such Director) and appoint another person in place of the Director so removed (and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director), and may increase or reduce the number of Directors, and may alter their share qualifications (if any). Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy in accordance with regulation 116. Until otherwise determined by a general meeting, there shall be no maximum number of Directors.

*Regulation 110*

The office of a Director shall be vacated in any of the following events, namely:

- (a) if he becomes prohibited by law from acting as a Director by reason of any order made under the Singapore Companies Act or any other law;
- (b) if he ceases to be a Director by virtue of any of the provisions of the Singapore Companies Act;
- (c) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the registered office of the Company (the “**Office**”) or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;
- (d) if a bankruptcy order is made against him or if he suspends payments or makes any arrangement or composition with his creditors generally;
- (e) if he becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;
- (f) if he becomes disqualified from acting as a director by virtue of his disqualification or removal or the revocation of his appointment as a director, as the case may be, under any applicable laws;

- (g) if he absents himself from the meetings of the Directors during a continuous period of six (6) months without special leave of absence from the Board of Directors and they pass a resolution that he has by reason of such absence vacated office;
- (h) if he is removed from office by the Company in general meeting pursuant to the Constitution; and
- (i) if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which case he must immediately resign from the Board of Directors).

*Regulation 112*

Subject to the Constitution and to the Singapore Companies Act, at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with regulation 113, shall retire from office by rotation (in addition to any Director retiring pursuant to regulation 116).

*Regulation 113*

The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

*Regulation 114*

The Company at the meeting at which a Director retires under any provision of the Constitution may by Ordinary Resolution fill the vacated office by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, unless:

- (a) such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) such Director is disqualified under the Singapore Companies Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

- (d) the default is due to the moving of a resolution in contravention of Section 150 of the Singapore Companies Act.

The retirement shall not take effect until the conclusion of the meeting (except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost) and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

*Regulation 115*

No person, other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and notice in writing signed by the person to be proposed giving his consent to the nomination and signifying his candidature for the office, Provided always that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notice(s) are submitted after the despatch of the notice of the meeting appointed for such appointment) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the meeting appointed for such appointment and end no later than seven days prior to the date of such meeting.

*Regulation 116*

The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the Constitution. Without prejudice thereto, the Directors shall have power at any time and from time to time to do so, but any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

- (i) The number of Shares, if any, required for Director's qualification**

*Regulation 103*

A Director need not be a Member and shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member shall nevertheless be entitled to receive notice of, attend and speak at all general meetings of the Company.

**(j) Rights, preferences and restrictions attaching to each class of Shares**

*Change in Capital*

*Regulation 7*

- (1) The Company has power to issue different classes of shares, including shares which confer special, limited or conditional voting rights, or which do not confer voting rights.
- (2) The rights attaching to shares of a class other than ordinary shares shall be expressed in the Constitution.
- (3) Notwithstanding anything in as set out in the preceding two sub-paragraphs, the Company shall not undertake any issuance of shares that confer special, limited or conditional voting rights, or that confer no voting rights, unless it is approved by the members of the Company by Special Resolution.
- (4) Where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting right must include the words “restricted voting” or “limited voting”.
- (5) The Company may issue shares for which no consideration is payable to it.

*Regulation 8*

Subject to the Statutes and the Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to regulation 69, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit. Any such shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that:

- (a) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be

to the number of shares of such class then held by them and the provisions of the second sentence of regulation 69(1) with such adaptations as are necessary shall apply; and

- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in regulation 69(2), shall be subject to the approval of the Company in general meeting.

*Regulation 69(1) read with Regulation 79*

Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares), in the opinion of the Directors, cannot be conveniently offered under this regulation 69(1).

*Regulation 79*

Notice of every general meeting shall be given in any manner authorised by the Constitution to:

- (a) every Member holding shares conferring the right to attend and vote at the meeting who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of shares;
- (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting;
- (c) every Director;
- (d) the Auditors, without prejudice to regulation 180; and
- (e) the Exchange.

No other person shall be entitled to receive notices of general meetings; Provided always that if the meeting is called for the alteration of the objects of the Company, the notice shall comply with the provisions of Section 33 of the Singapore Companies Act regarding notices to debenture holders.

*Regulation 69(2)*

Notwithstanding regulation 69(1) but subject to regulation 7(3) the Company may by Ordinary Resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

- (a) (i) issue shares of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided always that:

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;
- (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and the Constitution; and
- (3) (unless revoked or varied by the Company in general meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Singapore Companies Act (whichever is the earliest).



*Regulation 11*

- (1) Preference shares may be issued subject to such limitation thereof as may be prescribed by law or by the listing rules of the Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports, balance sheets and financial statements and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears. In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares.
- (2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

*Registered Member as Absolute Owner*

*Regulation 19*

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by the Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

“Depository” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act (Chapter 289) of Singapore (“**Singapore Securities and Futures Act**”).

*Share Certificate*

*Regulation 20*

Every person whose name is entered as a Member in the Register of Members shall be entitled to receive, within ten (10) Market Days (or such other period as may be approved by the Exchange) of the closing date of any application for shares or, as the

case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

*Voting*

*Regulation 92*

- (1) Each Member shall have a right to attend any general meeting and to speak on any resolution at the meeting.
- (2) Subject and without prejudice to any special rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- (3) Where the Company has knowledge that any member is, under the rules and regulations of the Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.
- (4) Every Member who is present in person or by proxy, attorney or corporate representative (as applicable) shall:
  - (a) on a poll, have one vote for every share which he holds or represents; and
  - (b) on a show of hands, have one vote, Provided always that:
    - (i) in the case of a Member who is not a relevant intermediary or a clearing house or its nominee(s) and is represented by two proxies, only one of the two proxies as determined by that Member, or failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
    - (ii) in the case of a Member who is a relevant intermediary or a clearing house or its nominee(s) and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

- (5) For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant general meeting as certified by the Depository to the Company.

*Regulation 95*

Save as expressly provided in the Constitution or in the Singapore Companies Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting.

***Joint Holders***

*Regulation 24*

Where two (2) or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

- (a) the Company shall not be bound to register more than four persons as the holders of any share, except in the case of executors, trustees or administrators of the estate of a deceased Member;
- (b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share;
- (c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit;
- (d) any one of such joint holders may give effectual receipts for any dividend or other moneys payable or property distributable to such joint holders on or in respect of the share; and
- (e) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

*Regulation 167(1)*

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto (or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or (as the case maybe) to the Depository for distribution to the Depositors entitled thereto or to such Member or person at such address as such persons may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

*Regulation 183*

All notices, communications and/or documents (including a share certificate) with respect to any share to which persons are jointly entitled, shall be given to whichever of such persons is named first in the Register of Members or the Depository Register (as the case may be), and notice so given shall be sufficient notice to all the holders of such shares. For such purpose a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.

**(k) Any change in capital**

*Regulation 72*

- (1) The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its shares;
  - (b) subdivide its shares or any of them (subject nevertheless to the provisions of the Statutes and the Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the number of the shares so cancelled; and
  - (d) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.
- (2) The Company may by Special Resolution and subject to and in accordance with the Statutes, convert one class of shares into another class of shares.

*Regulation 73*

- (1) The Company may reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law.
- (2) Subject to and in accordance with the provisions of the Singapore Companies Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Singapore Companies Act. In the case of purchases of redeemable shares, purchases not made through the market or by tender shall, subject to the provisions of the Singapore Companies Act, the listing rules of the Exchange and any applicable legislation or regulation, be limited to a maximum price and if purchases are by tender, tenders shall be available to all members holding redeemable shares in the Company alike. If required by the Singapore Companies Act, the listing rules of the Exchange and any applicable legislation or regulation, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Singapore Companies Act, the listing rules of the Exchange and any applicable legislation or regulation, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Singapore Companies Act, the listing rules of the Exchange and any applicable legislation or regulation (including without limitation, to hold such share as a treasury share). Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to the Constitution and the Singapore Companies Act, the number of issued shares of the Company shall be diminished by the number of

shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

**(I) Any change in the respective rights of the various classes of Shares including the action necessary to change the rights**

*Regulation 12*

If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Singapore Companies Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Singapore Companies Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of the Constitution relating to general meetings shall *mutatis mutandis* apply,

Provided always that:

- (a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting; and
- (b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

*Regulation 13*

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a Special Resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

*Regulation 14*

The rights conferred upon the holders of the shares of any class issued with preferred rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or by the Constitution, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

**(m) Dividends and distribution**

*Regulation 157*

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Singapore Companies Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this regulation, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

*Regulation 159*

The Directors may, with the sanction of an Ordinary Resolution at a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the profits of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends of such amounts and on such dates and in respect of such periods as they may think fit.

*Regulation 160*

The Company may upon the recommendation of the Directors by Ordinary Resolution, direct payment of a dividend in whole or in part in specie by the distribution of specific assets (and in particular of paid-up shares or debentures or debenture stock of any other company or any combination of any specific assets) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any Members in terms of the value so fixed, in order to adjust the rights of all parties. The Directors may vest any such specific assets in trustees as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.

*Regulation 161(1)*

Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend(s) or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this regulation;



- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect of which the share election has been duly exercised (the “**elected shares**”) and in lieu of cash and in satisfaction thereof shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of regulation 0, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

*Regulation 163*

The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.

*Regulation 165*

- (1) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

- (2) The Directors may retain the dividends payable on shares in respect of which any person is under the Constitution, as to the transmission of shares, entitled to become a Member, or which any person under the Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

*Regulation 167(1)*

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto (or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or (as the case maybe) to the Depository for distribution to the Depositors entitled thereto or to such Member or person at such address as such persons may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

*Regulation 168*

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so forfeited, shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividends or moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date such dividend or other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends or moneys, howsoever and whatsoever.

**(n) Any limitation on the right to own Shares**

*Regulation 19*

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by the Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

*Regulation 29*

No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.

*Regulation 31*

Subject to the Constitution, the Singapore Companies Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

The Directors may decline to recognise any instrument of transfer of shares unless:

- (a) a fee not exceeding S\$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Exchange) as the Directors may from time to time require, is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamp duty is paid;
- (c) the instrument of transfer is deposited at the Office (or such other place as the Directors may appoint) and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the

right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and

- (d) the instrument of transfer is in respect of only one class of shares.

*Regulation 32*

If the Directors refuse to register a transfer of any shares, they shall within ten (10) Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the listing rules of the Exchange) give to the transferor and to the transferee notice of their refusal to register as required by the Singapore Companies Act.

**(o) Approval for issue of new ordinary shares**

*Regulation 8*

Subject to the Statutes and the Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to regulation 69, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit. Any such shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:

- (a) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of regulation 69(1) with such adaptations as are necessary shall apply; and
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in regulation 69(2), shall be subject to the approval of the Company in general meeting.

**(p) Transfer of Ordinary Shares and replacement of Share Certificates**

*Regulation 23*

Subject to the provisions of the Singapore Companies Act, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed or replaced on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its/their client(s) as the Directors shall require, and in the case of defacement or wearing out, on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2/- or the relevant maximum amount as the Exchange may from time to time determine or as the Directors may from time to time require. In the case of destruction, loss or theft, the shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction, loss or theft.

When any shares under the powers in the Constitution herein contained are transferred and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

*Regulation 25*

Subject to the restrictions of the Constitution and any restrictions imposed by law or the Exchange, any Member may transfer all or any of his shares, but every instrument of transfer of the legal title in shares must be in writing and in the form approved by the Exchange, or in any other form acceptable to the Directors, and must be left at the Office (or such other place as the Directors may appoint) for registration, accompanied by the certificate(s) of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares.

*Regulation 29*

No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.

*Regulation 31*

Subject to the Constitution, the Singapore Companies Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the

Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

The Directors may decline to recognise any instrument of transfer of shares unless:

- (a) a fee not exceeding S\$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Exchange) as the Directors may from time to time require, is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamp duty is paid;
- (c) the instrument of transfer is deposited at the Office (or such other place as the Directors may appoint) and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.

*Regulation 32*

If the Directors refuse to register a transfer of any shares, they shall within ten (10) Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the listing rules of the Exchange) give to the transferor and to the transferee notice of their refusal to register as required by the Singapore Companies Act.

*Regulation 33*

The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine; Provided always that it shall not be closed for more than thirty (30) days in any year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further Provided always that the Company shall give prior notice of such closure to the Exchange (as may be required by the listing rules of the Exchange) stating the period and purpose or purposes for which the closure is to be made.

**(q) General Meeting of Shareholders**

*Regulation 74*

Save as otherwise permitted under the Singapore Companies Act, the Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next. The annual general meeting shall be held at such time and place as the Directors shall determine.

*Regulation 76*

The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition by Members in accordance with the Singapore Companies Act or in default may be convened by such requisitionist as provided for under the Singapore Companies Act including Members holding a minority stake in the Company which have shareholdings of not less than 10.0% of the total number of paid up shares in the Company.

*Regulation 78*

Any general meeting at which it is proposed to pass Special Resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company pursuant to the Singapore Companies Act, shall be called by at least twenty-one (21) clear days' notice in writing. An annual general meeting or any other general meeting shall be called by at least fourteen (14) clear days' notice in writing. The notice must specify the place, the day and the hour of the meeting. Such notice shall be given in the manner hereinafter mentioned to all Members other than those who are not under the provisions of the Constitution and the Singapore Companies Act entitled to receive such notices from the Company. The period of notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. So long as the shares in the Company are listed on the Exchange, at least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the shares in the Company are listed.

Subject to the provisions of the Singapore Companies Act, notwithstanding that it has been called by a shorter notice than that specified above, a general meeting shall be deemed to have been duly called if it is agreed:

- (a) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and

- (b) in the case of an extraordinary general meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent (95%) of the total voting rights of all the Members having a right to vote at that meeting.

Provided also that the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

*Regulation 80*

There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that such proxy need not be a Member.

*Regulation 81*

Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say:

- (a) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
- (b) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (c) fixing of the fees of Directors proposed to be paid under regulation 104(1);
- (d) declaring dividends; and
- (e) appointing or re-appointing Auditors, removal of Auditors, and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

*Regulation 82 read with Regulations 181 and 182(1)*

In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.



*Regulation 181*

Any notice or document (including a share certificate) may be served on or delivered to any Member either personally or by sending it through the post in a prepaid cover addressed to such Member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

*Regulation 182(1)*

Without prejudice to the provisions of regulation 181 but subject otherwise to the Singapore Companies Act and any regulations made thereunder and (where applicable) the listing rules of the Exchange relating to electronic communications, any notice or document (including, without limitation, any accounts, balance sheets, financial statements, circulars or reports) which is required or permitted to be given, sent or served under the Singapore Companies Act or under the Constitution by the Company, or by the Directors, to a Member or officer or Auditor of the Company may be given, sent or served using electronic communications (including by electronic mail or short message service) (a) to the current address of that person; or (b) by making it available on a website prescribed by the Company from time to time, in accordance with the provisions of the Constitution, the Singapore Companies Act and/or any other applicable regulations or procedures.

*Regulation 83*

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purposes of this regulation, 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Singapore Companies Act and such corporation's representative is not otherwise entitled to be present at the meeting as a Member or proxy or as a corporate representative of another Member. Provided always that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

*Regulation 84*

If within half an hour from the time appointed for the holding of a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday then the next business day following that public holiday) at the same time and place or to such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more Members present in person or by proxy or attorney or in the case of a corporation by a representative shall be a quorum.

*Regulation 87(1)*

If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the Exchange).

*Regulation 95*

Save as expressly provided herein or in the Singapore Companies Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting.

*Regulation 96(1)*

Save as otherwise provided in the Singapore Companies Act:

- (a) a Member who is not a relevant intermediary or a clearing house or its nominee(s) may appoint not more than two proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any subsequent named proxy as an alternate to the earlier named; and
- (b) a Member who is a relevant intermediary or a clearing house or its nominee(s) may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

*Regulation 97*

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve (provided that this shall not preclude the use of the two-way form) and:

- (a) in the case of an individual, shall be:
  - (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or
  - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation, shall be:
  - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or
  - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of regulations 97(1)(a)(ii) and 97(1)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

*Regulation 98(1)*

An instrument appointing a proxy:

- (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than seventy-two (72) hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this regulation 98 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

*Regulation 100*

- (1) Any corporation which is a Member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this regulation.
- (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives or proxies at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is authorised. Each person so authorised under the provisions of this regulation 100(2) shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)).

**(r) Voting rights**

*Regulation 87*

- (1) If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the Exchange).

- (2) Subject to regulation 87(1), at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the Chairman of the meeting; or
  - (b) at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative, and entitled to vote thereat; or
  - (c) any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than five per cent (5%) of the total voting rights of all the Members having the right to vote at the meeting; or
  - (d) any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent (5%) of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to regulation 87(2) may be withdrawn only with the approval of the Chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is so demanded (and the demand is not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

*Regulation 88*

In the case of an equality of votes whether on a poll or on a show of hands, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member or as a proxy of a Member.

*Regulation 89*

Subject to regulation 91, where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place as the Chairman of the meeting may direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. The Chairman of the meeting may (and, if required by the listing rules of the Exchange or if so directed by the meeting shall) appoint scrutineer(s) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

*Regulation 92*

- (1) Each Member shall have a right to attend any general meeting and to speak on any resolution at the meeting.
- (2) Subject and without prejudice to any special rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- (3) Where the Company has knowledge that any member is, under the rules and regulations of the Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.
- (4) Every Member who is present in person or by proxy, attorney or corporate representative (as applicable) shall:
  - (a) on a poll, have one vote for every share which he holds or represents; and
  - (b) on a show of hands, have one vote, provided always that:
    - (i) in the case of a Member who is not a relevant intermediary or a clearing house or its nominee(s) and is represented by two proxies, only one of the two proxies as determined by that Member, or failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a Member who is a relevant intermediary or a clearing house or its nominee(s) and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

(5) For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant general meeting as certified by the Depository to the Company.

*Regulation 94*

If two (2) or more persons are jointly entitled to a share then in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purpose of this regulation be deemed joint holders thereof.

*Regulation 95*

Save as expressly provided in the Constitution or in the Singapore Companies Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting.

**(s) Capitalisation and rights issue**

*Regulation 170*

The Company may, upon the recommendation of the Directors, with the sanction of an Ordinary Resolution (including any Ordinary Resolution passed pursuant to regulation 69(2)) but subject to regulation 7(3):

- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
  - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to regulation 69(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to regulation 69(2)) such other date as may be determined by the Directors),

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up and amongst them as bonus shares in the proportion aforesaid.

*Regulation 171*

The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under regulation 170, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for any such bonus issue and/or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members.

**(t) Indemnity**

*Regulation 191*

Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary and other officer for the time being of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto.



Without prejudice to the generality of the foregoing, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

**(u) Accounts and audit**

*Regulation 173*

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or, at such other place as the Directors think fit.

*Regulation 175*

In accordance with the provisions of the Singapore Companies Act, the Directors shall from time to time in accordance with the Singapore Companies Act cause to be prepared and to be laid before the Company in general meeting such financial statements, balance sheets, reports, statements and other documents as may be necessary. The interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four months (or such other period as may be prescribed from time to time by the Exchange, the provisions of the Singapore Companies Act and/or any applicable law).

*Regulation 176*

A copy of the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto) which is duly audited and which is to be laid before the Company in general meeting accompanied by a copy of the Auditor's report thereon, shall not less than twenty one (21) days before the date of the meeting be sent to every Member of and every holder of debentures of the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or the Constitution; Provided always that:

- (a) these documents may, subject to the listing rules of the Exchange, be sent less than fourteen (14) days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
- (b) this regulation shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of any joint holders of any shares or debentures in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

**(v) Alteration of Constitution**

Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered by way of Special Resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered before that date may be removed or altered only if all members of the company agree.

For these purposes, the term "**entrenching provision**" means a provision of the constitution of a company to the effect that other specified provisions of the constitution (a) may not be altered in the manner provided by the Singapore Companies Act, or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met.

**(w) Alteration of Company's name**

Section 28(1) of the Singapore Companies Act provides that a company incorporated in Singapore may by Special Resolution resolve to change its name.

**(x) Liquidation**

*Regulation 186*

A Special Resolution is required to approve the voluntary winding up of the Company. The Directors shall have the power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up (whether the liquidation is under supervision or by the Court).

*Regulation 187*

If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up.

*Regulation 188*

If the Company shall be wound up (whether the liquidation is voluntary under supervision or by the Court), the liquidator may, with the sanction of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company, whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Singapore Companies Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

*Regulation 189*

The liquidator may, as he thinks fit, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

*Regulation 190*

In the event of a winding up of the Company, every Member who is not for the time being in Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such Member by advertisement in any English newspaper widely circulated in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members or (as the case may be) the Depository Register, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

**(y) Call on Shares and forfeiture of Shares**

*Regulation 42*

The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

*Regulation 44*

If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at such rate not exceeding ten per cent (10%) per annum as the Directors may determine from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part.

*Regulation 45*

Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of the Constitution be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the provisions of the Constitution as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of the Constitution shall apply as if such sum were a call duly made and notified as hereby provided.

*Regulation 47*

The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at a rate agreed between the Member paying such sum and the Directors provided that such rate may not exceed ten per cent (10%) per annum without the sanction of the Company in general meeting. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right on the holder of such share or shares to participate in respect thereof in a dividend and any other distribution subsequently declared.

*Regulation 48*

If a Member fails to pay the whole or any part of any call or instalment of a call by or on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

*Regulation 49*

The notice shall name a further day (not being less than fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made. It shall also name the place where payment is to be made and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

*Regulation 50*

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.

*Regulation 51*

A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.

*Regulation 52*

The Directors may accept a surrender of any share liable to be forfeited hereunder.

*Regulation 53*

The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by the Constitution expressly saved, or as are by the Singapore Companies Act given or imposed in the case of past Members.

*Regulation 54*

Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

*Regulation 55*

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, on such terms and in such manner as the Directors think fit and at any time before a sale or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, re-allotment or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser.

*Regulation 56*

The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

*Regulation 57*

If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, trustees, administrators or assignees or as he directs.

*Regulation 58*

A person whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall, notwithstanding such forfeiture or surrender, remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at the rate of ten per cent (10%) per annum (or such lower rate as the Directors may approve) from the date of the forfeiture or surrender until payment in respect of the shares; but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. The Directors may at their absolute disclosure enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment either wholly or in part.

*Regulation 59*

Notice of any forfeiture shall forthwith be given to the holder of the share forfeited or to the person entitled by transmission to the share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members or in the Depository Register (as the case may be) opposite the share. The provisions of this regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.

*Regulation 60*

- (1) The Company shall have a first and paramount lien and charge on all the shares not fully paid up in the name of a Member (whether solely or jointly with others) and all dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of

which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this regulation.

- (2) No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).

*Regulation 61*

For the purpose of enforcing such lien, the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for fourteen days after such notice. To give effect to any such sale or other disposition, the Directors are empowered or may authorise some other person to transfer the shares to the purchaser.

*Regulation 64*

A statutory declaration in writing by a Director that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.



**(z) Untraceable members**

*Regulation 41*

- (1) Without prejudice to the rights of the Company under regulation 41(2), the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.
- (2) The Company shall have the power to sell, in such manner as the Directors think fit and in accordance with the requirements of any applicable law, any shares of a member who is untraceable, but no such sale shall be made unless:
  - (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Constitution have remained uncashed;
  - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
  - (c) the Company, if so required by the rules and regulations of the Exchange, has given notice to the Exchange, and caused advertisement to be made in newspapers in accordance with the requirements of the Exchange, of its intention to sell such shares in the manner required by the Exchange, and a period of three months or such shorter period as may be allowed by the Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing 12 years before the date of publication of the advertisement referred to in regulation 41(2)(c) and ending at the expiry of the period referred to in regulation 41(2)(c).

- (3) To give effect to any such sale the Directors may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the

Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this regulation shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

**(aa) Power to dispose of the assets of the Company or any of its subsidiaries**

*Regulation 121*

The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors who may exercise all such powers of the Company as are not by the Statutes or by the Constitution required to be exercised by the Company in general meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in a general meeting.

The general powers given by this regulation shall not be limited or restricted by any special authority or power given to the Directors by any other regulation.

**(bb) Proceedings of the Board**

*Regulation 137*

The Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two (2). Subject to the provisions of the Constitution, questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote Provided always that the Chairman of a meeting at which only two Directors are present and form the quorum or only two Directors are competent to vote on the question at issue, shall not have a second or casting vote. A meeting of the Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors.

**B. SINGAPORE COMPANY LAW**

The following is a summary of certain provisions of the laws of Singapore as at the date of this prospectus which are applicable to a Singapore incorporated company. The summary below is for general guidance only and does not constitute legal advice nor should it be used as a substitute for specific legal advice on the corporate laws of Singapore. The summary does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the corporate laws of Singapore. In addition, prospective investors and/or shareholders should also note that the laws applicable to shareholders may change, whether as a result of proposed legislative reforms to the Singapore laws or otherwise. Prospective investors and/or shareholders should consult their own legal advisors for specific legal advice concerning their legal obligations under the relevant laws.

**(a) Reporting Obligations of Shareholders**

**(i) *Obligation to notify Company of substantial shareholding and change in substantial shareholding — Sections 81 to 84 of the Singapore Companies Act***

Under Section 81 of the Singapore Companies Act, a person has a substantial shareholding in a company if he has an interest or interests in one (1) or more voting shares in the company, and the total votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all the voting shares in the company.

Under Section 82 of the Singapore Companies Act, a substantial shareholder of a company is required to notify the company of his interests in the voting shares in the company within two (2) business days after becoming a substantial shareholder.

In addition, under Sections 83 and 84 of the Singapore Companies Act, a substantial shareholder is required to notify the company of any change in the percentage level of his shareholding or his ceasing to be a substantial shareholder, within two (2) business days after he is aware of such change.

**(ii) *Consequences of non-compliance by defaulting shareholders — Sections 89 to 91 of the Singapore Companies Act***

Under Section 89 of the Singapore Companies Act, a person who fails to comply with Sections 82, 83 or 84 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and in the case of a continuing offence to a further fine of S\$500 for every day during which the offence continues after conviction.

Section 90 of the Singapore Companies Act provides for a defence to a prosecution for failing to comply with Sections 82, 83 or 84. It is a defence if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that he:

- (a) was not so aware on the date of the summons; or
- (b) became so aware less than seven (7) days before the date of the summons.

However, a person will conclusively be presumed to have been aware of a fact or occurrence at a particular time:

- (i) of which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware at that time; or
- (ii) of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his master's or principal's interest or interests in a share or shares in the company concerned, was aware or would, if he had acted with reasonable diligence in the conduct of his master's or principal's affairs, have been aware at that time.

Under Section 91 of the Singapore Companies Act, where a substantial shareholder fails to comply with Sections 82, 83 or 84, the Court may, on the application of the Minister, whether or not the failure still continues, make one (1) of the following orders:

- (a) an order restraining the substantial shareholder from disposing of any interest in shares in the company in which he is or has been a substantial shareholder;
- (b) an order restraining a person who is, or is entitled to be registered as, the holder of shares referred to in paragraph (a) from disposing of any interest in those shares;
- (c) an order restraining the exercise of any voting or other rights attached to any share in the company in which the substantial shareholder has or has had an interest;
- (d) an order directing the company not to make payment, or to defer making payment, of any sum due from the company in respect of any share in which the substantial shareholder has or has had an interest;
- (e) an order directing the sale of all or any of the shares in the company in which the substantial shareholder has or has had an interest;
- (f) an order directing the company not to register the transfer or transmission of specified shares;

- (g) an order that any exercise of the voting or other rights attached to specified shares in the company in which the substantial shareholder has or has had an interest be disregarded;
- (h) for the purposes of securing compliance with any other order made under this section, an order directing the company or any other person to do or refrain from doing a specified act.

Any order made under this section may include such ancillary or consequential provisions as the Court thinks just.

The Court shall not make an order other than an order restraining the exercise of voting rights, if it is satisfied that:

- (a) the failure of the substantial shareholder to comply was due to his inadvertence or mistake or to his not being aware of a relevant fact or occurrence; and
- (b) that in all the circumstances, the failure ought to be excused.

Any person who contravenes or fails to comply with an order made under this section that is applicable to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and, in the case of a continuing offence, to a further fine of S\$500 for every day during which the offence continues after conviction.

**(b) Prohibited Conduct In Relation to Trading in the Securities of the Company**

**(i) *Prohibitions against false trading and market manipulation — Section 197 of the Singapore Securities and Futures Act***

Under Section 197(1) of the Singapore Securities and Futures Act, no person shall do anything, cause anything to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance of (i) active trading in any securities on a securities market; or (ii) with respect to the market for, or the price of, such securities.

In addition, under Section 197(1A) of the Singapore Securities and Futures Act, no person shall do anything, cause anything to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any securities on a securities market, or with respect to the market for, or the price of, such securities, if:

- (1) he knows that doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance; or
- (2) he is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance.

Under Section 197(2) of the Singapore Securities and Futures Act, no person shall, by means of any purchase or sale of any securities that do not involve a change in the beneficial ownership of those securities, or by any fictitious transaction or device, maintain, inflate, depress, or cause fluctuations in, the market price of any securities.

Under Section 197(3) of the Singapore Securities and Futures Act, where a person:

- (a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, being a transaction that does not involve any change in the beneficial ownership of the securities;
- (b) makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or
- (c) makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price,

it shall be presumed that his purpose, or one of his purposes, for doing so is to create a false or misleading appearance of active trading in securities on a securities market. Section 197(4) of the Singapore Securities and Futures Act provides that the presumption

under Section 197(3) may be rebutted if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purposes of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) of the Singapore Securities and Futures Act provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) of the Singapore Securities and Futures Act provides that in any proceedings against a person for contravention of Section 197(2) in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities, it is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

**(ii) *Prohibitions against market manipulation — Section 198 of the Singapore Securities and Futures Act***

Under Section 198(1) of the Singapore Securities and Futures Act, no person shall effect, take part in, be concerned in or carry out directly or indirectly, two or more transactions in securities of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities of the corporation on a securities market, with intent to induce other persons to subscribe for, purchase or sell securities of the corporation or of a related corporation.

Section 198(2) of the Singapore Securities and Futures Act provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or sell such securities of the corporation; and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

**(iii) *Prohibitions against false or misleading statements — Section 199 of the Singapore Securities and Futures Act***

Under Section 199 of the Singapore Securities and Futures Act, no person shall make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining, or stabilising the market price of securities, if, when he

makes the statement or disseminates the information, (1) he either does not care whether the statement or information is true or false; or (2) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

**(iv) *Prohibitions against fraudulently inducing persons to deal in securities — Section 200 of the Singapore Securities and Futures Act***

Under Section 200(1) of the Singapore Securities and Futures Act, no person shall (a) by making or publishing any statement, promise, or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise, or forecast that is misleading, false or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic, or other device information that he knows to be false or misleading in a material particular, induce or attempt to induce another person to deal in securities. Section 200(2) of the Singapore Securities and Futures Act states that in any proceedings against a person for a contravention of Section 200(1) of the Singapore Securities and Futures Act constituted by recording or storing information as mentioned in sub-paragraph (d) of Section 200(1) above, it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

**(v) *Prohibitions against employment of manipulative and deceptive devices — Section 201 of the Singapore Securities and Futures Act***

Section 201 of the Singapore Securities and Futures Act provides that no person shall, directly or indirectly, in connection with the subscription, purchase or sale of any securities (i) employ any device, scheme or artifice to defraud, (ii) engage in any act, practice, or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person, (iii) make any statement he knows to be false in a material particular, or (iv) omit to state a material fact necessary to make statements, in the light of the circumstances under which they were made, not misleading.

**(vi) *Prohibitions against the dissemination of information about illegal transactions — Section 202 of the Singapore Securities and Futures Act***

Section 202 of the Singapore Securities and Futures Act provides that no person shall circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to the effect that the price of any securities of a corporation will, or is likely, to rise, fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to securities of that corporation, or of a corporation that is related to that corporation, which to his knowledge, was entered into or done in contravention of any of



Sections 197 to 201 of the Singapore Securities and Futures Act or if entered into or done would be in contravention of any of Sections 197 to 201 of the Singapore Securities and Futures Act if (i) the person, or a person associated with the person, has entered into or purports to enter into any such transaction or has done or purports to do any such act or thing; or (ii) the person, or a person associated with the person, has received, or expects to receive, whether directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the information or statements.

**(c) Prohibitions Against Insider Trading — Sections 218, 219 and 216 of the Singapore Securities and Futures Act**

Sections 218 and 219 of the Singapore Securities and Futures Act prohibit persons from dealing in securities of a corporation if the person knows or reasonably ought to know that he is in possession of information that is not generally available, and if it were generally available, might have a material effect on the price or value of securities of that corporation. Such persons include officers and substantial shareholders of a corporation or a related corporation, and persons who occupy a position reasonably expected to give him access to inside information by virtue of professional or business relationship with the corporation or a related corporation, or by being an officer of a substantial shareholder in that corporation or in a related corporation.

For an alleged contravention of Section 218 or 219, Section 220 makes it clear that it is not necessary for the prosecution or the plaintiff to prove that the accused person or defendant intended to use the information referred to in Section 218(1)(a) or (1A)(a) or 219(1)(a) in contravention of Section 218 or 219, as the case may be.

Section 216 of the Singapore Securities and Futures Act sets out when a reasonable person would be taken to expect information to have a material effect on the price or value of securities. Section 216 provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

**(d) Penalties — Sections 232, 204 and 221 of the Singapore Securities and Futures Act**

Section 232 of the Singapore Securities and Futures Act provides whenever it appears to the Monetary Authority of Singapore (the “MAS”) that any person has contravened the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above), the MAS may, with the consent of the Public Prosecutor, bring an action in a court against him to seek an order for a civil penalty in respect of that contravention. If the court is satisfied on the balance of probabilities that the person has contravened a provision which resulted in his gaining a profit or avoiding a loss, the court may make an order against him for the payment of a civil penalty of a sum (a) not

exceeding three times the amount of the profit that the person gained or the amount of loss that he avoided, as a result of the contravention; or (b) equal to S\$50,000 if the person is not a corporation, or S\$100,000 if the person is a corporation, whichever is the greater.

If the court is satisfied on a balance of probabilities that the person has contravened a provision which did not result in his gaining a profit or avoiding a loss, the court may make an order against him for the payment of a civil penalty of a sum not less than S\$50,000 and not more than S\$2 million.

Under Section 204 of the Singapore Securities and Futures Act, a person who contravenes Sections 197, 198, 199, 200, 201 or 202 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 204 further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of the contravention, or if the person has entered into an agreement with MAS to pay, with or without admission of liability, a civil penalty under Section 232(5) in respect of that contravention.

Under Section 221 of the Singapore Securities and Futures Act, a person who contravenes Section 218 or 219 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 221 further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Section 218 or 219 after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of that contravention, or if the person has entered into an agreement with MAS to pay, with or without admission of liability, a civil penalty under Section 232(5) in respect of that contravention.

**(e) Civil Liability — Section 234 of the Singapore Securities and Futures Act**

Section 234 of the Singapore Securities and Futures Act provides that a person who has contravened any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above) shall, if he had gained a profit or avoided a loss as a result of that contravention, whether or not he had been convicted or had a civil penalty imposed on him in respect of that contravention, be liable to pay compensation to any person who:

- (a) contemporaneously with the contravention, had subscribed for, purchased or sold securities of the same description; and
- (b) had suffered loss by reason of the difference between:
  - (i) the price at which the securities were dealt in or traded contemporaneously with the contravention; and

(ii) the price at which the securities would have been likely to have been so dealt in or traded at the time of the contemporaneous dealing or trading if:

- (1) in any case where the contravening person had acted in contravention of Section 218 or 219, the information referred to had been generally available; or
- (2) in any other case, the contravention had not occurred.

**(f) Extra-territoriality of the Singapore Securities and Futures Act — Section 339 of the Singapore Securities and Futures Act**

Section 339(1) of the Singapore Securities and Futures Act provides that where a person does an act partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against any provision of the Singapore Securities and Futures Act (which would include the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above)), that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) of the Singapore Securities and Futures Act provides that where:

- (a) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and
- (b) that act would, if carried out in Singapore, constitute an offence under the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above),

that person may be guilty of an offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

In addition, for the purposes of an action under Section 232 or 234 of the Singapore Securities and Futures Act, where a person:

- (i) does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above); or

- (ii) does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore and that act, if carried out in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above),

the act shall be treated as being carried out by that person in Singapore.

**(g) Take-Over Obligations**

Pursuant to written confirmation obtained by the Company from the Singapore Securities Industry Council, in light of the protections afforded to shareholders under the Takeovers Code, the Singapore Code on Take-overs and Mergers will cease to apply to the Company upon the Listing and the Company will thereafter be subject to the Takeovers Code.

**(h) Share Capital**

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, pursuant to Section 161 of the Singapore Companies Act, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under Section 161 of the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

Pursuant to Section 64A of the Singapore Companies Act, and subject to the approval of the shareholders of a public company incorporated in Singapore by special resolution, different classes of shares in the public company may be issued if the issue of the class(es) of shares is provided for in the constitution of the company, and the constitution of the company sets out in respect of each class of shares the rights attached to that class of shares. Such class(es) of shares may confer special, limited or conditional voting rights, or not confer any voting rights.

**(i) Financial Assistance to Purchase Shares of a Company or its Holding Company**

Generally, pursuant to Section 76 of the Singapore Companies Act, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition of that company's shares or shares in its holding company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the distribution of a company's assets by way of dividends, a distribution in the course of a company's winding up, the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act, the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares or units of shares in the company, and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments, an allotment of bonus shares, a redemption of redeemable shares of a company in accordance with the company's constitution, or the payment of some or all of the costs by a company listed on a securities exchange in Singapore or any securities exchange outside Singapore associated with a scheme, an arrangement or a plan under which any shareholder of the company may purchase or sell shares for the sole purpose of rounding off any odd-lots which he owns.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (i) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (ii) where the giving of financial assistance does not materially prejudice the interests of the company or its shareholders or, the company's ability to pay its creditors; or (iii) where the financial assistance is approved unanimously by the shareholders of the company, provided that certain conditions and procedures under the Singapore Companies Act are also complied with.

Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.

**(j) Purchase of Shares by a Company**

The Singapore Companies Act generally prohibits a company from acquiring its own shares subject to certain exceptions. Any contract or transaction by which a company acquires its own shares is void subject to the exceptions below. However, provided that it is expressly permitted to do so by its constitution and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, a company may:

- (a) redeem redeemable preference shares. Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act;

- (b) make an off-market purchase of its own shares in accordance with an equal access scheme authorised in advance at a general meeting;
- (c) make a selective off-market purchase of its own shares in accordance with an agreement authorised in advance at a general meeting by a special resolution where persons whose shares are to be acquired and their associated persons have abstained from voting;
- (d) make an acquisition of its own shares under a contingent purchase contract which has been authorised in advance at a general meeting by a special resolution; and
- (e) make a market purchase of its own shares which has been authorised in advance at a general meeting.

A company may also purchase its own shares by an order of a Singapore court.

The total number of ordinary shares that may be purchased by a company in a relevant period may not exceed 20% of the total number of ordinary shares in that class as at the date of the resolution passed pursuant to the relevant share purchase provisions under the Singapore Companies Act. Where, however, the Company has reduced its share capital by a special resolution of the general meeting or a Singapore court made an order to such effect, the total number of ordinary shares shall be taken to be the total number of ordinary shares in that class as altered by the special resolution or the order of the court. Payment may be made out of the company's profits or capital, provided that the company is solvent.

Where ordinary shares are re-purchased, such shares may be held as treasury shares or cancelled as provided in the Singapore Companies Act. Treasury shares may be dealt with in such manner as may be permitted under the Singapore Companies Act. On cancellation of the shares, the rights and privileges attached to those shares will expire.

**(k) Dividends and Distributions**

Section 403 of the Singapore Companies Act provides that no dividends may be paid to shareholders of a company except out of the company's profits. Section 76J of the Singapore Companies Act provides that no dividend may be paid, and no other distribution (whether in cash or otherwise) of a company's assets may be made to the company in respect of shares held by a company as treasury shares.

**(l) Minority Protection**

Section 216 of the Singapore Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any shareholder of a company, as they think fit to remedy any of the following situations:

- (a) if the affairs of the company are being conducted or the powers of the board of directors are being exercised in a manner oppressive to, or in disregard of the interest of, one or more of the shareholders including the applicant or in disregard of his or their interests as shareholders of the company; or
- (b) if the company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
- (ii) regulate the conduct of the affairs of the company in the future;
- (iii) authorise civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the court may direct;
- (iv) direct the company or some of its shareholders to purchase a minority shareholder's shares and, in the case of the company's purchase of shares, a corresponding reduction of the company's share capital;
- (v) provides that the company's constitution be amended; or
- (vi) provide that the company be wound up.

**(m) Disposal of Assets**

Under Section 160 of the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's constitution.

**(n) Accounting and Auditing Requirements**

Section 199 of the Singapore Companies Act provides that every company must keep accounting and other records that will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements to be prepared.

**(o) Exchange Controls**

As at the date of this prospectus, no exchange control restrictions are in effect in Singapore.

**(p) Members' Requisition to Convene Extraordinary General Meetings**

Section 176 of the Singapore Companies Act provides that members of a company holding not less than 10.0% of the total number of paid up shares of a company carrying the right to vote at general meetings or, in the case of a company not having a share capital, members representing not less than 10% of the total voting rights of all members having a right to vote at general meetings, may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months after the receipt by the company of the requisition.

Section 183 of the Singapore Companies Act provides that (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting, and circulate to members entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

**(q) Loan to directors**

Subject to specified exceptions, a company (other than an exempt private company) is prohibited from making a restricted transaction. Restricted transactions include making a loan or quasi-loan to a director (and to the spouse or natural, step or adopted child of any such director) of the company or a related company ("**relevant director**"), entering into any guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person, entering into a credit transaction as creditor for the benefit of a relevant director, entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director, taking part in an arrangement under which another person enters into a transaction that, if it had been entered into by the company, would have been a restricted transaction, and that person obtains



a benefit from the company or a related company, or arranging the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction that, if entered into by the company, would have been a restricted transaction.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

Subject to specified exceptions, a company (the “**first mentioned company**”) (other than an exempt private company) is also prohibited from making loans or quasi-loan to connected persons, entering into any guarantee or providing any security in connection with a loan or quasi-loan made to connected persons by a third-party, entering into a credit transaction for the benefit of connected persons or, entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of connected persons. Connected persons of the first mentioned company include companies in which the director(s) of the first mentioned company, individually or collectively, have an interest in 20.0% or more (as determined in accordance with the Singapore Companies Act).

This prohibition does not apply to:

- (a) anything done by a company where the other company is its subsidiary, holding company or a subsidiary of its holding company; or
- (b) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.

**(r) Inspection of Corporate Records**

Under Section 192(2) of the Singapore Companies Act, the register of members of a public company incorporated in Singapore shall be open to the inspection of any member without charge.

**(s) Register of Members**

Under Sections 190 and 191 of the Singapore Companies Act, a public company must keep a register of members at its registered office (the “**principal register**”). In addition, Section 196 of the Singapore Companies Act provides that a public company having a share capital may keep a branch register of members (the “**branch register**”) outside Singapore. Such branch register is deemed to be part of the company’s principal register and a duplicate of the branch register will be kept at the same office as the principal register.

**(t) Register of Directors, Chief Executive Officers, Secretaries and Auditors**

Under Section 173 of the Singapore Companies Act, the register of a company's directors, chief executive officers, secretaries and auditors (if any) shall be kept by the Registrar of Companies.

**(u) Winding Up and Dissolution**

The winding up of a company may be done in the following ways:

- (a) members' voluntary winding up;
- (b) creditors' voluntary winding up;
- (c) court compulsory winding up; and
- (d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

The type of winding up depends, *inter alia*, on whether the company is solvent or insolvent.

A company may be dissolved:

- (i) through the process of liquidation pursuant to the winding up of the company;
- (ii) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other;  
or
- (iii) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

**(v) Mergers and Similar Arrangements**

Section 212 of the Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order that the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to companies incorporated in Singapore.

Sections 215A to 215J of the Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating company must make a solvency statement in relation to both the amalgamating company and the amalgamated company.

**(w) Indemnification**

Subject to specified exceptions, Section 172 of the Singapore Companies Act prohibits a company from indemnifying its officers (including directors acting in an executive capacity) against liability, which by law would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust in relation to that company. A company is not prohibited from (a) purchasing and maintaining for its officers insurance against any such liability; and (b) indemnifying its officers against third party liability, except in circumstances where such liability is for any criminal or regulatory fines or penalties, or where such liability is incurred in respect of (i) the officer defending criminal proceedings in which he is convicted; (ii) the officer defending civil proceedings brought by the company or a related company in which judgment is given against him; or (iii) in connection with any application under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant the officer relief.

**C. SHAREHOLDERS PROTECTION**

Our Company was incorporated in Singapore and is subject to the Singapore Companies Act and other applicable laws and regulations in Singapore. Our Directors have been advised that the protections available to our Shareholders under our Constitution and the applicable Singapore laws and regulations are not materially different from those offered under Hong Kong laws.

A summary on the key shareholders' protection standards offered under our Constitution and the Singapore laws and regulations which are material to our Shareholders and potential investors and as required under the Joint Policy Statement is set out below.

**(a) Matters requiring a Super-Majority Vote**

The Joint Policy Statement requires the following matters to be approved by a super-majority vote of the shareholders:

- (a) changes to rights attached to any class of shares of an overseas company (vote by members of that class);
- (b) material changes to an overseas company's constitutive documents, however framed; and

(c) voluntary winding up of an overseas company.

***Variation of rights***

Our Constitution provides that changes to the rights attached to any class of Shares shall only be made, varied or abrogated with a special resolution passed at a separate general meeting of the holders of the Shares at that class (the quorum being two persons at least holding one-third of the issued shares of that class) or with the written consent obtained from the holders of three-fourths of the issued shares of that class within two months of the general meeting. It shall also be noted that upon Listing, our Company is expected to issue one class (being ordinary shares) of Shares only. The requirements in relation to class meetings set out in the Joint Policy Statement are therefore not applicable to our Company.

***Changes to our Constitution***

Section 26(1) of the Singapore Companies Act and our Constitution provides that the Constitution shall only be altered or added by a special resolution.

***Winding-up***

Section 290(1) of the Singapore Companies Act provides that voluntary winding-up can be done only (i) if a special resolution is passed; or (ii) in accordance with a company's constitution and the company has passed a resolution in general meeting accordingly. Our Constitution further provides that distribution of assets in specie pursuant to a winding up of our Company (whether the liquidation is voluntary under supervision or by the court) shall only be authorised by a special resolution.

**(b) Meanings of a Super-Majority Votes**

The Joint Policy Statement requires a super-majority vote to mean at least a two-third majority where an overseas company has a low quorum requirement. When an overseas company's threshold for deciding the matters in "— Matter requiring a super-majority vote" above is a simple majority only, these matters must be decided by a significantly higher quorum.

Under Section 184 of the Singapore Companies Act, a special resolution means a majority of not less than three-fourths. Our Constitution provides that the quorum for a general meeting is two Shareholders, except for a special resolution for variation of rights which requires a higher quorum.

**(c) Individual Members to Approve Increase in Members' Liability**

The Joint Policy Statement requires that there should not be any alteration in any overseas company's constitutional document to increase an existing member's liability to the company unless such increase is agreed by such member in writing.

Our Constitution provides that there should not be any alteration in our Constitution to increase an existing Shareholder's liability to our Company unless such increase is agreed by such Shareholder in writing.

**(d) Appointment of Auditors**

The Joint Policy Statement requires that the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two-tier board structure.

***Appointment***

Section 205(2) of the Singapore Companies Act provides that a company shall, at each annual general meeting and with an ordinary resolution, appoint an accounting entity or accounting entities to be the auditor or auditors of such company, which shall hold office until the conclusion of the next annual general meeting.

***Removal***

Section 205(4) of the Singapore Companies Act provides that an auditor may be removed from office by an ordinary resolution at a general meeting of which special notice is given. Under section 185 of the Singapore Companies Act, special notice means not less than 28 days' notice before the meeting at which the resolution is moved, or, if that is not practicable, notice shall be given, in any manner allowed by our Constitution, not less than 14 days before the meeting, but if after notice of the intention to move such a resolution has been given to our Company, a meeting is called for a date 28 days or less after the notice has been given, the notice, although not given to our Company within the time required by this section, shall be deemed to be properly given.

***Remuneration***

The remuneration of the auditors is subject to approval by Shareholders at a general meeting in accordance with our Constitution.

**(e) Annual General Meetings**

The Joint Policy Statement requires that an overseas company is required to hold a general meeting each year as its annual general meeting. Generally not more than 15 months should elapse between the date of one annual general meeting of the overseas company and the next.

Section 175 of the Singapore Companies Act provides that a company is required to hold a general meeting each year as its annual general meeting within 15 months from the last annual general meeting.

**(f) Notice of General Meetings**

The Joint Policy Statement requires an overseas company to give its members reasonable written notice of its general meetings.

Under our Constitution, a general meeting (including annual and extraordinary general meetings) must be called by notice of not less than 21 clear days and not less than 20 clear business days except as permitted under the Singapore Companies Act and the GEM Listing Rules. We have considered (i) the provisions under the Companies Ordinance currently in force as applicable to Hong Kong-incorporated companies (which is currently at least 14 days); (ii) the shareholding structure of our Company; and (iii) the specific facts and circumstances that are applicable to our Company and the Listing, and have concluded that the 21-day notice period for general meetings that is applicable to our Company is reasonable as required under the Joint Policy Statement.

**(g) Material Interests in a Transaction**

The Joint Policy Statement requires that all members must have the right to speak and vote at a shareholder meeting except where a member is required, by the GEM Listing Rules, to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interests in the transaction or arrangement).

Under our Constitution, where our Company has knowledge that any Shareholder is, under the GEM Listing Rules or the Takeovers Code, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

**(h) Rights to Request for an Extraordinary General Meeting**

The Joint Policy Statement requires that members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%.

Under section 176(1) of the Singapore Companies Act, shareholders holding not less than 10% of the total number of paid-up shares as at the date of the deposit of the requisition carrying the right of voting at general meetings, may requisition for an extraordinary general meeting. The directors must convene the meeting no later than two months upon receipt by the company of the requisition.

**(i) Proxies or Corporate Representatives**

The Joint Policy Statement requires that a recognised Hong Kong clearing house must be entitled to appoint proxies or corporate representatives to attend general meetings and creditors meetings. These proxies/corporate representatives should enjoy statutory rights comparable to those of other shareholders, including the right to speak and vote.

Under section 181 of the Singapore Companies Act, a shareholder of a company entitled to attend and vote at a general meeting shall be entitled to appoint another person, whether a shareholder or not, as his proxy to attend and vote instead of him at the meeting and a proxy shall also have the same rights as the shareholder to speak at the meeting. Our Constitution also provides that a Shareholder who is a clearing house or its nominee(s) may appoint two or more proxies to attend and vote at a general meeting but each proxy shall be appointed to exercise the rights attached to a different Share or Shares held by the Shareholder.

**(j) Withholding Tax in Singapore**

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders. Shareholders are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

**D. TAXATION**

Our Company was incorporated in Singapore and potential investors are advised to consult their own tax advisers concerning the overall tax consequences of acquiring, owning, or selling our Shares. In particular, dealings in our Shares are subject to Hong Kong stamp duty and may also be subject to Singapore stamp duty, provided that an instrument of transfer is executed in Singapore or is subsequently received in Singapore.

Where existing Shares are transferred in Singapore, stamp duty is payable on the contract or agreement entered into for the transfer of our Shares at the rate of 0.20% of the purchase consideration or market value of our Shares, whichever is higher. The purchaser is liable for the stamp duty, unless otherwise agreed by the parties to the transaction.

No stamp duty is payable if no contract or agreement is executed (such as in the case of a transfer of scripless shares, for which no contract or agreement is executed) or if the contract or agreement is executed outside of Singapore. However, stamp duty is payable if the contract or agreement which is executed outside Singapore is subsequently received in Singapore. Stamp duty is not applicable to electronic transfers of our Shares, if such transfers are not pursuant to a contract or agreement being entered into.

CCASS Beneficial Owners are not subject to Singapore stamp duty because no instrument of transfer will be executed or received in Singapore. Upon Listing, Shareholders are not liable for Singapore stamp duty if the relevant instrument of transfer is not executed in or received in Singapore and is lodged with our Hong Kong Share Registrar. The holding of the Shares through CCASS or outside CCASS do not give rise to any additional Singapore income tax implications. There is no comprehensive double tax treaty entered into between Singapore and Hong Kong. Please refer to the section headed “Regulatory Overview — Singapore taxation” in this prospectus.



**1. FURTHER INFORMATION ABOUT OUR COMPANY****(a) Incorporation**

Our Company was incorporated on 8 November 2016 in Singapore under the Singapore Companies Act as a public company limited by shares. Our Company has established a principal place of business in Hong Kong at Unit 501, 5th Floor, Hing Wai Building, No. 36 Queen's Road Central, Hong Kong and registered on 30 December 2016 with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance. Mr. Siew has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong.

As our Company was incorporated in Singapore, its operations are subject to applicable Singapore laws and regulations and its Constitution. A summary of certain provisions of our Constitution and relevant aspects of the Singapore Companies Act is set out in Appendix III to this prospectus.

**(b) Changes in our Share capital**

The following alterations in the share capital of our Company have taken place since its date of incorporation up to the date of this prospectus:

- (i) On the date of our incorporation on 8 November 2016, our issued and paid-up share capital was S\$1 with one Share allotted and issued to ZACD Investments;
- (ii) On 28 February 2017, 13,704,641 Shares were allotted and issued to ZACD Investments;
- (iii) On 18 April 2017, the 13,704,642 Shares in the capital of our Company were split into 1,000,000,000 Shares in the capital of our Company. Upon completion of such share split, our Company had a total of 1,000,000,000 issued Shares, all of which were directly held by ZACD Investments, and the amount of issued share capital and paid-up share capital remained at S\$13,704,642; and
- (iv) On 13 December 2017, the 1,000,000,000 Shares in the capital of our Company were further split into 1,500,000,000 Shares in the capital of our Company. Upon completion of such share split, our Company had a total of 1,500,000,000 issued Shares, all of which were directly held by ZACD Investments, and the amount of issued share capital and paid-up share capital was S\$13,704,642.

Assuming that the Global Offering becomes unconditional and the Offer Shares are issued (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme), the total number of Shares issued by us will be 2,000,000,000 Shares.

On the basis that the Over-allotment Option is exercised in full (but without taking into account the Shares to be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme), the total number of Shares issued by us will be 2,075,000,000 Shares.

Save as described above, there has been no alteration in our Company's share capital since the date of its incorporation.

**(c) Written resolutions of our sole Shareholder passed on 13 December 2017**

On 13 December 2017, resolutions in writing of our sole Shareholder were passed pursuant to which, among others:

- (i) conditional upon the conditions as set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus being fulfilled or waived:
  - a. the 1,000,000,000 Shares in the capital of the Company be split into 1,500,000,000 Shares in the capital of the Company of nil par value;
  - b. our Company approved and adopted the amended and restated Constitution with effect from the Listing Date;
  - c. the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and the Shares which may be required to be allotted and issued upon the exercise of the Over-allotment Option pursuant to the terms set out in this prospectus;
  - d. the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and
  - e. the Listing was approved and our Directors were authorised to implement the Listing;
- (ii) subject to Rule 17.29 of the GEM Listing Rules, a general unconditional mandate was granted to our Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the

Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by our Directors other than pursuant to (i) a rights issue or an issue of share upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares, or (ii) the exercise of any options granted or to be granted under the Share Option Scheme, any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares, or (iv) a specific authority granted by our Shareholders in general meeting, shall not exceed the aggregate of:

- a. 20% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- b. the aggregate number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iii) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Constitution or any applicable laws to hold its next annual general meeting and (III) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting;

- (iii) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and at such price or prices as may be determined by our Directors provided that the purchase price shall not be 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange, and otherwise in accordance with all applicable laws and the requirements of the GEM Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting of our Company, or (ii) the end of the period within which our Company is required by

the Constitution or any applicable laws to hold its next annual general meeting or (iii) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting; and

- (iv) the general mandate mentioned in paragraph (ii) above be extended by the addition to the aggregate number of shares of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of shares of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (iii) above.

## 2. OUR PRINCIPAL SUBSIDIARIES

The particulars of our principal subsidiaries are provided in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The following subsidiaries have been incorporated within the two years immediately preceding the date of this prospectus:

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>
ZACD Financial Group Limited	Hong Kong	7 October 2015
ZACD Group Holdings Limited	Hong Kong	7 October 2015
獅展商務諮詢(上海)有限公司 (ZACD (China) Co., Ltd.*)	The PRC	13 July 2016
ZACD POSH Pte. Ltd.	Singapore	17 November 2016
ZACD (Australia) Pty Ltd.	Australia	23 November 2016
ZACD Fund Holdings Pte. Ltd.	Singapore	15 March 2017

\* For identification purpose only

## 3. CHANGES IN THE SHARE CAPITAL OF OUR SUBSIDIARIES

Save as disclosed in the paragraph headed "History, Development and Reorganisation — Corporate development" in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

## 4. SHARE REPURCHASE MANDATE

This section includes information relating to the repurchase by our Company of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

## A. Relevant Legal and Regulatory Requirements

The GEM Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

### (a) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions passed by our sole Shareholder on 13 December 2017, a general mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) not exceeding the aggregate 10% of the total number of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting of our Company, or (ii) the end of the period within which our Company is required by any applicable laws or the Constitution to hold its the next annual general meeting, or (iii) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders at a general meeting (the “**Relevant Period**”).

### (b) *Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Constitution of our Company, the GEM Listing Rules and the applicable laws of Singapore. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, such repurchases by our Company may only be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase.

### (c) *Trading Restrictions*

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the

prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The GEM Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

**(d) *Suspension of Repurchase***

Pursuant to the GEM Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the GEM Listing Rules); and (ii) the deadline for a listed company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the shares on the Stock Exchange if a listed company has breached the GEM Listing Rules.

**(e) *Reporting Requirements***

Certain information relating to repurchases of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(f) *Core Connected Persons*

A listed company is prohibited from knowingly repurchasing shares on the Stock Exchange from a “core connected person” (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his shares to our Company on the Stock Exchange.

**B. Reasons for Repurchases**

Our Directors believe that it is in our Company’s and our Shareholders’ best interests for our Directors to have general authority from our Shareholders to enable our Company to execute repurchases of Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

**C. Funding of Repurchases**

In repurchasing securities, a listed company may only apply funds legally available for such purpose in accordance with its constitution, the GEM Listing Rules and the applicable Singapore laws and regulations.

On the basis of our Company’s current financial position as disclosed in this prospectus and taking into account our Company’s current working capital position, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on our Company’s working capital and/or our Company’s gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company’s working capital requirements or the gearing position which, in the opinion of our Directors, are from time to time appropriate for our Company.

**D. General**

Exercise in full of the current Repurchase Mandate, on the basis of 2,000,000,000 Shares in issue immediately following the completion of the Global Offering assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 200,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the GEM Listing Rules) have any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, our Constitution and the applicable Singapore laws and regulations.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interests, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately after the Listing.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the GEM Listing Rules requirements regarding the public float referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the GEM Listing Rules.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by our Company since its incorporation.

Our Company's proposed auditor after the Listing will be Ernst & Young LLP, Singapore, which has an international name and reputation and is a member of Ernst & Young Global and a recognised body of the Institute of Singapore Chartered Accountants. Based on the experience, reputation, professional qualification and independence of Ernst & Young LLP, Singapore, our Directors are of the view that our Company will be able to comply with Rules 24.13 and 24.14 of the GEM Listing Rules. The consolidated financial statements contained in our Company's annual reports will be prepared in accordance with IFRS and audited in accordance with International Standards on Auditing.

## **5. CORPORATE REORGANISATION**

For details of the major steps of the Reorganisation effected in preparation for the Listing, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation" in this prospectus.



**6. FURTHER INFORMATION ABOUT OUR BUSINESS****A. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (i) a trademark assignment agreement dated 28 December 2016 entered into between ZACD Investments and our Company pursuant to which ZACD Investments transferred and assigned the trademark (with trade mark no. T1313388B) set out in schedule 1 thereof and all rights, titles and interests therein to our Company at a consideration of S\$100;
- (ii) a sale and purchase agreement in relation to ZACD Capital dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which ZACD Investments agreed to transfer 2,780,000 shares in ZACD Capital, as the sale shares, to our Company at a consideration of S\$3,280,000 to be satisfied by the allotment and issue of 3,280,000 Shares, credited as fully paid, to ZACD Investments by our Company;
- (iii) a supplemental deed to the sale and purchase agreement referred to in paragraph (ii) above dated 16 March 2017 entered into among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which the number of the sale shares was amended to 3,280,000 shares in ZACD Capital;
- (iv) a sale and purchase agreement in relation to ZACD International dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which ZACD Investments agreed to transfer two shares in ZACD International, as the sale shares, to our Company at a consideration of S\$8,950,000 to be satisfied by the allotment and issue of 8,950,000 Shares, credited as fully paid, to ZACD Investments by our Company;
- (v) a sale and purchase agreement in relation to ZACD Financial dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which ZACD Investments agreed to transfer 10,000 shares in ZACD Financial, as the sale shares, to our Company at a consideration of HK\$8,000,000 to be satisfied by the allotment and issue of 1,472,800 Shares, credited as fully paid, to ZACD Investments by our Company;
- (vi) a supplemental deed dated 16 March 2017 to the sale and purchase agreement referred to in paragraph (v) above entered into among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which the parties thereto agreed that the consideration (as defined therein) was to be satisfied on 28 February 2017 or such other date as agreed by the parties;

- (vii) a second supplemental deed dated 31 March 2017 to the sale and purchase agreement and the supplement deed referred to in paragraphs (v) and (vi) above respectively entered into among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which, the number of the sale shares was amended to 8,000,000 shares in ZACD Financial;
- (viii) a sale and purchase agreement in relation to ZACD Group Holdings dated 17 February 2017 entered into among ZACD Investments, Mr. Yeo, Ms. Sim and our Company, pursuant to which, ZACD Investments agreed to transfer 10,000 shares in ZACD Group Holdings to our Company at a consideration of HK\$10,000 to be satisfied by the allotment and issue of 1,841 Shares, credited as fully paid, to ZACD Investments by our Company;
- (ix) an occupation agreement dated 12 June 2017 entered into between ZACD POSH as licensor and ZACD International as occupier pursuant to which ZACD POSH grants exclusively to ZACD International a licence to use the premises situated and known as part of 237 Alexandra Road, #08-01, Singapore 159929 leased by ZACD POSH from ZACD Investments for a period of three years commencing on 1 January 2017 and expiring on 31 December 2019 at a licence fee of S\$5,400 per month;
- (x) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Canberra) Pte. Ltd. (“**ZACD (Canberra)**”), pursuant to which ZACD International agreed to sell and Avalon agreed to purchase the business of providing project management services to ZACD (Canberra) engaged by ZACD International at a consideration comprising a fixed payment in the amount of S\$5,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Canberra) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xi) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (CCK) Pte. Ltd. (“**ZACD (CCK)**”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (CCK) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$8,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (CCK) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xii) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Gambas) Pte. Ltd. (“**ZACD (Gambas)**”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Gambas) engaged by ZACD International, at a

consideration comprising a fixed payment in the amount of S\$9,000 and contingent payments equivalent to 90% of all the performance fees which will be paid by ZACD Investments to Avalon;


- (xiii) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Jurong) Pte. Ltd. (“**ZACD (Jurong)**”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Jurong) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$45,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Jurong) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xiv) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Tuas Bay) Pte. Ltd. (“**ZACD (Tuas Bay)**”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Tuas Bay) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$8,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Tuas Bay) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xv) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Woodlands12) Pte. Ltd. (“**ZACD (Woodlands12)**”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Woodlands12) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$25,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Woodlands12) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xvi) a human resources services agreement dated 27 November 2017 entered into between MVG and our Company (for itself and on behalf of its subsidiaries), the particulars of which are set out in the section headed “Connected Transactions — Fully Exempt Continuing Connected Transactions — Receiving of human resources services” in this prospectus;
- (xvii) a framework agreement for the provision of repair and maintenance services dated 27 November 2017 entered into between ZACD POSH and Neew Pte. Ltd., the particulars of which are set out in the section headed “Connected Transactions — Non-Exempt Continuing Connected Transactions — Receiving of repair and maintenance services” in this prospectus;

- (xviii) the Deed of Indemnity;
- (xix) the Deed of Non-competition; and
- (xx) the Public Offer Underwriting Agreement.

## B. Intellectual property



### (a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademark in Singapore:

<u>Trademark</u>	<u>Trademark number</u>	<u>Class</u>	<u>Name of registered owner</u>	<u>Place of registration</u>	<u>Date of registration</u>	<u>Expiry date</u>
	T1313388B	36	Our Company <sup>(Note)</sup>	Singapore	8 April 2014	19 August 2023

*Note:* The transfer of ownership from ZACD Investments to our Company took effect from 28 December 2016.

As at the Latest Practicable Date, we had registered the following trademark in Hong Kong:

<u>Trademark</u>	<u>Trademark number</u>	<u>Class</u>	<u>Name of registered owner</u>	<u>Place of registration</u>	<u>Date of registration</u>	<u>Expiry date</u>
 	304074066	35, 36	Our Company	Hong Kong	13 March 2017	12 March 2027

### (b) Domain Name

As at the Latest Practicable Date, members of our Group had registered the following domain name which is material to our business:

<u>Domain name</u>	<u>Registered owner</u>	<u>Expiry date</u>
zacdgroup.com	Our Company	14 October 2018

The information contained in the above website does not form part of this prospectus. Save as disclosed above, there are no other intellectual property rights which are material in relation to the business of our Group.

## 7. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### A. Disclosure of interests

#### (a) *Interests of Directors and the chief executive of our Company and associated corporations*

Immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the interests and/or short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of Shares held</u>	<u>Approximate percentage of issued Shares immediately after the Global Offering</u>
<i>Long position in our Shares</i>				
Mr. Yeo	Our Company (Note 1)	Interest in a controlled corporation	1,500,000,000 Shares	75%
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,500,000,000 Shares	75%

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
<i>Long position in the shares and the underlying shares of the equity derivative of associated corporations</i>						
Mr. Yeo	ZACD Investments	Beneficial owner	867,000 ordinary shares	51%	—	—
Ms. Sim	ZACD Investments	Beneficial owner	833,000 ordinary shares	49%	—	—
Mr. Yeo	ZACD Land Pte. Ltd. (Note 2)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ZACD Land Pte. Ltd. (Note 2)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	ZACD Investments (ARO II) Limited (Note 3)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ZACD Investments (ARO II) Limited (Note 3)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	ARO II (Australia) Pty Ltd (Note 4)	Interest in a controlled corporation	10 ordinary shares	100%	—	—
Ms. Sim	ARO II (Australia) Pty Ltd (Note 4)	Interest in a controlled corporation	10 ordinary shares	100%	—	—
Mr. Yeo	ARO II (Bay Road) Pty. Ltd. (Note 5)	Interest in a controlled corporation	120 ordinary shares	100%	—	—

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
Ms. Sim	ARO II (Bay Road) Pty. Ltd. (Note 5)	Interest in a controlled corporation	120 ordinary shares	100%	—	—
Mr. Yeo	ARO II (Murray Street) Pty Ltd (Note 6)	Interest in a controlled corporation	10 ordinary shares	100%	—	—
Ms. Sim	ARO II (Murray Street) Pty Ltd (Note 6)	Interest in a controlled corporation	10 ordinary shares	100%	—	—
Mr. Yeo	ARO II Incorporated (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ARO II Incorporated (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	ARO II (Tebrau) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ARO II (Tebrau) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	Kurnia Rezeki Utama Sdn. Bhd. (Note 9)	Interest in a controlled corporation	500,000 ordinary shares	100%	—	—
Ms. Sim	Kurnia Rezeki Utama Sdn. Bhd. (Note 9)	Interest in a controlled corporation	500,000 ordinary shares	100%	—	—

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
Mr. Yeo	ZACD Property Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ZACD Property Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	48 Fintech Pte. Ltd. (Note 11)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	48 Fintech Pte. Ltd. (Note 11)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	ZACD (Canberra) Pte. Ltd. (Note 12)	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Ms. Sim	ZACD (Canberra) Pte. Ltd. (Note 12)	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Mr. Yeo	ZACD (Frontier) Pte. Ltd. (Note 13)	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Ms. Sim	ZACD (Frontier) Pte. Ltd. (Note 13)	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Mr. Yeo	ZACD (Neew) Pte. Ltd. (Note 14)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%



<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
Ms. Sim	ZACD (Neew) Pte. Ltd. <i>(Note 14)</i>	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo	ZACD (Berwick Drive) Pte. Ltd. <i>(Note 15)</i>	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. <i>(Note 15)</i>	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	SRI5000 Neew Developments Pte. Ltd. <i>(Note 16)</i>	Interest in a controlled corporation	60,000 ordinary shares	60%	—	—
Ms. Sim	SRI5000 Neew Developments Pte. Ltd. <i>(Note 16)</i>	Interest in a controlled corporation	60,000 ordinary shares	60%	—	—
Mr. Yeo	ZACD (Tuas Bay) Pte. Ltd. <i>(Note 17)</i>	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. <i>(Note 17)</i>	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo	Kainaan Land Investment Pte. Ltd. <i>(Note 18)</i>	Interest in a controlled corporation	502 ordinary shares	50.20%	—	—
Ms. Sim	Kainaan Land Investment Pte. Ltd. <i>(Note 18)</i>	Interest in a controlled corporation	502 ordinary shares	50.20%	—	—

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
Mr. Yeo	ZACD (CCK) Pte. Ltd. (Note 19)	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Ms. Sim	ZACD (CCK) Pte. Ltd. (Note 19)	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Mr. Yeo	ZACD (Gambas) Pte. Ltd. (Note 20)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Ms. Sim	ZACD (Gambas) Pte. Ltd. (Note 20)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo	ZACD (Neew2) Pte. Ltd. (Note 21)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 21)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo	ZACD (Jurong) Pte. Ltd. (Note 22)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 22)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Mr. Yeo	ZACD (Woodlands12) Pte. Ltd. (Note 23)	Interest in a controlled corporation	2 ordinary shares	100%	109 ordinary shares	5,450%

<u>Name of Director</u>	<u>Name of corporation</u>	<u>Nature of interest and capacity</u>	<u>Number of shares held</u>	<u>Percentage of total issued shares</u>	<u>Number of underlying shares interested</u>	<u>Percentage of total issued shares</u>
Ms. Sim	ZACD (Woodlands12) Pte. Ltd. (Note 23)	Interest in a controlled corporation	2 ordinary shares	100%	109 ordinary shares	5,450%

*Notes:*

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Land) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
3. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD Investments (ARO II) Limited held by ZACD Investments by virtue of the SFO.
4. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued share capital of ARO II (Australia) Pty Ltd. As such, both of them are deemed to be interested in all the issued shares of ARO II (Australia) Pty Ltd indirectly held by ZACD Investments by virtue of the SFO.
5. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued share capital of ARO II (Bay Road) Pty. Ltd.. As such, both of them are deemed to be interested in all the issued shares of ARO II (Bay Road) Pty. Ltd. indirectly held by ZACD Investments by virtue of the SFO.
6. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued share capital of ARO II (Murray Street) Pty Ltd. As such, both of them are deemed to be interested in all the issued shares of ARO II (Murray Street) Pty Ltd indirectly held by ZACD Investments by virtue of the SFO.
7. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued capital of ARO II Incorporated. As such, both of them are deemed to be interested in all the issued shares of ARO II Incorporated indirectly held by ZACD Investments by virtue of the SFO.

8. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued capital of ARO II (Tebrau) Pte. Ltd.. As such, both of them are deemed to be interested in all the issued shares of ARO II (Tebrau) Pte. Ltd. indirectly held by ZACD Investments by virtue of the SFO.
9. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD Investments (ARO II) Limited which in turn holds the entire issued capital of ARO II (Tebrau) Pte. Ltd. which in turn holds the entire issued share capital of Kurnia Rezeki Utama Sdn. Bhd.. As such, both of them are deemed to be interested in all the issued shares of Kurnia Rezeki Utama Sdn. Bhd. indirectly held by ZACD Investments by virtue of the SFO.
10. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD Property Pte. Ltd. held by ZACD Investments by virtue of the SFO.
11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the shares of 48 Fintech Pte. Ltd. held by ZACD Investments by virtue of the SFO.
12. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 16 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Canberra) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Canberra) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,400,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 22.80% of the enlarged issued capital of ZACD (Canberra) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Canberra) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Canberra) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Canberra) Pte. Ltd. by virtue of the SFO.
13. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 31 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Frontier) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Frontier) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 30.50% of the enlarged issued capital of ZACD (Frontier) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Frontier) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Frontier) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Frontier) Pte. Ltd., by virtue of the SFO.

14. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 February 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$2,000,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 19.40% of the enlarged issued capital of ZACD (Neew) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew) Pte. Ltd. by virtue of the SFO.
15. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Berwick Drive) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
16. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD (Berwick Drive) Pte. Ltd. which in turn holds 60% of the total issued capital of SRI5000 Neew Developments Pte. Ltd. As such, both of them are deemed to be interested in 60% of the total issued shares of SRI5000 Neew Developments Pte. Ltd. indirectly held by ZACD Investments by virtue of the SFO.
17. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 27 May 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Tuas Bay) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Tuas Bay) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,100,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 12.10% of the enlarged issued capital of ZACD (Tuas Bay) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Tuas Bay) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Tuas Bay) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Tuas Bay) Pte. Ltd. by virtue of the SFO.
18. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in 50.20% of the total issued shares of Kainaan Land Investment Pte. Ltd. held by ZACD Investments by virtue of the SFO.
19. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 7 September 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (CCK) Pte. Ltd., ZACD Investments agreed to make available to ZACD (CCK) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,390,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 14.80% of the enlarged issued capital of ZACD (CCK) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (CCK) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (CCK) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (CCK) Pte. Ltd. by virtue of the SFO.

20. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Gambas) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
21. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 August 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew2) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew2) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 7.00% of the enlarged issued capital of ZACD (Neew2) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew2) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew2) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew2) Pte. Ltd. by virtue of the SFO.
22. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 13 February 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Jurong) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Jurong) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$3,830,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 17.10% of the enlarged issued capital of ZACD (Jurong) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Jurong) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Jurong) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Jurong) Pte. Ltd. by virtue of the SFO.
23. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 18 July 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Woodlands12) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Woodlands12) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,450,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 10.90% of the enlarged issued capital of ZACD (Woodlands12) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Woodlands12) Pte. Ltd.. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Woodlands12) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Woodlands12) Pte. Ltd. by virtue of the SFO.

**(b) *Interests of substantial Shareholders***

So far as is known to any Director or chief executive of our Company, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), the following persons (other than a Director or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which must be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or are, directly or indirectly, interested in 10% or more of the total number of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

<u>Name of Shareholder</u>	<u>Nature of interest and capacity</u>	<u>Number of Shares held</u>	<u>Approximate percentage of the total issued Shares</u>
ZACD Investments	Beneficial owner	1,500,000,000	75%

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were interested in 10% or more of the total number of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries.

**B. *Directors' service contracts***

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

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

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

**C. Directors' remuneration**

For details of our Director's remuneration, please refer to the paragraph headed "Directors and Senior Management — Remuneration and compensation of Directors and senior management" in this prospectus.

**D. Personal guarantees**

Our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

**E. Agency fees or commission received**

Save as disclosed in this prospectus, no commissions, discounts, agency fees, brokerages or other special terms have been granted in connection with the issue or sale of any of our capital of any member of our Group within the two years preceding the date of this prospectus.

**F. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company have any interests or short positions in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the paragraph headed "Qualification of experts" below have any direct or indirect interest in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;



- (d) none of our Directors are materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group taken as a whole;
- (e) save in connection with the Underwriting Agreements, none of the persons listed in the paragraph headed “Qualification of experts” below have any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save for the Underwriting Agreements, none of the persons listed in the paragraph headed “Qualification of experts” below are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (h) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors or their respective close associates (as defined under the GEM Listing Rules) or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) have any interest in any of our five largest suppliers or customers.

## 8. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by written resolutions of our Sole Shareholder on 13 December 2017. The terms of our Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following summary does not form, nor is intended to be, part of the Share Option Scheme. For the purpose of this paragraph 8, references to “Board” shall mean the board of Directors or a committee thereof appointed for the purpose of administering the Share Option Scheme; references to “Participants” shall mean any directors (including executive directors, non-executive directors and independent non-executive directors) and full-time/part-time employees of any member of our Group and any advisers, consultants, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group; references to “Grantee” shall mean any Participant who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who is entitled to any such option in consequence of the death of the original Grantee, or the legal representative of such person.

### (i) Purpose

The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in our Company and to encourage the Participants to work towards enhancing the value of our Company and our Shares for the benefit of our Company

and our Shareholders as a whole. The Share Option Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the Participants.

**(ii) Who may join**

On and subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, our Board may offer to grant an option to any Participant as our Board may in its absolute discretion select.

**(iii) Administration**

The Share Option Scheme shall be subject to the administration of our Board. Our Board shall have the right to:

- (a) interpret and construe the provisions of the Share Option Scheme;
- (b) determine the persons who will be offered options under the Share Option Scheme, the number of Shares and the subscription price, subject to paragraph (vi) below, in relation to such options;
- (c) subject to paragraphs (xiv) and (xv) below, make such appropriate and equitable adjustments to the terms of the options granted under the Share Option Scheme as it deems necessary; and
- (d) make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

**(iv) Grant of options**

On and subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, our Board shall be entitled at any time within ten years after the date of adoption of our Share Option Scheme to make an offer for the grant of an option to any Participant, as the Board may in its absolute discretion select. The offer shall specify the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be reached, before the options can be exercised in whole or in part, and may include at the discretion of our Board other terms imposed (or not imposed) either on a case-by-case basis or generally.

No offer shall be made and no option shall be granted to any Participant after inside information (as defined in the SFO) has come to our Company's knowledge until it has announced the information. In particular, our Company shall not grant any option during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the GEM Listing Rules); and
- (b) the deadline for our Company to publish an announcement of its results for any year, half-year or quarter-year period in accordance with the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, the period during which no option shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

**(v) Payment on acceptance of option offer**

An offer shall remain open for acceptance by the Participant concerned for a period of 14 days from the date on which the letter containing an offer for the grant of an option is delivered to that Participant, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme. S\$1.00 is payable by the Grantee to our Company on acceptance of the offer of the option.

**(vi) Subscription price**

The subscription price in respect of any particular option shall, subject to the adjustment referred to in paragraph (xiv) below, be such price determined by our Board at its absolute discretion and notified to the Participant in the offer for the grant of an option at the time of the offer and shall be no less than the highest of (i) the closing price of our Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of our Shares first commences on the Stock Exchange, the new issue price of our Shares in connection with the Listing shall be deemed to be the closing price for any business day falling within the period before the Listing of our Shares on the Stock Exchange).

**(vii) Option period**

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

**(viii) Rights are personal to grantee**

An option and an offer of the grant of an option shall be personal to the Grantee and shall not be transferable or assignable.

**(ix) Rights attaching to Shares allotted**

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of our Constitution for the time being in force and shall rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of our Shares to be issued upon the exercise of the option.

**(x) Exercise of option**

Subject to the terms and conditions upon which an option is granted, an option may be exercised by the Grantee at any time during the option period, provided that:

- (a) in the event the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (1) his death or (2) on one or more of the grounds for termination of employment or engagement specified in paragraph (xi)(f) below, the option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless our Board otherwise determines in which event the option shall be exercisable to the extent and within such period as our Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with our Company or the relevant subsidiary, whether salary is paid in lieu of notice or not;
- (b) in the event the Grantee dies before exercising the option in full, and none of the events for termination of employment or engagement under paragraph (xi)(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as our Board may determine) from the date of death to exercise the option up to the entitlement of such Grantee as at the date of death;

- (c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (x)(d) below) is made to all the holders of our Shares (or all such holders other than the offeror, any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company;
- (d) if a general offer for Shares by way of scheme of arrangement is made to all our holders of our Shares and has been approved by the necessary number of holders of our Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company;
- (e) in the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than seven days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued upon exercise of such option; and
- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (x)(d) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a compromise or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than seven days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

**(xi) Lapse of option**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the date on the expiry of the periods for exercising the option as referred to in paragraph (x) above;
- (c) subject to the scheme of arrangement (referred to in paragraph (x)(d) above) becoming effective, the expiry of the period for exercising the option as referred to in paragraph (x)(d) above;
- (d) subject to paragraph (x)(e) above, the date of the commencement of the winding-up of our Company;
- (e) the date on which the Grantee commits a breach of paragraph (viii) above;
- (f) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment summarily;
- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the Grantee is an employee, director, officer or contract consultant of a member of our Group (other than our Company), the date on which such member ceases to be a subsidiary; and
- (i) unless our Board otherwise determines, and other than in the circumstances referred to in paragraph (x)(a) or (b) above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment, engagement or relationship from one member of our Group to another member of our Group shall not be considered as a cessation of employment, engagement or relationship.

**(xii) Cancellation of option**

Any options granted but not exercised may be cancelled if the Grantee so agrees and new options may be granted to the Grantee provided such new options are granted within the limits prescribed by paragraph (xiii) below and otherwise comply with the terms of the Share Option Scheme.

**(xiii) Maximum number of Shares subject to options**

- (a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 23 of the GEM Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the “**Scheme Limit**”);
- (b) The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 23 of the GEM Listing Rules are applicable) shall not exceed 200,000,000 Shares, representing 10% of the aggregate of our Shares in issue on the date the Shares commence trading on the Stock Exchange (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;
- (c) Our Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders’ approval. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of our Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 23 of the GEM Listing Rules are applicable) (including those outstanding, cancelled, lapsed in accordance with its terms or exercised) shall not be counted for the purpose of calculating the limit as refreshed. A circular must be sent to our Shareholders in connection with the meeting at which their approval will be sought;
- (d) Our Company may also seek separate Shareholders’ approval for granting options beyond the Scheme Mandate Limit to the Participants specifically identified by our Company before the aforesaid Shareholders’ meeting where such approval is sought. A circular shall be sent to our Shareholders containing a generic description of the identified Participants, the number and terms of the options to be granted, the purpose of granting options to the identified Participants, and how those options serve such purpose;
- (e) The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12 month period shall not exceed 1% of our Shares in issue (the

“**Individual Limit**”). Any further grant of options to a Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to Shareholders’ approval in advance with such Participant and his close associates (such term shall have the meaning ascribed to the definition of “associate” under Rule 1.01 of the GEM Listing Rules in relation to any director, chief executive or substantial shareholder (being an individual)) (or his associates if such Participant is a connected person) abstaining from voting. A circular must be sent to our Shareholders disclosing the identity of such Participant and the number and terms of the options granted and to be granted. The number and terms of options to be granted to such Participants shall be fixed before our Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the date of grant for the purpose of calculating the subscription price; and

- (f) The maximum number of Shares referred to in this paragraph (xiii) shall be adjusted, in such manner as the auditors or the financial adviser of our Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (xiv) below whether by way of rights issue, open offer, subdivision or consolidation of Shares, but in any event shall not exceed the Scheme Limit prescribed in paragraph (xiii)(a) above.

**(xiv) Reorganisation of capital structure and special dividends**

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable whether by way of rights issue, open offer, subdivision or consolidation of Shares (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to: (i) the number of Shares subject to the option so far as unexercised; or (ii) the subscription price; or (iii) the method of exercise of the option, or any combination thereof, as the auditors or the financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the issued share capital of our Company as that to which that Grantee was previously entitled, but so that no such adjustments be made to the effect that a Share would cause the Grantee to receive a benefit that the Shareholders do not receive.

**(xv) Alteration of the Share Option Scheme**

- (a) Subject to paragraph (xv)(b) below, our Board may amend any of the provisions of the Share Option Scheme (including without limitation, amendments in order to comply with changes in legal or regulatory requirements and amendments in order



to waive any restrictions imposed by the provisions of the Share Option Scheme, which are not found in Chapter 23 of the GEM Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date);

- (b) Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Participants, and no changes to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of our Shareholders in a general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by our Shareholders in a general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 23 of the GEM Listing Rules; and
- (c) Notwithstanding any approval obtained pursuant to paragraph (xv)(b) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted prior to such amendment except with the consent or sanction in writing of such number of Grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the options granted under the Share Option Scheme, except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

**(xvi) Termination of Share Option Scheme**

Our Company by ordinary resolution in general meeting or our Board may at any time resolve to terminate the operation of the Share Option Scheme and in such event no further options shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

**(xvii) Offers made to a Director, chief executive or employee who is also substantial Shareholder of our Company or any of their respective associates**

Each grant of options to any Director, chief executive or substantial Shareholder of our Company (or any of their respective associates) (as the aforesaid terms are defined in Rule 1.01 of the GEM Listing Rules) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all options already granted and to be

granted (including options exercised, cancelled and outstanding) to such person in the 12 month period (or such other period as may from time to time be specified by the Stock Exchange) up to and including the date of grant:

- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of our Shares in issue on the date of grant; and
- (b) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange),

such grant of options shall be subject to the prior approval by our Shareholders (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to our Shareholders in connection therewith.

**(xviii) Conditions of the Share Option Scheme**

The Share Option Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions by our Shareholder(s) to approve and adopt the rules of the Share Option Scheme;
- (b) the Listing Division (as defined in the GEM Listing Rules) of the Stock Exchange granting approval of the Share Option Scheme and the granting of options thereunder, and the listing of, and permission to deal in, our Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued upon exercise of the Over-allotment Option) and any Shares to be issued pursuant to the exercise of options under the Share Option Scheme;
- (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver(s) of any conditions by the Underwriters) and not being terminated in accordance with their respective terms or otherwise; and
- (d) the commencement of dealings in our Shares on the Stock Exchange.

**(xix) Present status of the Share Option Scheme**

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 200,000,000 Shares in total.

## 9. OTHER INFORMATION

### A. Litigation

As at the Latest Practicable Date, save as disclosed in the paragraph headed “Business — Legal proceedings” in this prospectus, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our business, financial condition or results of operations.

### B. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options to be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules. The Joint Sponsors’ fees payable by us in respect of the Joint Sponsors’ services as sponsors for the Listing is approximately HK\$8 million.

### C. No material adverse change

Our Directors confirmed that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2017 (being the date to which the latest audited consolidated financial statements of our Group were reported in the Accountants’ Report included in Appendix I to this prospectus).

### D. Tax and other indemnities

#### (a) *Tax on Dividends*

No tax is payable in Hong Kong in respect of dividends paid by us.

Singapore adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company residents in Singapore can be distributed to the

shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

**(b) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as our Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15% on unincorporated businesses. Gains from sales of our Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characteristic of whether a gain is income or capital in nature. However, gains arising from the disposal of our Shares (irrespective of the Shares registered with the Principal Share Registrar or the Hong Kong Share Registrar) that are construed to be of an income nature will be subject to tax. Hence, any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case the gains on disposal of our Shares would be taxable. Similarly, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

**(c) Stamp Duty**

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of our Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of our Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration for or market value of, our Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no contract or agreement is executed (such as in the case of scripless shares, for which no contract or agreement is executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty will be payable if the contract or agreement which is executed outside Singapore is subsequently received in Singapore.

**(d) Estate Duty**

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), and our Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding HK\$7.5 million shall be a nominal amount of HK\$100.

Singapore estate duty has been abolished with effect from 15 February 2008.

Our Directors have been advised that no material liability for estate duty would likely fall upon any member of our Group in Hong Kong and Singapore.

**(e) Deed of Indemnity**

Our Controlling Shareholders entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in the paragraph headed “Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, the following:

- (i) taxation falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made);
- (ii) any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether of criminal, administrative, contractual, tortious nature or otherwise instituted by or against our Company and/or any member of our Group which was issued and/or accused and/or arising from any act, non-performance, omission or otherwise of our Company or any member of our Group; and
- (iii) any and all of the non-compliances with any applicable laws, rules or regulations by our Company and/or any member of our Group,

provided that the same has occurred at any time on or before the Listing Date.

(f) *Consultation with professional advisers*

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. None of our Company, the Joint Sponsors, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, our Shares or exercise of any rights attaching to them.

**E. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares, deferred shares or debentures;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
  - (v) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of any member of our Group;
- (b) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (c) Our Company has no outstanding convertible debt securities or debentures;
- (d) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) There is no arrangement under which future dividends are waived or agreed to be waived;

- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system; and
- (g) Our principal register of members will be maintained by our principal registrar, Tricor Singapore Pte Ltd, in Singapore and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of our Shares must be lodged for registration with and registered by our Company's share registrar in Hong Kong and may not be lodged in Singapore.

#### **F. Qualification of experts**

The following are the qualifications of experts who have opined or advised on information contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
China Everbright Capital Limited	Licensed under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), and Type 6 (advising on corporate finance) regulated activities under the SFO
Innovax Capital Limited	Licensed under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Mr. But Tong, Adrian	Barrister-at-law of Hong Kong
Rajah & Tann Singapore LLP	Legal advisers as to Singapore law
Savills Valuation and Professional Services (S) Pte Ltd	Industry consultant

#### **G. Consents of experts**

Each of China Everbright Capital Limited, Innovax Capital Limited, Ernst & Young, Mr. But Tong, Adrian, Rajah & Tann Singapore LLP, and Savills Valuation and Professional Services (S) Pte Ltd has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

#### **H. Promoter**

Our Company has no promoter for purposes of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

#### **I. Financial Adviser**

Zhongtai International Capital Limited has been appointed by our Company as the Financial Adviser to our Company in respect of the Global Offering. The appointment of the Financial Adviser is at our own initiative and not pursuant to any requirement of the GEM Listing Rules. The role of the Financial Adviser is separate and distinct from the role of the Joint Sponsors that the Financial Adviser focuses more on the provision of advisory services relating to the Global Offering. Principal functions of the Financial Adviser include providing advice to our Company on the strategy and timing of the Listing and to assist our Company on cooperating with the Joint Sponsors to the overall execution of the Listing and help to advise on the structure of the Global Offering. The Joint Sponsors have not relied on the work performed by the Financial Adviser in fulfilling their duties.

#### **J. Preliminary expenses**

The estimated preliminary expenses incurred and paid by our Company were S\$1,835.50.

#### **K. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of binding all persons concerned by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable.

#### **L. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).



**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Howse Williams Bowers at 27/F Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Constitution;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements of companies comprising our Group for the two financial years ended 31 December 2015 and 2016 and the six months ended 30 June 2017;
- (d) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;
- (e) the letter prepared by Rajah & Tann Singapore LLP, our Singapore Legal Advisers, summarising the Constitution of our Company and salient provisions of the laws of Singapore referred to in Appendix III to this prospectus;
- (f) the Singapore legal opinion issued by Rajah & Tann Singapore, LLP our Singapore Legal Advisers in respect of our operations and other general matters in Singapore;
- (g) the legal opinion issued by Mr. But Tong, Adrian, a barrister-at-law in Hong Kong and our Company’s Hong Kong Legal Counsel, in respect of certain statements referred to in this prospectus;
- (h) the Singapore Companies Act;
- (i) the rules of the Share Option Scheme;

- (j) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IV to this prospectus;
- (k) the Savills Report;
- (l) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus; and
- (m) the service contracts and letters of appointment with each of our Directors referred to in the paragraph headed “Directors’ service contracts” in Appendix IV to this prospectus.

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ZACD GROUP LTD.

杰地集團有限公司\*