ZACD GROUP LTD.
杰地集團有限公司*

A company incorporated in Singapore with limited liability

Stock code: 8313

ANNUAL REPORT 2017

* for identification purpose only

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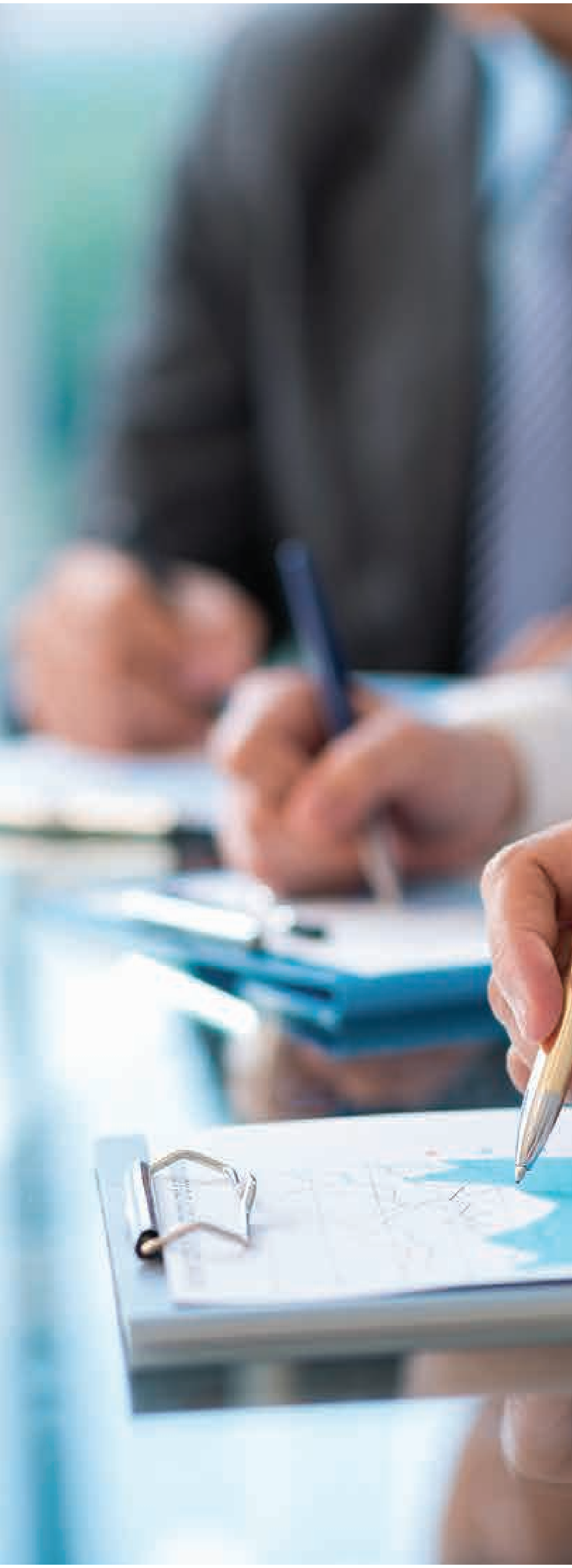

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of ZACD Group Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and English version, the latter shall prevail.

CHAIRMAN'S STATEMENT

> **Following our successful IPO in Hong Kong in January 2018, we are equipped with enhanced ability to source for more attractive real estate investment opportunities for our investors.**

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board") of ZACD Group Ltd. (the "Group"), I am pleased to present our first annual report since our listing on the GEM of the Hong Kong Stock Exchange on 16 January 2018 (the "Listing"). This significant achievement was the result of a long process and hard work by our team. For the year ended 31 December 2017 ("FY2017"), the Group delivered strong performance across the board, with S$9.4 million profit after tax before Initial Public Offering ("IPO") expenses, while profit after tax was S$6.6 million.

BUSINESS REVIEW

Our Group is an asset manager headquartered in Singapore that offers integrated solutions across the real estate value chain in Singapore and the rest of the Asia-Pacific region. Recognised for our innovative and acute business strategies, we have successfully gained first mover advantages ahead of the economic cycles.

Our Group's revenue was comprised of contributions from investment management services, project consultancy and management services, property management and tenancy management services, as well as our newest business, financial advisory services.

In FY2017, the Group recorded a 61.7% increase in revenue from S$11.5 million in FY2016 to S$18.6 million. This was mainly due to strong performance of the investment management business segment and higher service income derived from the property management and tenancy management segment.

As a result, the Group's profit for the year rose by 84.8% from S$3.6 million in FY2016 to S$6.6 million during the year in review. If the one-off IPO expenses were excluded, the Group would have recorded a profit of S$9.4 million, which translates to 113.3% higher than the profit of the previous year. This is a strong testament to the Group's ability to drive synergies from our integrated platform, while delivering stellar performance to our investors in the real estate projects and funds under our management.

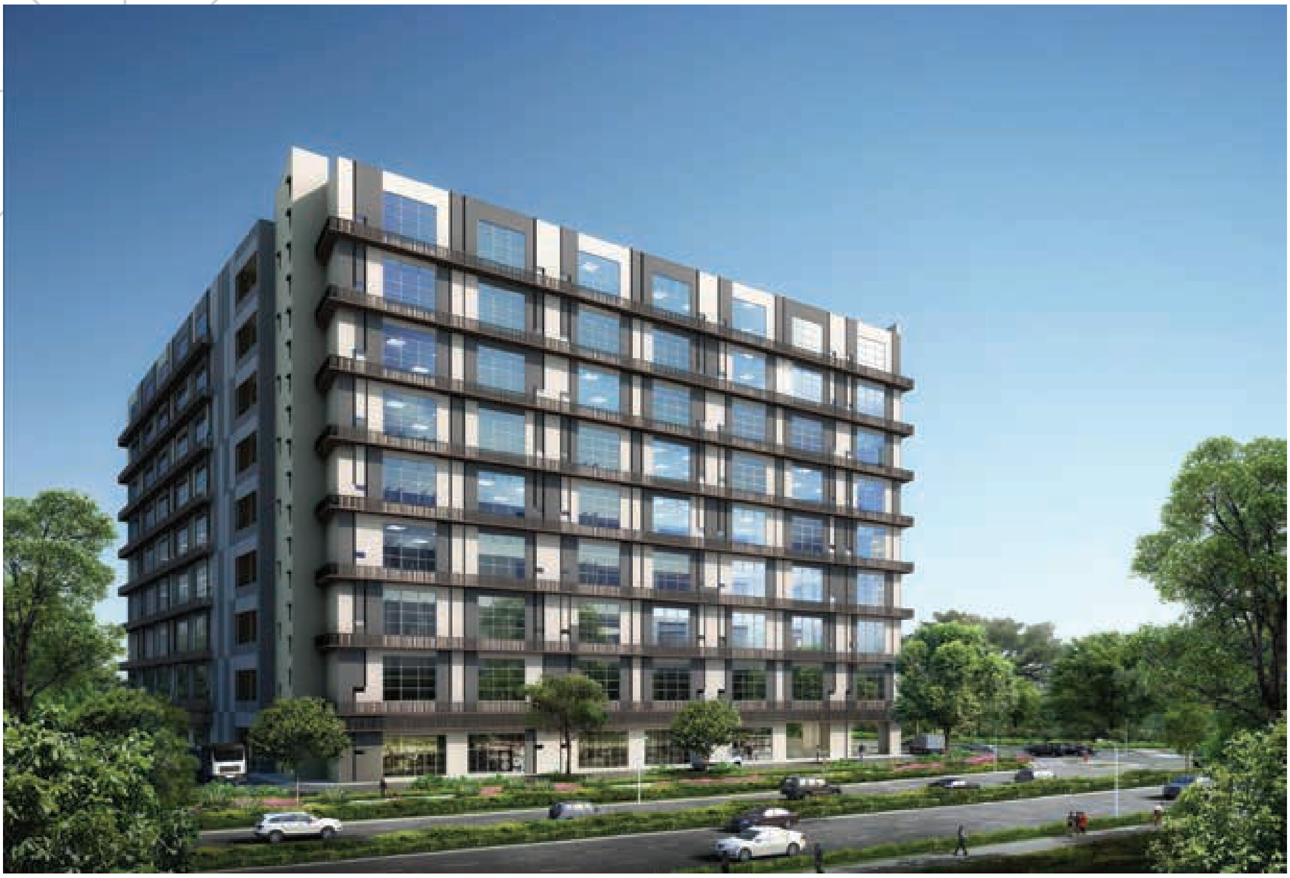
As of 31 December 2017, our Group had 21 real estate projects and properties under our management with over S$240 million of Assets Under Management ("AUM"). The Group has more than 200 accredited and institutional investors with repeat clients accounting for approximately 38.0% of our customer base. This is a strong testament to our robust business fundamentals which translated to strong customer loyalty and trust. Serving as a licensed fund manager in Singapore with corporate advisory and fund distribution capabilities in Hong Kong, we offer our clients and investors an integrated asset management platform throughout the real estate value chain, and had during the year completed several new real estate fund launches including S1 Fund and S2 Fund, that have generated, and we believe will continue to generate attractive returns for our investors.

FUTURE PROSPECTS

Following our successful IPO in Hong Kong in January 2018, we are equipped with enhanced abilities to source for more attractive real estate investment opportunities for our investors, and to explore new business and expansion opportunities across all our business segments.

To maintain our market competitiveness, we intend to leverage our listed platform, which helps to increase our brand awareness and reputation beyond Singapore, to expand our business in Singapore and the rest of the Asia-Pacific region. Our status as a listed company will allow us to more efficiently access the equity capital markets to fulfil our capital needs when and if necessary. We are also able to use the listing proceeds to set up a bridging reserve fund that will better allow us to participate in more tenders or sales for land parcels and/or real estate assets, which in turn will enable us to be more proactive in securing attractive potential real estate investment opportunities for our investors.

We will also continue investing in our people. We will conduct more retreats, seminars and trainings regularly to improve our leadership, develop staff



potential and adopt business role models to enhance our corporate value. This is why we make great effort to develop and nurture leadership talents as we view human capital as our most valuable assets.

We expect FY2018 to be an exciting year of organic growth and expansion for the Group as we seek to develop new business lines and enhance our service offerings. We will also explore investor outreach initiatives, introduce new investment products and collaborate with other financial institutions.

On the macro economic front, Singapore's GDP forecast is trending positively and the real estate markets in the rest of the Asia-Pacific region generally are holding up well, which should benefit our Group in expanding our businesses and increasing our AUM in the investment management services segment.

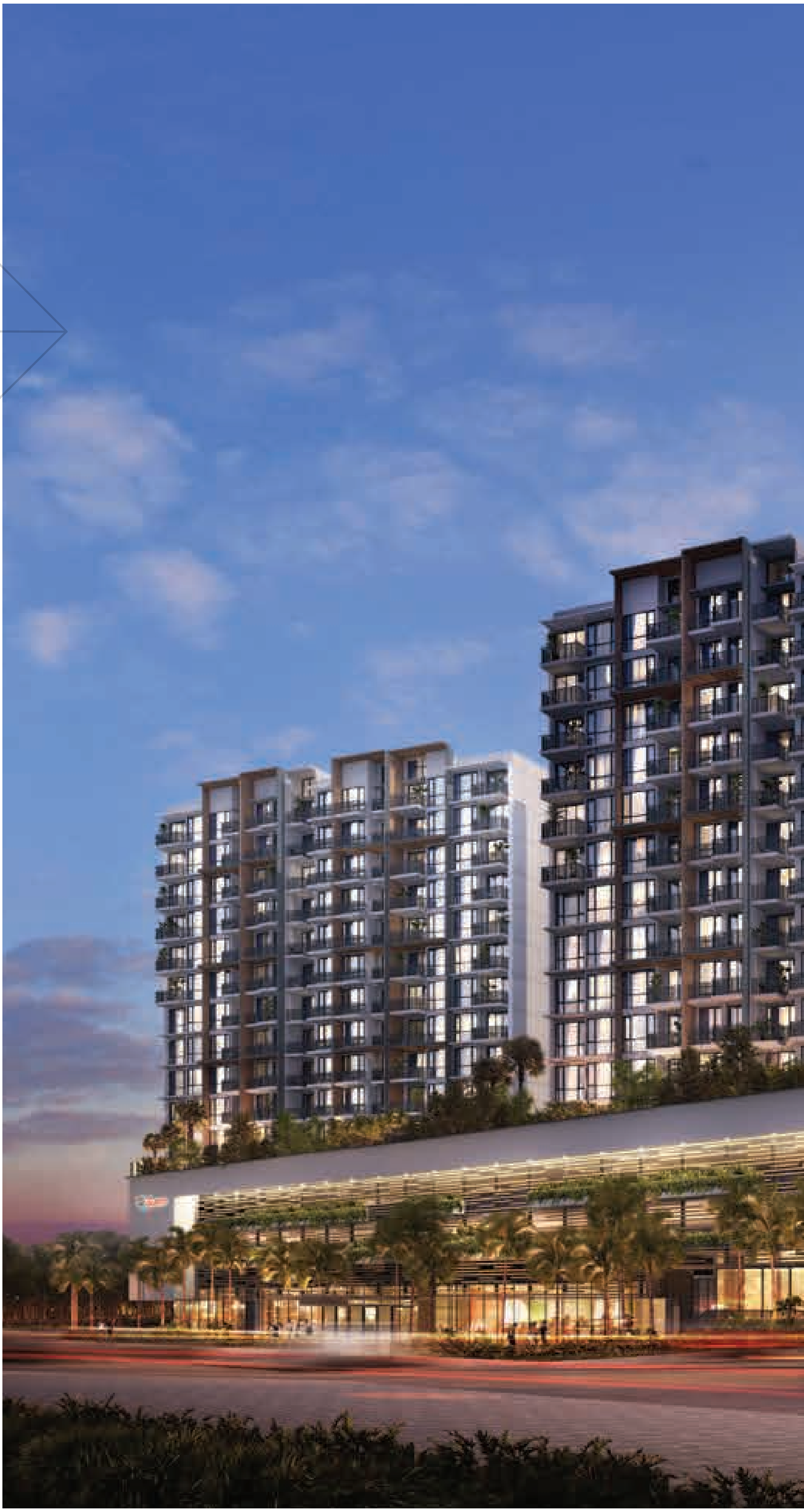
Our goal in FY2018 is to ultimately reduce the ratio of our capital expenditure to revenue over time by deploying capital more efficiently through creating strong cash flow, continued business portfolio optimisation and capital structure maximisation.

Equally important, we are committed to further developing our human capital, and continuing to build a highly capable and professional talent base to better serve our clients and continue to take the Group forward.

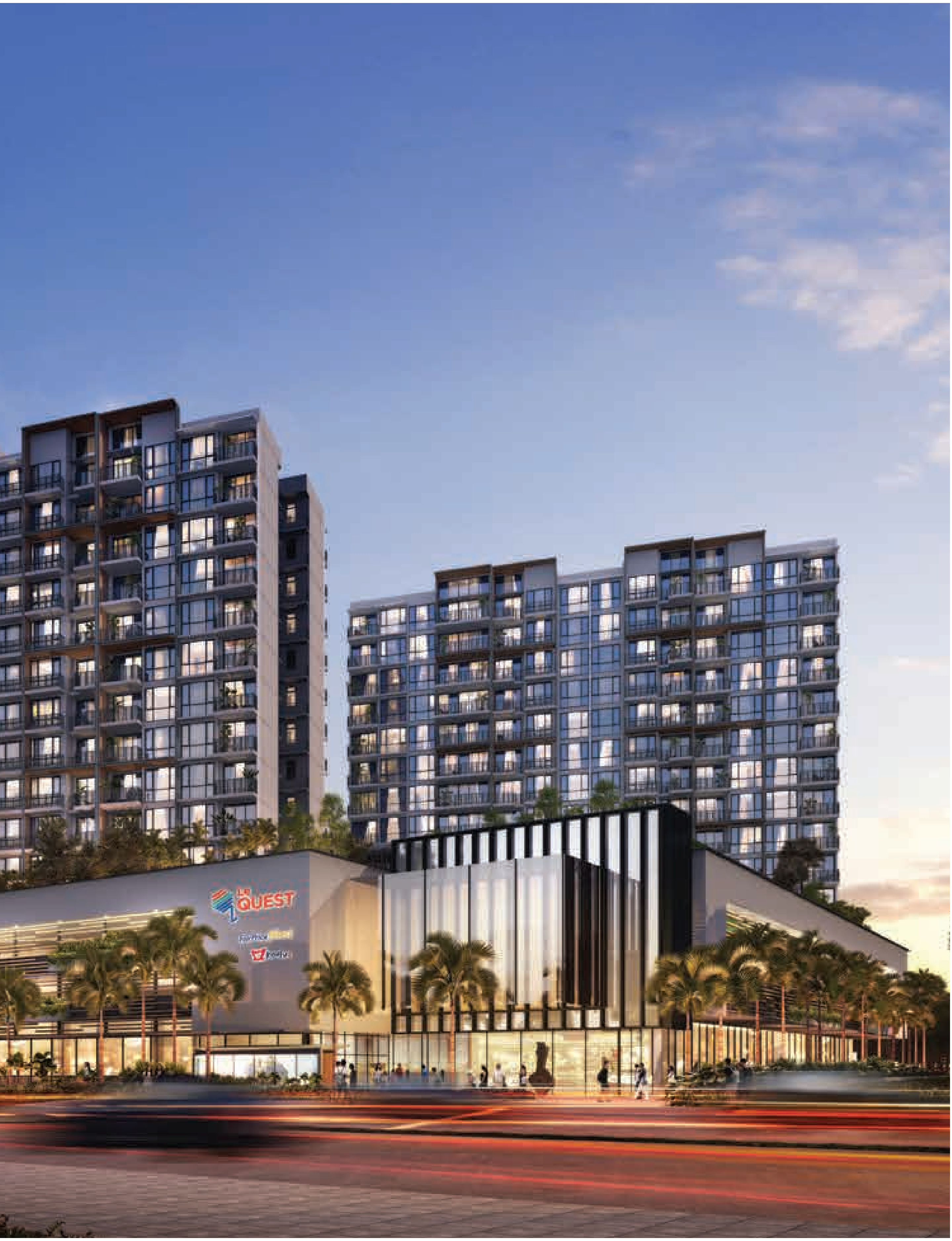
APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow Board members for their valuable insights and guidance that have helped the Group to progress this far. I would also like to thank our shareholders, customers, business partners and suppliers for their strong support and faith over the years. Finally, I would like to acknowledge the contribution and dedication of our management, staff, professional advisors and sponsors that have all helped make our IPO such a resounding success. We look forward to moving ahead together on this meaningful journey.

Sim Kain Kain
Chairman
Singapore, 21 March 2018



The Group successfully managed a total of 21 investment structures under PE structures and fund structures over 21 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia.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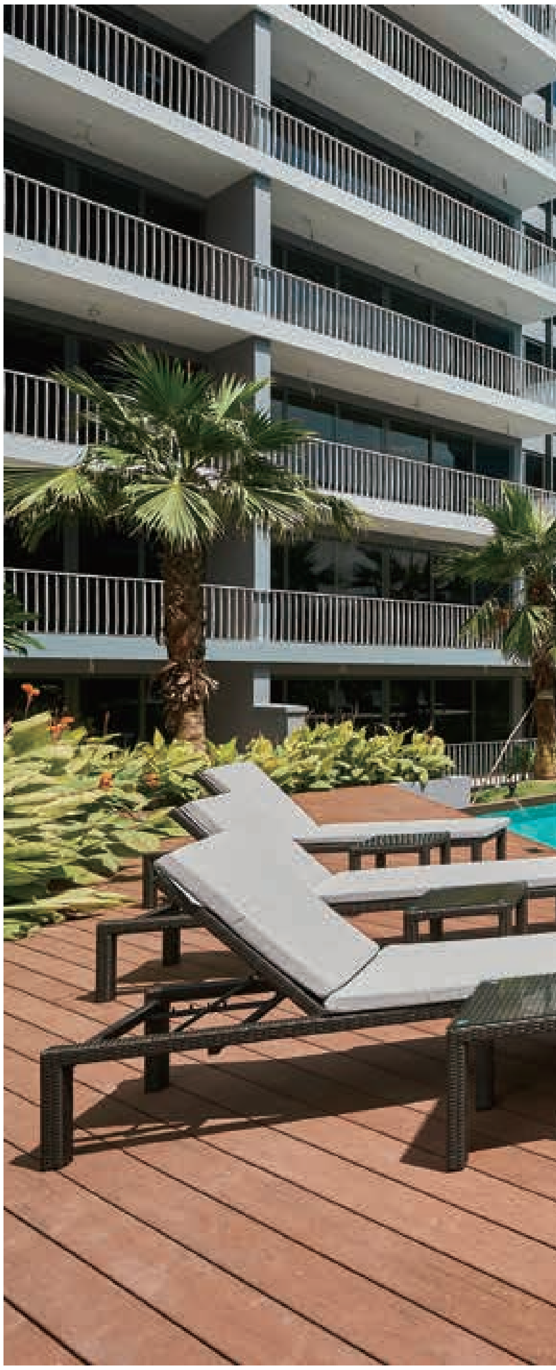
MANAGEMENT DISCUSSION AND ANALYSIS



"Applying dynamic and aggresive business development strategies, the Group reported satisfactory performance in 2017."

The following Management Discussion and Analysis (MD&A) for ZACD Group Ltd. (the ''Company'', together with its subsidiaries as the ''Group'') has been prepared and reviewed by the management for the year ended 31 December 2017, and includes information up to the date of the audit report (the "Report Date"). The MD&A should be read in conjunction with the Group's audited financial statements and related notes to the financial statements for the year ended 31 December 2017. All amounts are expressed in Singapore Dollars unless otherwise stated.

The Group's Management Discussion and Analysis is divided into the following sections:
(1) Executive Overview;
(2) Financial Review;
(3) Liquidity and Capital Resources; and
(4) Business Outlook.

EXECUTIVE OVERVIEW

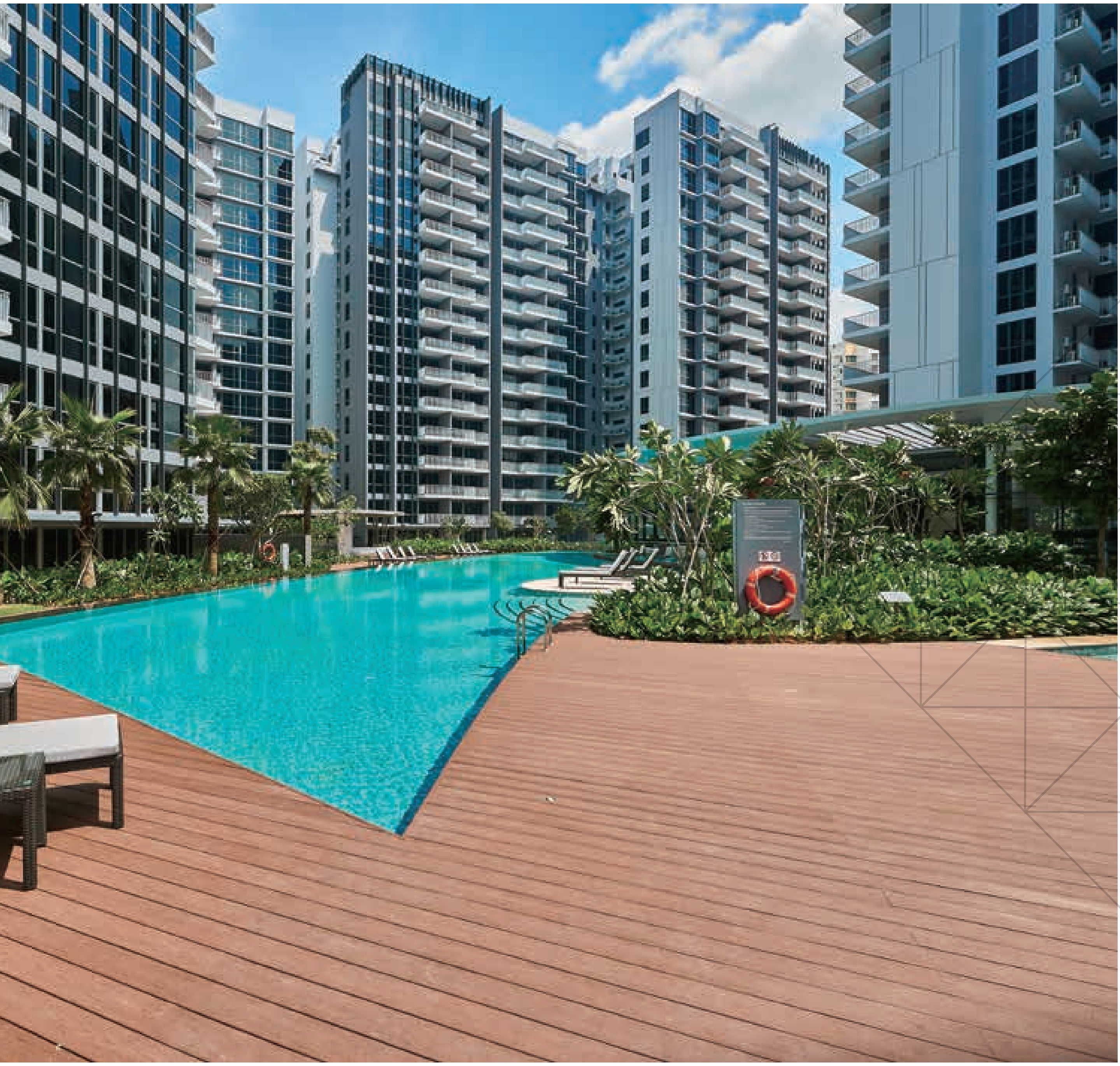
The Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and elsewhere in the Asia-Pacific region. Currently, the Group is principally engaged in the following businesses: (i) investment management services, which are carried 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.

The Group has been listed on the GEM board of Hong Kong Exchange since 16 January 2018. In preparation for the listing, the Group underwent a reorganisation which involved incorporation of the subsidiary companies, transfer of certain subsidiary companies into the Group, transfer of certain businesses into the Group, and a share split in the holding company. This step was taken to establish a lean business structure, to give swift response to market opportunities, and to maximise profit for investors and shareholders. The Group considers that the reorganisation has been properly and legally completed and settled, and complies with all applicable laws and regulations, and that all applicable regulatory approvals have been obtained.

In the investment management business, the Group has a business model of using convertible loan structures to invest in real estate projects. In 2017, the convertible loans in four Investment SPVs were converted into shares after the TOP date of their underlying real estate projects. Following this conversion, the Group is entitled to receive dividends and performance fees as and when they are declared.

The Group also adopts a fund structure business model and acts as a fund manager for real estate private equity funds. In May 2017, the Group established two fund structures which started to contribute revenue in the form of fund management fees and establishment fees.

In line with our strategy to explore real estate investment opportunities outside of Singapore within the Asia-



Pacific region, the Group set up a fund to acquire certain residential and commercial real estate properties in Australia. As of end 2017, this fund had secured committed investment of S$30 million.

Currently the Group is at an exciting stage of evolution, operating in a dynamic market. During the year under review, we focused on putting the right infrastructure, capabilities and processes in place in key business areas to enable us to deliver long-term accelerated growth. The Group successfully managed a total of 21 investment structures under PE structures and fund structures over 21 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. We also provided ongoing project consultancy and management services to a total of 8 real estate projects in Singapore, delivered ongoing property management services to 24 real estate projects in Singapore and Malaysia, and tenancy management services to 15 property owners in Singapore.

FINANCIAL REVIEW

Applying dynamic and aggressive business development strategies, the Group reported satisfactory performance in 2017. Revenue reached S$18.6 million in 2017, increasing by 61.7% from S$11.5 million in 2016, mainly attributable to dividends received from the investment management business segment, and management fees received from the property management and tenancy management segment.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in revenue was partially offset by a 48.8% rise in expenses, from S$8.3 million in 2016 to S$12.4 million in 2017, mostly due to listing expenses and higher staff costs and commissions due to higher funds raised. In overall result, profit before tax rose 88.7% from S$3.4 million in 2016 as compared to S$6.4 million in 2017.

The following table sets forth the breakdown of our operating segment information for the years ended 31 December 2016 and 2017:

Year ended 31 December 2017	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Project consultancy and management services S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	12,017	1,293	1,571	3,656	46	18,583
Segment results	10,459	(91)	1,275	(514)	(762)	10,367
Reconciliation:						
Other income and gains						270
Corporate and unallocated expenses						(4,198)
Profit before tax						6,439

Year ended 31 December 2016	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Project consultancy and management services S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	8,263	176	858	2,196	–	11,493
Segment results	7,331	(1,927)	760	(536)	–	5,628
Reconciliation:						
Other income and gains						262
Corporate and unallocated expenses						(2,477)
Profit before tax						3,413

(a) Investment Management Services

Revenue increased by 57.7% from S$8.4 million in 2016 to S$13.3 million in 2017. The increase was mainly due to dividends derived from several investment SPVs, while slightly offset by decrease in management fees and performance fees during the year. The Group has put strategic measure to acquire new revenue streams, by establishing two new fund structures in May 2017, which have

> **"The Group believes there are ample opportunities to capitalise on the expected increases in demand for real estate investment and development. Although 2018 will continue to present a challenging environment for the industry, we will continue to focus on developing a steady pipeline of future revenue."**

started to generate revenue in the form of establishment fees and management fees. After deducting commission expense and staff cost, the segment results still climbed to S$10.4 million in 2017 from S$5.6 million in 2016.

(b) Project Consultancy and Management Services

Revenue increased by 83.1% from S$0.9 million in 2016 to S$1.6 million in 2017. The revenue is recognised on a time-apportioned basis over the contractual service period. This increase was mainly due to more contracts secured during the year. This further leads to surge in the segment results to S$1.3 million from S$0.8 million in 2016. Understandably, former contracts will cease after the projects are completed. However, our strategic position as a business partner for new real estate projects will enable us to replace the would-be expired contracts. Travelling will be expected to increase as the Group explores new markets in international region. Other than staff cost and project manager charges, this business segment do not incur any other particular expenses.

(c) Property Management and Tenancy Management Services

Revenue increased by 66.5% from S$2.2 million in 2016 to S$3.7 million in 2017. The increase was mainly attributable to new contracts

MANAGEMENT DISCUSSION AND ANALYSIS

secured during the year as well as higher revenue contribution from contracts which were secured in the last quarter of the previous year. The business segment has not reached its desired economies of scale which resulted in its continual loss registered in 2017, notwithstanding that the loss has declined compared to 2016. Beside staff and office rental costs, key expenses incurred by this business segment entail the administrative costs of managing properties. In this respect, the Group is exploring the possibility of setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group may also consider partnership with other companies within the industry to bring this business segment into the black.

(d) Financial Advisory Services

Revenue recorded for this business segment has been modest in 2017. No revenue was recorded in 2016 as this business segment commenced only in December 2016 after the Group obtained the required licences to deal in financial advisory services through its Hong Kong subsidiary. Being newly established, this business segment recorded a loss in 2017 of S$0.8 million, mostly from staff costs, office rental, travelling expenses and other operational costs. We are actively sourcing for potential transactions to bring this business segment to break-even in 2018.

Other notable items are further elaborated as follows:

Other income and gains

Other income and gains saw a 3.1% increase from 2016 to 2017. This increase was mainly due to gain on disposal of available-for-sale financial assets in 2017.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. The total staff costs (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 31 December 2017 amounted to S$6.8 million, up from S$5.1 million in 2016. The hike in staff costs was attributed to some senior level management personnel that were recruited in stages since mid 2016, and continued throughout 2017. Thus, staff costs in 2017 was a reflection of full year cost as compared to a few months in 2016, which did not fluctuate in tandem with the decrease in number of employees.

As at 31 December 2017, the Group had 95 employees as compared to 105 at the previous financial year-end. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus may be granted to eligible staff by reference to the Group's achievement as well as individual's performance.

Other expenses, net

Other expenses, net increased by 88.5% from S$2.6 million in 2016 to S$4.8 million in 2017. The increase was mainly due to increase in listing expenses from S$0.8 million in 2016 to S$2.8 million in 2017.

Income tax credit

Income tax credit was S$0.2 million for the years ended 31 December 2016 and 2017, respectively. The Group benefited from progressive tax system in each tax jurisdiction, whereas under Singapore's one-tier system, dividend income is tax-exempted when it is received by shareholders.

LIQUIDITY AND CAPITAL RESOURCES

2017 proved to be an eventful year of significant change as we seek to stimulate growth within our core markets. Not only have we made good progress against all of our strategic priorities, we also saw a continual strong financial and operational performance.

Cash and cash equivalents

Cash and cash equivalents amounted to S$2.6 million and S$4.4 million as at 31 December 2017 and 2016, respectively. The cash balance is denominated in Singapore Dollar, Hong Kong Dollar and Chinese Renminbi. Being a global company with international operation, the Group is exposed to foreign currency exchange rate risk. The Group mitigates this risk by implementing working capital management and selective borrowing in local currency.

Trade receivables

Total trade receivables amounted to S$6.4 million and S$2.7 million as at 31 December 2017 and 2016, respectively. It comprises trade receivables of S$3.3 million and dividends receivable of S$3.1 million as at 31 December 2017, as compared to S$1.1 million and S$0.7 million respectively, as well as accrued revenue of S$0.9 million in 2016.

Trade receivables increased from S$1.1 million as at 31 December 2016 to S$3.3 million as at 31 December 2017, mainly contributed by accrued but uncollected revenue from the investment management business segment.

Net current assets

The Group benefited from stronger net current assets of S$10.5 million at end 2017 compared to S$5.0 million as at 31 December 2016. This increase was mainly due to increase in trade receivables of S$3.7 million. This was however partially offset by decrease in cash and cash equivalents of S$1.8 million, and redemption of structure deposit of S$1.5 million. The increase in trade receivable was a result of increase in business activities, particularly the investment management business segment where revenue for the year has increased.

Current liabilities

Current liabilities comprised trade payables, other payables, tax payable and amount due to ultimate holding company and related parties. The Group's total current liabilities as at 31 December 2017 and 2016 amounted to S$4.3 million and S$4.4 million, respectively. The decrease in current liabilities is largely attributable to the decrease in amounts due to ultimate holding company and related parties.

Available-for-sale financial assets

The establishment shares were accounted for as available-for-sale financial assets and were measured at fair value. The available-for-sale financial assets amounted to S$5.0 million and S$17.0 million as at 31 December 2017 and 2016, respectively. The fair value was determined based on future dividend distributions expected to be received by the Group based on the Investment SPV's projected distributable profits, the current stage of the real estate development project and its sale progress, as well as the discount rate. The decrease in fair value in 2017 compared to 2016 was mainly due to the realisation of the fair value as the Group recorded dividend payouts from Investment SPVs during the year as well as revisions made to future dividend distributions expected to be received by the Group for certain projects.

Contingent liabilities

As at 31 December 2017, the Group did not have any significant contingent liabilities.

Commitments

The Group's operating lease commitments for leased properties increased from S$0.4 million at end 2016 to S$0.7 million at end of 2017. This amount entirely relates to office rental arrangements with related parties. There are no other capital and lease commitments.

Human resources

We believe that human resources is an essential component to support the growth of the Group as a whole, across all business segments. The Group has developed into its current stage because it is well supported by strong management and a dedicated team. In line with our business expansion strategy, we plan to increase our staff strength, especially at managerial level, in order to source and undertake more projects.

Dividends

The Group declared an interim dividend of S$1.5 million to the ultimate holding company in November 2017. This was settled in cash using internal cash resources.

On 21 March 2018, the Company proposed to pay a final dividend of 0.2 (2016: Nil) Singapore cents per ordinary share for the financial year ended 31 December 2017. The proposed dividend is subject to shareholders' approval at the Annual General Meeting.

Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the ''Share Option Scheme'') under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 31 December 2017.

BUSINESS OUTLOOK

On the macro economic front, Singapore's GDP forecast is trending positively. According to the latest industry report[1)], real estate investment sales reached S$36.0 billion in 2017. This is an increase of 58.6% from the S$22.7 billion recorded in 2016 and is also the highest figure since 2008. Within the local market, this has raised further optimism for 2018 that there are still keen buyers and a lack of available stock, both for the residential and non-residential business sectors.

Hong Kong property business has historically followed movement in the local stock market. However, currently it is also influenced by demand arising from companies from the People's Republic of China[2)]. The latest industry report[3)] indicates that the property market in general will trend higher in 2018, mostly from high office rental and soaring sales price in residential sector.

In Australia, it is projected that interest rates may increase in 2018 with implications for property markets[4)]. It is expected that banks will become more cautious in financing the construction sector, and this will severely limit the number of apartment projects and bring investor demand to a new slow. The impact will vary for each state, depending on economic condition and employment growth.

To maintain market competitiveness, the Group intends to strengthen its position by expanding its business, both in the local Singapore market, and internationally in the Asia-Pacific region. Our listing status will enable us to have access to the equity capital markets

1 Savills Plc, *Savills World Research*, Singapore, January 2018
2 Jones Lang LaSalle, *Economic Monitor*, Hong Kong, February 2018
3 Jones Lang LaSalle, *Property Market Monitor*, Hong Kong, February 2018
4 Jones Lang LaSalle, *Is the Australian Economy Finally Stabilising?*, Australia, 3Q17

MANAGEMENT DISCUSSION AND ANALYSIS

to fulfil our capital needs. Total net proceeds raised from the Company's listing approximated HK$125.2 million after deducting underwriting commissions and all related expenses.

The majority of the above proceeds will be used to tender for land parcels and/or real estate assets to secure investments in potential real estate projects. To support these growth strategies, additional staff and professionals will be hired to lead and manage the expanding business. The Group is also open for partnership with other companies in the industry, as and when the opportunity arises.

Future Strategic Frameworks

2017 marked an important milestone for the Group as we began to lay foundations for a new phase that will allow us to develop our core markets. Sustaining profitability will remain a key focus in the new financial year. Though we continue to operate in a difficult climate of macroeconomic instability, significant strategic steps forward have been taken.

In addition to implementing growth strategy using the listing proceeds, the Group is also looking into other options such as creating new pools of foreign investors and taking foreign projects which are funded by foreign investors, or venturing into other financial markets by collaborating with established financial institutions.

Overseas expansion has been one of our key focuses since 2016 and we have been engaged in multiple discussions with foreign investors across several geographies. In the first quarter of 2018 we have secured a deal for a commercial real estate property in Australia, and we remain confident of signing more deals in the medium term. The branding image that stems from becoming a public listed company will boost the chance of obtaining sufficient funds needed for future operation and development.

Looking forward, the Group believes there are ample opportunities to capitalise on the expected increases in demand for real estate investment and development. Although 2018 will continue to present a challenging environment for the industry, we will continue to focus on developing a steady pipeline of future revenue. With its strong management team and highly professional workforce, we believe that the Group is really well positioned to take advantage from the market potentials.

Cautionary Statement on Forward-Looking Statements

This MD&A contains certain forward-looking statements generally identified by the words: "anticipates", "believes", "estimates", "expects", "forecasts", "plans", "intends", and other similar expressions.

Forward-looking statements are not historical facts, and include statements relating to, among other things, the Group's anticipated performance and stated performance targets for future years, the implementation of, and the expected results and benefits from, the Group's strategic priorities, including with respect to new revenue streams, leadership, performance transformation, operations and structural improvements, future market developments and trends; anticipated cost savings; future changes to dividend policies; expected benefits from managerial and compliance changes; improvements in investor experience and satisfaction; anticipated benefits from transaction, including joint ventures, sales, joint venture agreements, disposals; anticipated results of the Group's financing activities; future operational and network development and network investment; and expectations regarding the stakes, as well as the discussion of growth strategy and future operations, liquidity and capital resources.

The forward-looking statements included in this MD&A are based on management's best assessment of the Group's strategic and financial position and of future market conditions, trends and other potential developments as of this time and should not be regarded as representations or warranties that the Group's plans and objectives will be achieved. The actual outcome may differ materially from these statements as a result of: continued volatility in the economies; unforeseen developments from competition; governmental regulation in the industries; general political uncertainties; and government investigations or other regulatory actions and/or litigation with third parties.

The information in this MD&A does not constitute an offer to sell or an invitation to buy shares in the Company or an invitation or inducement to engage in any other investment activities. Past performance cannot be relied upon as a guide to future performance. Nothing in the 2017 Annual Report should be constructed as a profit forecast. All expectations and targets regarding future performance should also be read with extra caution.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Ms. Sim Kain Kain (Chairman)
Mr. Yeo Choon Guan (Yao Junyuan) (CEO)
Mr. Siew Chen Yei (CFO)

NON-EXECUTIVE DIRECTORS
Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang
Mr. Cheung Ying Kwan

AUDIT COMMITTEE

Mr. Kong Chi Mo (Chairman)
Dato' Dr. Sim Mong Keang
Mr. Cheung Ying Kwan

REMUNERATION COMMITTEE

Dato' Dr. Sim Mong Keang (Chairman)
Ms. Sim Kain Kain
Mr. Kong Chi Mo
Mr. Cheung Ying Kwan

NOMINATION COMMITTEE

Mr. Cheung Ying Kwan (Chairman)
Mr. Yeo Choon Guan (Yao Junyuan) (CEO)
Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang

AUTHORISED REPRESENTATIVES

Mr. Siew Chen Yei (CFO)
Mr. Ip Pui Sum

JOINT COMPANY SECRETARIES

As to Hong Kong Law
Mr. Siew Chen Yei (CFO)
Mr. Ip Pui Sum

As to Singapore Law
Mr. Tan Kim Swee Bernard
(Chen Jinrui Bernard)

COMPLIANCE OFFICER

Mr. Siew Chen Yei (CFO)

COMPLIANCE ADVISER

Innovax Capital Limited

AUDITOR

Ernst & Young LLP

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Singapore 159835

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Singapore 159835

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Hong Kong

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United Overseas Bank
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

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80 Robinson Road
#02-00
Singapore 068898

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8313

COMPANY'S WEBSITE

www.zacdgroup.com

DIRECTORS' PROFILE

STANDING LEFT TO RIGHT:
Mr. Cheung Ying Kwan Independent Non-executive Director
Mr. Kong Chi Mo Independent Non-executive Director
Dato' Dr. Sim Mong Keang Independent Non-executive Director

SITTING LEFT TO RIGHT:
Ms. Sim Kain Kain Executive Director and Chairman
Mr. Yeo Choon Guan (Yao Junyuan) Executive Director and Chief Executive Officer
Mr. Siew Chen Yei Executive Director and Chief Financial Officer

Executive Director and Chief Executive Officer

Mr. YEO CHOON GUAN (Yao Junyuan) (姚俊沅) ("**Mr. Yeo**"), aged 46, 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. Mr. Yeo co-founded ZACD International Pte. Ltd. ("**ZACD International**") with Ms. Sim through ZACD Investments Pte. Ltd. ("**ZACD Investments**") in 2011. He has over ten (10) years of experience in investing in the industrial property development section in Singapore.

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

Mr. Yeo was awarded the Public Service Medal in 2015 by the President of Singapore and has been serving as the Chairman of Tampines North Citizens' Consultative Committee since 1 July 2016. He was also awarded the Teochew Entrepreneurs Award in 2016.

Executive Director and Chairman of our Board

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) Pty Ltd, ZACD Financial Group Limited ("**ZACD Financial**"), ZACD Fund Holdings Pte. Ltd. ("**ZACD Fund**"), ZACD Group Holdings Limited, ZACD International, ZACD Posh Pte. Ltd. and ZACD (China) Co., Ltd. ("**ZACD China**")

Ms. Sim co-founded ZACD International with Mr. Yeo through ZACD Investments in 2011. She has around 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 SLP International Property Consultants Pte. Ltd. with Mr. Yeo in April 2003 to engage in the real estate agency business.

DIRECTORS' PROFILE

Executive Director and Chief Financial Officer

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 also the Company Secretary, Authorised Representative and Compliance Officer of the Company. Mr. Siew is primarily responsible for driving all aspects of the financial stewardship for 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 ten (10) years of experience in corporate finance, mergers and acquisitions, accounting and audit.

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

Independent Non-executive Director

MR. KONG CHI MO (江智武) ("**Mr. Kong**"), aged 42, was appointed as our Independent Non-executive Director on 13 December 2017. Mr. Kong is primarily responsible for providing independent advice and guidance to our Board.

Mr. Kong has over 19 years of experience in accounting, auditing, financial management, corporate finance, investor relations, company secretarial affairs and corporate governance. Presently, Mr. Kong holds the position of Independent Non-executive Director in AK Medical Holdings Limited, Huazhang Technology Holding Limited, Aowei Holding Limited and Starlight Culture Entertainment Group Limited whereas in China Vanadium Titano-Magnetite Mining Company Limited ("China Vanadium"), he holds the position of Company Secretary and Authorised Representative. All these public companies are listed on the main board of the Hong Kong Stock Exchange. Prior to this, he was the Independent Non-executive Director of CAA Resources Limited, a company also listed on the main board of the Hong Kong Stock Exchange, from April 2013 to August 2017. Mr. Kong was the executive director and chief financial officer of China Vanadium from October 2013 to May 2015 and from May 2008 to May 2015, respectively. Mr. Kong worked at KPMG from October 1999 to December 2007 and was promoted to senior manager during his term of office. Prior to joining KPMG, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited 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 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.

Independent Non-executive Director

DATO' DR. SIM MONG KEANG (沈茂強) ("**Dr. Sim**"), aged 49, was appointed as our Independent Non-executive Director on 13 December 2017. Dr. Sim is primarily responsible for providing independent advice and guidance to our Board.

Dr. Sim has accumulated over twenty (20) years worth of experience in investment and business management. In June 2010, Dr. Sim was appointed as the Managing Director and the Chief Executive Officer of WE Holdings Ltd, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited (''**SGX-ST**''), after it was acquired through a reverse takeover by Plexus Components, which is owned by Dr. Sim. Since September 2015, Dr. Sim has been a Non-independent Non-executive Director of Global Invacom Group Limited, a company listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange and principally engaged in providing satellite communication equipment. He is mainly responsible for providing high level oversight of management and operation.

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

Independent Non-executive Director

MR. CHEUNG YING KWAN (張應坤) ("**Mr. Cheung**"), aged 58, 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 accumulated over twenty (20) years' worth of experience in finance and accounting. From November 2005 to May 2013, Mr. Cheung was an Independent Non-executive Director of Auto Italia Holdings Limited, 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 since February 2014, which is principally engaged in the manufacturing and sales of copper, aluminium and related products.

Mr. Cheung serves as an Independent Non-executive Director of Tian Shan Development (Holding) Limited (2118.HK) since June 2010, Gold-Finance Holding Limited (1462.HK) since February 2016, China Wan Tong Yuan (Holdings) Limited (8199.HK) since September 2017. Mr. Cheung was an Independent Non-executive Director of Beijing Chunlizhengda Medical Instruments Co., Limited (1858.HK) from 11 March 2015 to 15 March 2018.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

We are pleased to present ZACD Group Ltd.'s inaugural report to share our environmental, social and governance ("ESG") performance for FY2017. While we did not have a formal report prior to our listing in January 2018, the Group, as an asset manager offering integrated solutions across the real estate value chain in Singapore and the rest of the Asia-Pacific region, has always endeavoured to implement or initiate industry best practices and appropriate corporate social responsibility ("CSR") initiatives underpinned by our corporate values of transparency, partnership and sustainability.

REPORTING FRAMEWORK & BOARD STATEMENT

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

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

STAKEHOLDER ENGAGEMENT

We believe that building trusted relationships with our stakeholders is key to sustainable business growth, and is directly correlated with enhancing shareholder value.

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

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

STAKEHOLDERS	TOPICS & CONCERNS	HOW WE ENGAGE	HOW WE ACT
Customers/Investors	• Return on investment • Information transparency • Protection of interests • Shorter turnaround time in response to feedback or complaints	• Regular meetings and phone and email correspondences	• Timely distribution of information • Safeguarding measures in protecting confidentiality of customer information • Consistent and open communication in establishing mutual trust between the Group and customers/investors
Employees	• Career development and promotion • Fair wages • Equal opportunity • Health and safety • Work life balance	• Training, seminars and continuous education • Team building activities • Regular communication sessions with management and HR	• Implement policies to increase work life balance • Open and fair recruitment opportunities • Implement pro-employee policies to ensure they are treated with dignity and respect
Business Partners	• Resource sharing • Mutual growth and development	• Regular meetings and phone and email correspondences	• Facilitate opportunities for increased cooperation between business partners and the Group

STAKEHOLDERS	TOPICS & CONCERNS	HOW WE ENGAGE	HOW WE ACT
Shareholders	• Access to the Group's operational and financial performance	• AGMs • Annual Reports • Investor meetings and roadshows	• Investor feedback via relationship managers
Regulators and government agencies	• Compliance • Social responsibility	• Regulatory licensing and filings • Notices and meetings • Seminars	• Ensuring regulatory compliance
Community	• Improving and empowering local communities • Environment protection	• Charitable activities • Community involvement projects	• Implementing CSR programmes • Contributing through corporate sponsorship and donations • Employee volunteering

MATERIAL FACTORS

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

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

ASPECT A1: Emissions

Due to the nature of our business, the impact of carbon emissions is minimal, arising mainly from electricity consumption, office waste and staff business travel.

ASPECT A2: Use of Resources

The Group has established and actively maintains energy and water saving initiatives in our day-to-day operations. These include ensuring electrical appliances are switched off when they are not in use, automatic power-off of the air-conditioning systems after office hours and turning off lights at the end of each working day.

While we do not consume a significant amount of water for it to be a material issue, we are nonetheless mindful of its value as a resource. Staff are encouraged to reduce water wastage by turning off taps promptly and to use water efficiently. We also utilize a water filtration system at our main office, which obviates the need for externally-purchased and wasteful bottled water.

ASPECT A3: The Environment and Natural Resources

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

SOCIAL

ASPECT B1: Employment and Labour Practices

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

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

Employment

We employed 95 employees as at 31 December 2017, of whom 47.4% were male and 52.6% were female. Full-time employees accounted for 100% of our workforce. Employees aged 31-50 years old accounted for the majority our staff strength at 48.4%, with staff under 30 years old and above 50 years old accounting for 35.8% and 15.8%, respectively. Average staff turnover rate for the year under review is 53.0%.

Summary of Employee Profile

Gender	
Male:	45
Female:	50

Age Distribution	
Under 30:	34
31 – 50:	46
Above 50:	15

Employment Category	
Senior:	15
Middle:	37
Junior:	43

Geographical	
Singapore:	90
Hong Kong:	5

Diversity and Inclusion

ZACD Group believes in providing and fostering equal employment opportunities across all of our businesses. Our human resource policies and procedures provide for equal opportunity and fairness in employment decisions. We do not discriminate on the basis of race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status.

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

During the reporting period, the Group did not receive any complaints about discriminatory labour practices.

The Group seeks to achieve this by:

- Identifying and reducing the risks of all types of work activities that have the potential to produce personal injury,
- Providing instructions, training and supervision to improve individual's understanding of workplace hazards, including safe work practices and emergency procedures,
- Involving individuals in occupational health and safety matters and consulting with them on ways to recognise, evaluate and control workplace hazards,
- Ensuring that all our employees, sub-contractors and visitors, complies with appropriate standards and workplace directions to protect their own and others health and safety at work,
- Providing adequate systems and resources to effectively manage rehabilitation and return to work processes.

Welfare and Benefits

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

Employee Engagement

Keeping our employees engaged and motivated is a key priority. We aspire to build ZACD Group as a leading employer of choice by improving staff well-being and strengthening our workplace culture. We boost staff engagement and team spirit through promoting open communication channel and social activities.

Some of our initiatives include bi-monthly HR dialogue sessions where staff are invited to provide feedback and suggestions as well as employee recognition initiatives through awards and certificates of appreciation. The Group also holds social events for management and staff to foster closer bonding such as monthly birthday celebrations for staff born in the same month, celebration activities for festive events, a "Social Fun Day" as well as off-site retreats.

ASPECT B2: Health and Safety

The Group recognises the importance of providing all our employees, sub-contractors and visitors with a safe and healthy work environment, and to prevent workplace injuries and illness.

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

All employees are expected to:

- Maintain a clean and orderly work area,
- Report all injuries and work-related incidents and accidents,
- Actively participate in safety improvement activities,
- Be responsible to prevent injury to himself as well as to his fellow colleague,
- Work with contractors and suppliers to embrace the secure movement,

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Eliminate and minimize terror threats to our staff and the public by ensuring control measures are in place,
- Follow and comply to our Group and our client's safety requirements and relevant Codes of Practice,
- Value the safety and security of our employees, visitors and customers and mitigate risks, including those posed by terrorism, by preparing our employees and protecting our workplace,
- Strong safety programme that protects the health, safety and security of its staff, its property and the public from risk of harm, including that arising from terrorism.

Summary of work injury and work-related fatalities
Lost day due to work injury: Nil
Number of injury: Nil
Number of work-related fatalities: Nil

For the year ended 31 December 2017, there was no confirmed non-compliance incidents in relation to providing a safe working environment and protecting employees from occupational hazards.

ASPECT B3: Training and Development

Employee training and education is a crucial part of our human resource management. ZACD Group prioritises personal and professional development and continuous learning across all our departments and businesses and have enrolled our staff in various training programmes according to their skill sets and work responsibilities so as to further deepen their knowledge and expertise. We also encourage our employees to gain new knowledge, experience and skills even if these lie outside their immediate job scope to expand their capabilities.

Some of the courses attended by our staff conducted by external training providers include Professional Conversion Programmes funded by WSG, P-Max by Workforce Advancement Federation, CITREP by Infocomm Media Development Authority and ACTA by the Institute of Adult Learning. We also conduct in-house training which are led by our staff who are ACTA-certified.

Summary of Training and Development

Number of employees trained: 35

By Gender

Female:	10, representing 28.6%
Male:	25, representing 71.4%

By Employment Category

Senior:	2, representing 5.7%
Middle:	18, representing 51.4%
Junior:	15, representing 42.9%

ZACD Group also firmly believes in grooming a pipeline of young talents to sustain our future business growth. We have partnered closely with NUS, SMU and other tertiary institutions to support our Youth Ventures programme. In addition to internships, we have established the Junior Associates Programme which is a flexible scheme for full-time students to work and gain valuable hands-on experience in the corporate industry. At the same time, ZACD Group is able to benefit from the domain knowledge and up to date skillsets acquired by the students in school which they can apply in our business operations.

ASPECT B4: Labour Standards

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

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

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

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

ASPECT B5: Supply Chain Management

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

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

ASPECT B6: Product Responsibility

Product responsibility for the Group refers to the overall provision of accurate and comprehensive marketing materials that enable our customers and investors to make well-informed decisions, having proper documentation control and regular updating as well as best in class investor relations practices for all of our services.

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

Marketing/Advertising: The Group respects the rights of our customers, investors and shareholders and is committed to providing accurate and timely information for their consideration before making their investment and commercial decisions. The Group works with external and internal legal counsel to conduct due diligence and careful review of all marketing materials before they are externally distributed.

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

Privacy Matters/Document Control: We are committed to protecting the privacy and data of our customers which is paramount in our industry where we have access to customers' and business partners' confidential information in the course of us providing investment and advisory services.

We ensure that our customers' privacy and data protection are adequately safeguarded through the application of robust information technology systems to prevent data leakage, and access controls to specific data for employees and third parties. Customer/investor and shareholder documents and personal information are stored securely online with restricted access, and original hardcopies are filed in a locked room. All our employees are to abide strictly to our information privacy and document control protocol.

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

Regular Updates: The Group provides quarterly updates to our fund investors with timely project updates and accurate information on their returns. The Group also provides at least quarterly financial updates to our shareholders, in accordance with standard market practice and requirements for listed companies in Hong Kong, as well as other interim announcements and updates as required or deemed appropriate.

Investor Relations: We have in place a dedicated Relationship Manager assigned to each investor to ensure personalised service and to keep investors up-to-date with both their existing investments and market conditions. In addition, we also have a team of company representatives to address Shareholders' queries and concerns.

ASPECT B7: Anti-corruption

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

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

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

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

ASPECT B8: Community

We understand corporate citizenship as our voluntary social contribution to give back to our local communities and society at large. We have established an internal CSR team, "ZACD Cares", and sub-committees to plan and implement various activities throughout the year and to encourage our employees and their families to participate through volunteering opportunities.

Our community initiatives focus on youth empowerment through education, promotion of eco-friendly initiatives and home improvement services for the disadvantaged and less privileged. For many years, we have been partnering with TOUCH Community Services, working with some of their ministries, namely TOUCH Young Arrows ("TYA"), TOUCH Ubi Hostel and TOUCH Senior Activity Centre ("TSAC"), in supporting the various needs of the community.

ZACD-TYA Academic Improvement Awards

ZACD Group believes in improving the lives of our future generations by empowering them through the gift of education. In February 2017, ZACD Group partnered with TYA to give out 50 Academic Improvement Awards to students who registered the most improvement in the 2016 academic year. The cash rewards were given as an incentive to students for their hard work and dedication to their studies.

TYA's mission is to nurture children and strengthen families in partnership with volunteers. There are 24 TYA clubs in Singapore whose beneficiaries are children aged between 6 and 12 years old from less privileged families. The TYA programme consists of weekly academic coaching sessions in English and Mathematics, as well as other value-driven activities, year-round character development camps and weekend family bonding events.

The ZACD-TYA Academic Improvement Awards Ceremony was held at ZACD's newly renovated New York-themed office lounge where we hosted 157 attendees from Touch Community Services and TYA.

TOUCH Ubi Hostel Bollywood Veggies Farm Trip

ZACD Group strives to lead by example in promoting green initiatives and instil good environmental practices.

To this end, in September 2017, we partnered with TOUCH Ubi Hostel to organise a family day trip for individuals with mild intellectual disabilities to Bollywood Veggies, an organic farm in Singapore. Our staff volunteers and beneficiaries went on a guided tour where they were introduced to over a hundred types of plant and fruit species not commonly found around Singapore. They also participated in the Pot-a-Plant activity where our beneficiaries learnt how to grow and care for a small potted plant that they could re-plant at the TOUCH Ubi Hostel. The last activity was Art with Nature where our beneficiaries made art pieces using recyclable materials found in the farm.

TOUCH Community Services Home Improvement Programme

As part of our contribution to the disadvantaged and less privileged, ZACD Group staff volunteers participated in the TOUCH Community Services Home Improvement Programme. In April 2017, 10 volunteers were involved in the renovation works for the home of an intellectually disabled beneficiary from TOUCH Ubi Hostel. Although the project involved extensive electrical and plumbing works, through the team effort of our volunteers, the renovation was completed in less than two weeks.

In September 2017, another 30 staff volunteers undertook refurbishment works for five homes of the less privileged elderly from TSAC which included painting, cleaning and general housekeeping works. Aside from improving their living environment, we also donated NTUC supermarket vouchers for their daily necessities to the beneficiaries.

REPORT OF THE DIRECTORS

The Directors hereby present their report together with the audited consolidated financial statements of ZACD Group Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2017 (the "**Financial Year**") and the statement of financial position of the Company as at 31 December 2017.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 6 to 12 of this Annual Report. This discussion forms part of this Report of the Directors.

RESULTS AND DIVIDENDS

The Group's profit for the financial year ended 31 December 2017 and the Group's financial position as at 31 December 2017 are set out in the consolidated financial statements on pages 53 to 57.

An interim dividend of S$1,500,000, representing 0.15 Singapore cent per ordinary share, in respect for the financial year ended 31 December 2017 was declared and approved by the Directors of the Company on 17 November 2017.

On 21 March 2018, the Company proposed to pay a final dividend of 0.20 (2016: Nil) Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2017. The proposed dividend is subject to shareholders' approval at the Annual General Meeting.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The shares of the Company were listed on the GEM on 16 January 2018, with net proceeds received by the Company from the global offering in the amount of approximately HK$125.2 million after deducting underwriting commissions and all related expenses. The net proceeds received from the global offering will be used in the manner consistent with that mentioned in the section headed "**Future Plans and Use of Proceeds**" of the prospectus of the Company dated 28 December 2017.

SHARE CAPITAL

Details of movements of the share capital of the Group for the financial year ended 31 December 2017 are set out in note 23 to the consolidated financial statements.

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Group's reserves available for distribution amounted to approximately S$4.2 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, sales to the Group's five (5) largest customers accounted for 51.7% of the total sales and sales to the largest customer included therein amounted to 29.6% of the total sales. Due to the nature of the business, the Group has no major suppliers as the major cost mainly comprised of staff costs and listing expenses.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

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

Executive Directors

Ms. Sim Kain Kain (Chairman)	(appointed on 8 November 2016)
Mr. Yeo Choon Guan (Yao Junyuan)	(appointed on 8 November 2016)
Mr. Siew Chen Yei	(appointed on 8 November 2016)
Mr. Gwee Yuen Kerr Ryan	(appointed on 8 November 2016 and resigned on 15 February 2017)

Independent Non-executive Directors

Mr. Kong Chi Mo	(appointed on 13 December 2017)
Dato' Dr. Sim Mong Keang	(appointed on 13 December 2017)
Mr. Cheung Ying Kwan	(appointed on 13 December 2017)

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

Pursuant to Article 116, any Director to who is appointed by the Board to fill the casual vacancy shall hold office until the next following AGM of the Company. and the retiring Director shall be eligible for re-election pursuant to Article 114.

As such, Mr Yeo Choon Guan (Yao Junyuan) will retire from office as Director and being eligible, offer himself for re-election at the forthcoming AGM in accordance with Articles 112 and 113 of the Constitution, Also, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan will retire from office as Directors and being eligible, offer themselves for re-election at the forthcoming AGM in accordance with Article 116 of the Constitution.

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

Directors' Profile Company are set out on pages 14 to 17 of this Annual Report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

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

Each of the Independent Non-executive Directors has signed an appointment letter with the Company for a term of three (3) years 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 the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one (1) year without payment of compensation other than statutory compensation).

EMOLUMENT POLICY

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

REPORT OF THE DIRECTORS

DIRECTOR'S INTEREST IN SHARES AND DEBENTURES

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

Name of Directors	Direct interest: At the beginning of financial year	Direct interest: At the end of financial year	Deemed interest: At the beginning of financial year	Deemed interest: At the end of financial year
Ordinary shares of the ultimate holding company				
Yeo Choon Guan (Yao Junyuan)	867,000	867,000	833,000	833,000
Sim Kain Kain	833,000	833,000	867,000	867,000
Ordinary shares of the Company				
Yeo Choon Guan (Yao Junyuan)	–	–	1	1,500,000,000
Sim Kain Kain	–	–	1	1,500,000,000

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

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

At 31 December 2017, the interests and short positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of Shares held	Approximate percentage of issued Shares immediately after the Global Offering
Long position in our Shares				
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%

REPORT OF THE DIRECTORS

Long position in the shares and the underlying shares of the equity derivative of associated corporations:

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	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%	–	–
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%	–	–

REPORT OF THE DIRECTORS

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Ms. Sim	ARO II (Murray Street) Pty Ltd *(Note 6)*	Interest in a controlled corporation	10 ordinary shares	100%	–	–
Mr. Yeo	ARO II (Tebrau) Pte. Ltd. *(Note 7)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Ms. Sim	ARO II (Tebrau) Pte. Ltd. *(Note 7)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo	Kurnia Rezeki Utama Sdn. Bhd. *(Note 8)*	Interest in a controlled corporation	500,000 ordinary shares	100%	–	–
Ms. Sim	Kurnia Rezeki Utama Sdn. Bhd. *(Note 8)*	Interest in a controlled corporation	500,000 ordinary shares	100%	–	–
Mr. Yeo	ZACD Property Pte. Ltd. *(Note 9)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Ms. Sim	ZACD Property Pte. Ltd. *(Note 9)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo	48 Fintech Pte. Ltd. *(Note 10)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Ms. Sim	48 Fintech Pte. Ltd. *(Note 10)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo	ZACD (Canberra) Pte. Ltd. *(Note 11)*	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Ms. Sim	ZACD (Canberra) Pte. Ltd. *(Note 11)*	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Mr. Yeo	ZACD (Frontier) Pte. Ltd. *(Note 12)*	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%

REPORT OF THE DIRECTORS

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Ms. Sim	ZACD (Frontier) Pte. Ltd. *(Note 12)*	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Mr. Yeo	ZACD (Neew) Pte. Ltd. *(Note 13)*	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Ms. Sim	ZACD (Neew) Pte. Ltd. *(Note 13)*	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo	ZACD (Berwick Drive) Pte. Ltd. *(Note 14)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. *(Note 14)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo	SRI5000 Neew Developments Pte. Ltd. *(Note 15)*	Interest in a controlled corporation	60,000 ordinary shares	60%	–	–
Ms. Sim	SRI5000 Neew Developments Pte. Ltd. *(Note 15)*	Interest in a controlled corporation	60,000 ordinary shares	60%	–	–
Mr. Yeo	ZACD (Tuas Bay) Pte. Ltd. *(Note 16)*	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. *(Note 16)*	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo	Kainaan Land Investment Pte. Ltd. *(Note 17)*	Interest in a controlled corporation	502 ordinary shares	50.20%	–	–
Ms. Sim	Kainaan Land Investment Pte. Ltd. *(Note 17)*	Interest in a controlled corporation	502 ordinary shares	50.20%	–	–

REPORT OF THE DIRECTORS

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	ZACD (CCK) Pte. Ltd. *(Note 18)*	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Ms. Sim	ZACD (CCK) Pte. Ltd. *(Note 18)*	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Mr. Yeo	ZACD (Gambas) Pte. Ltd. *(Note 19)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Ms. Sim	ZACD (Gambas) Pte. Ltd. *(Note 19)*	Interest in a controlled corporation	2 ordinary shares	100%	–	–
Mr. Yeo	ZACD (Neew2) Pte. Ltd. *(Note 20)*	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Ms. Sim	ZACD (Neew2) Pte. Ltd. *(Note 20)*	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo	ZACD (Jurong) Pte. Ltd. *(Note 21)*	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Ms. Sim	ZACD (Jurong) Pte. Ltd. *(Note 21)*	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Mr. Yeo	ZACD (Woodlands12) Pte. Ltd. *(Note 22)*	Interest in a controlled corporation	2 ordinary shares	100%	109 ordinary shares	5,450%
Ms. Sim	ZACD (Woodlands12) Pte. Ltd. *(Note 22)*	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.

REPORT OF THE DIRECTORS

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 (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.

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. 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.

9. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD Property Pte. Ltd. held by ZACD Investments by virtue of the SFO.

10. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. 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.

11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 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.

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 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.

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 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.

14. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Berwick Drive) Pte. Ltd. held by ZACD Investments by virtue of the SFO.

15. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD (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.

REPORT OF THE DIRECTORS

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

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 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.

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 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.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

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

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

(a) Purpose of the Scheme

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

(b) Participants of the Scheme

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

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

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

As at 31 December 2017, no option has been granted or agreed to be granted under the Scheme.

(d) Maximum entitlement of each participant

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

(e) Option period

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

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

REPORT OF THE DIRECTORS

(f) Subscription price

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

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

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

(g) Payment on acceptance of option offer

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

(h) Remaining life of the Scheme

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

CONTRACT OF SIGNIFICANCE

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

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

At 31 December 2017, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

Name	Capacity/Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
Mr. Yeo Choon Guan (Yao Junyuan)	Interest in a controlled corporation	1,500,000,000	100%
Ms. Sim Kain Kain	Interest in a controlled corporation	1,500,000,000	100%
ZACD Investments Pte. Ltd.	Directly beneficially owned	1,500,000,000	100%

Notes:

Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments Pte. Ltd. respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 31 December 2017, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

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

Continuing connected transactions

Certain of the related party transactions for the financial year as disclosed in note 26 to the consolidated financial statements also constituted continuing connected transactions under the GEM Listing Rules, which are required to be disclosed in this report in accordance with Rule 18.09 of the GEM Listing Rules. Details of such continuing connected transactions (including continuing connected transactions under agreements signed in previous years) are set out below in accordance with the disclosure requirements of Rule 20.69 of the GEM Listing Rules:

(1) the transaction date;

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

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

(4) the total consideration and terms; and

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

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

No.	Brief description of transaction	Transaction Tenure	Parties to the transaction and a description of their connected relationship	Total consideration and terms	Nature of the connected person's interest in the transaction
1)	Provision of repair and maintenance services by Neew Pte Ltd	From the Listing Date and ending on 31 December 2019	Neew Pte Ltd (a wholly-owned subsidiary of Magnificent Vine Group)	553,000	Receiving service fee income
2)	Investment management services	Not applicable	ZACD Investments Pte Ltd (Our direct Controlling Shareholder)	126,000	Payment of investment management fees
3)	Investment management services	Since 16 April 2016	ZACD Investments (ARO II) Ltd (Entire nominal ordinary share capital held by ZACD Investments)	243,000	Payment of investment management fees
4)	Investment management services	Since 10 January 2012	ZACD (Punggol Central) Pte Ltd (a Connected SPV by virtue of it is over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International)	848,000	Payment of investment management fees

REPORT OF THE DIRECTORS

No.	Brief description of transaction	Transaction Tenure	Parties to the transaction and a description of their connected relationship	Total consideration and terms	Nature of the connected person's interest in the transaction
5)	Investment management services	Since 13 February 2013	ZACD (Woodlands2) Pte Ltd (a Connected SPV by virtue of it is over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International)	807,000	Payment of investment management fees
6)	Investment management services	Since 2 May 2011	ZACD (AMK) Pte. Ltd. (a Connected SPV by virtue of it is over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International)	5,502,000	Payment of investment management fees

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

Ernst & Young LLP, the Company's Auditors, were engaged to report on the Group's continuing connected transactions in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young LLP have issued their letter containing their findings and qualified conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 20.55 of the GEM Listing Rules. A copy of the Auditors' letter has been provided by the Company to the Hong Kong Stock Exchange on 8 March 2018.

The auditor's letter was qualified in respect of the aggregate amount of fees payable to the Group under the Investment Management Agreements for the year ended 31 December 2017 was approximately S$7,526,000. This exceeded the annual cap of S$5,929,000 as disclosed in the Company's prospectus dated 28 December 2017 by approximately S$1,597,000.

Further discussion on Auditor's qualified conclusions in respect of the continuing connected transactions:

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

REPORT OF THE DIRECTORS

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 31 December 2017.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Innovax Capital Limited, as at 31 December 2017, save for the compliance adviser agreement dated 26 July 2017 entered into between the Company and Innovax Capital Limited, neither Innovax Capital Limited, nor any of its directors, employees and associates had any interest in relation to the securities of the Company or any member of the Group including options or rights to subscribe for such securities, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

EVENTS AFTER THE FINANCIAL YEAR

Details of the significant events of the Group after the Financial Year are set out in note 32 to the consolidated financial statements

AUDIT COMMITTEE

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

Kong Chi Mo	(Chairman, Independent Non-executive Director)
Sim Mong Keang	(Independent Non-executive Director)
Cheung Ying Kwan	(Independent Non-executive Director)

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

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

REPORT OF THE DIRECTORS

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

AUDITOR

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

ON BEHALF OF THE BOARD OF DIRECTORS

Sim Kain Kain
Chairman

Singapore, 21 March 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2018 (the "**Listing Date**") (i.e. *after the financial year ended 31 December 2017 of the Company*). The Company has since then adopted, saved as disclosed below, and has complied with all applicable code provisions as set out in the CG Code, where applicable, from the Listing Date up to the date of this report (the "**Relevant Period**").

1. BOARD OF DIRECTORS

1.1 Composition of the Board

As at the date of this Annual Report, the Board consists of six (6) Directors comprising three (3) Executive Directors and three (3) Independent Non-executive Directors (the "**INEDs**"). Details are as follows:

Executive Directors
Mr. Yeo Choon Guan (Yao Junyuan) (*Chief Executive Officer*) (appointed on 8 November 2016)
Ms. Sim Kain Kain (*Chairman*) (appointed on 8 November 2016)
Mr. Siew Chen Yei (appointed on 8 November 2016)

Independent Non-executive Directors
Mr. Kong Chi Mo (appointed on 13 December 2017)
Dato' Dr. Sim Mong Keang (appointed on 13 December 2017)
Mr. Cheung Ying Kwan (appointed on 13 December 2017)

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

1.2 Board Meeting and General Meeting

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

1.3 Functions and powers exercised by the Board and the Management

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

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

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

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

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(c) to develop, review and monitor the code of conduct and compliance manual (*if any*) applicable to the Company's Directors and employees; and

(d) to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

1.4 Directors' Appointment and Re-election

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

Pursuant to Article 116, any Director to who is appointed by the Board to fill the casual vacancy shall hold office until the next following AGM of the Company. and the retiring Director shall be eligible for re-election pursuant to Article 114.

As such, Mr Yeo Choon Guan (Yao Junyuan) will retire from office as Director and being eligible, offer himself for re-election at the forthcoming AGM in accordance with Articles 112 and 113 of the Constitution, Also, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan will retire from office as Directors and being eligible, offer themselves for re-election at the forthcoming AGM in accordance with Article 116 of the Constitution.

1.5 Board Diversity Policy

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

1.6 Training for Directors

The Company has arranged relevant training for all Directors to ensure that they obtain the needed additional skills and comprehensive information to contribute to the Board.

1.7 Directors' Insurance

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

2. BOARD COMMITTEES

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

2.1 Audit Committee

The Audit Committee was established pursuant to a resolution of the Board passed on 13 December 2017 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the 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 the Company; (iv) supervising internal control systems of the Group; and (v) monitoring continuing connected transactions *(if any)*.

CORPORATE GOVERNANCE REPORT

The Audit Committee currently consists of all three (3) of the INEDs. The members of the Audit Committee are currently Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and the Chairman is Mr. Kong Chi Mo.

The following tasks have been taken up by the Audit Committee during the Relevant Period:

(a) reviewed the consolidated financial statements of the Group for the year ended 31 December 2017 including the audit findings report from External Auditors, Annual Results announcement and Annual Report;

(b) reviewed the continuing connected transactions of the Company for the year ended 31 December 2017 and considered the exceeding annual cap. Opinions from the Audit Committee and INEDs are set out in the section headed "Report of the Directors";

(c) directed and supervised the Company's internal audit department, reviewed the internal audit report, review adequacy and effectiveness of Group's internal controls including financial, operational and compliance controls and risk management; and

(d) considered the re-appointment of the External Auditors.

2.2 Nomination Committee

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

The Nomination Committee currently consists of one (1) Executive Director, Mr. Yeo, and all three (3) INEDs, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and is currently chaired by Mr. Cheung Ying Kwan.

During the Relevant Period, the Nomination Committee did not hold any meeting. However, the Nomination Committee shall consider the suitable time for holding the meeting to carry out the review for the forthcoming financial year end.

2.3 Remuneration Committee

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

The Remuneration Committee currently consists of one (1) Executive Director, Ms. Sim, and all three (3) INEDs, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan. It is currently chaired by Dato' Dr. Sim Mong Keang, an Independent Non-executive Director.

During the Relevant Period, the Nomination Committee did not hold any meeting. However, the Remuneration Committee shall consider the suitable time for holding the meeting to carry out the review for the forthcoming financial year end.

CORPORATE GOVERNANCE REPORT

2.4 Attendance Record of Directors and Committee Members

During the Relevant Period, the attendance of each member of the above committee meetings and the Board meetings are recorded as below:

	Number of meetings attended/Number of meetings held					
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors:						
Mr. Yeo Choon Guan (Yao Junyuan)	2/2	N/A	N/A	0/0	0/0	0/0
Ms. Sim Kain Kain	2/2	N/A	0/0	N/A	0/0	0/0
Mr. Siew Chen Yei	2/2	N/A	N/A	N/A	0/0	0/0
Independent Non-executive Directors:						
Mr. Kong Chi Mo*	2/2	1/1	0/0	0/0	0/0	0/0
Dato' Dr. Sim Mong Keang*	2/2	1/1	0/0	0/0	0/0	0/0
Mr. Cheung Ying Kwan*	2/2	1/1	0/0	0/0	0/0	0/0

Note: *Appointed on 13 December 2017

3. DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board has confirmed its responsibility for preparing annual financial statements of the Company as of 31 December 2017.

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

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

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

4. COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. As the Company was not listed on the GEM as of 31 December 2017, related rules under the GEM Listing Rules concerning the code of conduct that Directors shall observe do not apply to the Company for the financial year ended 31 December 2017. All Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the Relevant Period. The Company has also made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the relevant rules.

CORPORATE GOVERNANCE REPORT

5. JOINT COMPANY SECRETARIES

To maintain good corporate governance practices and compliance with the GEM Listing Rules and applicable laws, the Company appointed Executive Director Mr. Siew Chen Yei ("**Mr Siew**"), Mr. Ip Pui Sum ("**Mr Ip**") and Mr. Tan Kim Swee Bernard (Chen Jinrui Bernard) (''**Mr. Tan**'') as the joint Company Secretaries. Mr Ip provides joint company secretarial support and assists Mr. Siew and Mr. Tan so as to enable them to acquire the requisite knowledge and experience (as required under Rule 5.14 of the GEM Listing Rules) in order to discharge their duties and responsibilities as Company Secretaries of the Company.

During the financial year ended 31 December 2017 and the Relevant Period, Mr. Ip communicated with Mr. Siew and Mr. Tan on a regular basis regarding matters in relation to corporate governance, the GEM Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of the Company. The joint Company Secretaries have confirmed having received no less than 15 hours of relevant professional training.

6. INTERNAL CONTROL

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

7. REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 December 2017 are set out in note 8 to the consolidated financial statements of this annual report.

The remuneration of the members of the senior management (other than the Directors) for the year ended 31 December 2017 by band is as follows:

Remuneration Band in HK$	Number of individuals
Nil – HK$ 1,000,000	4
HK$ 1,000,001 – HK$ 1,500,000	–
HK$ 1,500,001 – HK$ 2,000,000	–

CORPORATE GOVERNANCE REPORT

8. AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the External Auditor and reviewing any non-audit functions performed by the External Auditor, including whether such non-audit functions could give rise to any actual or potential material adverse effect on the Company. During the financial year ended 31 December 2017, the remuneration paid or payable to the External Auditor for audit and non-audit services are set out as follows:

Services rendered	Fee paid/payable S$'000
Statutory annual audit service	134
Internal control review in relation to IPO	100
Reporting accountant services in relation to IPO	763

9. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

9.1 Shareholders' Right to Requisite a Meeting

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

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

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

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

(b) The Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**"), signed by the Eligible Shareholder(s) concerned to the Board or Company Secretary at the Company's principal place of business in Hong Kong at Unit 501, 5/F, Hing Wai Building, 36 Queen's Road Central, Hong Kong;

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

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

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

CORPORATE GOVERNANCE REPORT

9.2 Inquiry and Communication of Shareholders

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

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

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

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

Hong Kong
Address: Unit 501, 5/F, Hing Wai Building, 36 Queen's Road Central, Hong Kong

10. CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to its Constitution since the Listing Date. The latest Constitution of the Company is available on the Stock Exchange's website and the Company's website.

11. DEED OF NON-COMPETITION BY THE CONTROLLING SHAREHOLDERS

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZACD GROUP LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ZACD Group Ltd. (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of available-for-sale financial assets

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

Available-for-sale assets are measured at fair value with the corresponding fair value change recognised in other comprehensive income. These assets accounted for approximately 25% of the Group's total assets as at 31 December 2017.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZACD GROUP LTD.

Key Audit Matters (cont'd)

Valuation of available-for-sale financial assets *(cont'd)*

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

The valuation of the available-for-sale financial assets was considered a key audit matter given the degree of complexity involved in valuing these financial instruments and the significance of the judgements and estimates made by the management.

In Notes 3 and 30 to the Group's financial statements, the management has described the key sources of estimation involved in determining the fair value.

In the course of the audit, we assessed the appropriateness of the classification of these financial assets under the available-for-sale category. We also performed an assessment of the methodology and the appropriateness of the valuation model and assumptions used to value the available-for-sale financial assets. Key assumptions used in the valuation includes future dividend distribution cash flows expected to be received by the Group which are based on the Investment SPV's projected distributable profits, the level of uncertainty to be ascribed to such profits projection taking into consideration the current stage of the underlying real estate project's development and its sales progress, as well as the discount rates which are assessed by benchmarking them with external data. We perused correspondences with real estate developer partners to ascertain if there were any potential issues or events that could impact the economic outcome currently estimated by the management for key real estate projects. We also checked the arithmetic accuracy of management's fair value computation, and evaluated the adequacy of disclosures in the financial statements in Notes 14 and 30.

Disposal of available-for-sale financial assets

The Group entered into certain business transfer agreements on 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 was 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.

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 substantially completed.

The accounting for the Business Transfer Agreements requires management to exercise judgement. In particular, management needs to consider whether the 10% of all dividends or distributions of any kind to be paid by the relevant Investment SPVs in respect of the Establishment Shares that the Group had given up to the Project Management Co represented a fully proportionate share of the cash flows of the available-for-sale financial assets. Management is also required to consider whether the Group had transferred substantially all risks and rewards in relation to the 10% of the available-for-sale financial assets held in connection with the six Investment SPVs. The disposal of the available-for-sale financial assets was considered a key audit matter given the significance of the judgements made by the management as if affects the amount of gain or loss recognised in the profit or loss in respect of the transfer.

As part of our audit, we have read the Business Transfer Agreements and examined the bases of the judgements made by the management in determining the proportion of the available-for-sale financial assets to be derecognised for the six investment SPVs. We also checked the arithmetic accuracy of management's gain on disposal computation and evaluated the adequacy of disclosures in the financial statements in Notes 5 and 14.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZACD GROUP LTD.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZACD GROUP LTD.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore, 24 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Revenue	5	**18,583**	11,493
Other income and gains	5	**270**	262
Staff costs	6	**(6,772)**	(5,075)
Depreciation	13	**(139)**	(166)
Office rentals and related expenses		**(567)**	(217)
Marketing expenses		**(128)**	(333)
Other expenses, net		**(4,808)**	(2,551)
Profit before tax	7	**6,439**	3,413
Income tax credit	10	**191**	174
Profit for the year attributable to owners of the Company		**6,630**	3,587
Earnings per share attributable to owners of the Company	11		
– Basic (cents)		**0.90**	N/A
– Diluted (cents)		**0.90**	N/A

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Profit for the year		**6,630**	3,587
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**32**	(3)
Fair value changes on available-for-sale financial assets	14	**(11,760)**	1,930
Fair value changes on available-for-sale financial assets reclassified to profit or loss	14	**(259)**	–
Other comprehensive (loss)/income for the year		**(11,987)**	1,927
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(5,357)**	5,514

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	13	**183**	244	**–**	–
Available-for-sale financial assets	14	**4,976**	16,995	**–**	–
Investments in subsidiaries	16	**–**	–	**14,015**	10
Deposit	18	**–**	90	**–**	–
Deferred tax assets	22	**264**	151	**–**	–
Total non-current assets		**5,423**	17,480	**14,015**	10
Current assets					
Trade receivables	15	**6,416**	2,698	**–**	–
Amounts due from related parties	17	**4,116**	140	**–**	–
Amounts due from subsidiaries	16	**–**	–	**2,413**	–
Prepayments, deposits and other receivables	18	**1,640**	706	**1,124**	507
Financial asset at fair value through profit or loss	19	**–**	1,500	**–**	–
Cash and cash equivalents	20	**2,615**	4,371	**99**	–
Total current assets		**14,787**	9,415	**3,636**	507
Current liabilities					
Trade payables, other payables and accruals	21	**3,304**	2,425	**1,863**	590
Amount due to ultimate holding company	17	**553**	1,132	**–**	132
Amounts due to related parties	17	**420**	741	**106**	–
Amounts due to subsidiaries	16	**–**	–	**1,601**	626
Tax payable		**22**	100	**–**	–
Total current liabilities		**4,299**	4,398	**3,570**	1,348
Net current assets/(liabilities)		**10,488**	5,017	**66**	(841)
Non-current liabilities					
Other payables	21	**443**	172	**–**	–
Net assets/(liabilities)		**15,468**	22,325	**14,081**	(831)
Equity					
Share capital	23	**4,718**	–	**13,705**	–
Reserves	24	**10,750**	22,325	**376**	(831)
Total equity		**15,468**	22,325	**14,081**	(831)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Note	Share Capital (Note 23) S$'000	Available-for-sale financial assets revaluation reserve S$'000	Exchange fluctuation reserve S$'000	Merger reserve S$'000	Capital reserve S$'000	Retained profits/ (accumulated losses) S$'000	Total equity S$'000
At 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/(loss) for the year		–	1,930	(3)	–	–	3,587	5,514
Issue of shares by subsidiaries		–	–	–	2,434	–	–	2,434
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 year		**–**	**–**	**–**	**–**	**–**	**6,630**	**6,630**
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations		**–**	**–**	**32**	**–**	**–**	**–**	**32**
Fair value changes on available-for-sale financial assets	14	**–**	**(11,760)**	**–**	**–**	**–**	**–**	**(11,760)**
Fair value changes on available-for-sale financial assets reclassified to profit or loss	14	**–**	**(259)**	**–**	**–**	**–**	**–**	**(259)**
Total comprehensive income/(loss) for the year		**–**	**(12,019)**	**32**	**–**	**–**	**6,630**	**(5,357)**
Issue of shares by the Company for acquisition of subsidiaries in connection with the Reorganisation	23(b)	**4,718**	**–**	**–**	**(4,718)**	**–**	**–**	**–**
Dividends	12	**–**	**–**	**–**	**–**	**–**	**(1,500)**	**(1,500)**
At 31 December 2017		**4,718**	**4,976***	**22***	**–***	**1,491***	**4,261***	**15,468**

* These reserve accounts comprise the consolidated reserves of S$22,325,000 and S$10,750,000 in the consolidated statements of financial position as at 31 December 2016 and 2017 respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Cash flows from operating activities			
Profit before tax		**6,439**	3,413
Adjustments for:			
Depreciation	13	**139**	166
Gain on disposal of available-for-sale financial assets	5	**(100)**	–
Fair value gain for financial asset at fair value through profit or loss	7	**(35)**	–
Unrealised foreign exchange gains		**(190)**	–
Write-off of items of property, plant and equipment	7	**–**	8
Operating cash flows before changes in working capital		**6,253**	3,587
Changes in working capital:			
Increase in trade receivables		**(3,718)**	(2,400)
Increase in prepayments, deposits and other receivables		**(17)**	(665)
Increase in trade payables, other payables and accruals		**907**	1,017
(Decrease)/increase in amounts due to related parties		**(363)**	112
Cash generated from operations		**3,062**	1,651
Income tax refund		**–**	23
Net cash flows from operating activities		**3,062**	1,674
Cash flows from investing activities			
Purchases of items of property, plant and equipment	13	**(80)**	(349)
Redemption/(purchase) of a financial asset at fair value through profit or loss		**1,535**	(1,500)
Decrease in an amount due from the ultimate holding company		**–**	78
Increase in amounts due from related parties		**(3,976)**	(53)
Proceeds from disposal of available-for-sale financial assets		**100**	–
Net cash flows used in investing activities		**(2,421)**	(1,824)
Cash flows from financing activities			
(Decrease)/increase in amount due to ultimate holding company		**(579)**	5,819
Increase/(decrease) in amounts due to related parties		**42**	(243)
Proceeds from issue of shares by subsidiaries received from the ultimate holding company		**–**	500
Payments in relation to initial public offering expenses		**(579)**	–
Dividends paid		**(1,500)**	(2,600)
Net cash flows (used in)/from financing activities		**(2,616)**	3,476
Net (decrease)/increase in cash and cash equivalents		**(1,975)**	3,326
Cash and cash equivalents at beginning of year		**4,371**	964
Effect of foreign exchange rate changes, net		**219**	81
Cash and cash equivalents at end of year	20	**2,615**	4,371

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. Corporate Information

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

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

(i) investment management services, which includes (a) special purpose vehicle ("**SPV**") investment management and (b) fund management;
(ii) 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.

2. Summary of significant accounting policies

2.1 Basis of presentation

Pursuant to the reorganisation of the entities within the Group in preparation of the listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Reorganisation**"), 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, these financial statements have 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 year ended 31 December 2016 or since the date when the respective subsidiaries first came under the common control of the Controlling Shareholders, whichever is later.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.1 Basis of presentation (cont'd)

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the years ended 31 December 2016 and 2017 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 31 December 2016 and 2017 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 consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been adopted by the Group in the preparation of these financial statements.

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and financial asset at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Singapore Dollars (S$) and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2017, including the Amendments to FRS7 *Disclosure Initiative*.

The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.4 Issued but not yet effective IFRS

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

Description	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 16 *Leases*	1 January 2019
IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption
Amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*	1 January 2018
Annual Improvements to IFRSs Standards 2014-2016 Cycle:	
Amendments to IAS 28 *Investments in Associates and Joint Ventures*	1 January 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.4 Issued but not yet effective IFRS (cont'd)

The Group adopts 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 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. Based on the Group's initial assessment, the adoption of IFRS 15 may 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 recognises 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 may 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.4 Issued but not yet effective IFRS (cont'd)

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 financial statements, the Group had total future minimum lease payments under non-cancellable operating leases as at 31 December 2017 which amounted to S$655,000. The directors of the Company do not expect the adoption of IFRS 16 to 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.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries now comprising the Group and the PMTM Business. 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 above, the acquisition of subsidiaries and the PMTM Business under common control has been accounted for using 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; and
- The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

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

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

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

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

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

2.6 Current versus non-current classification

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

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

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.6 Current versus non-current classification (cont'd)

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.7 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 best economic interest.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.7 Fair value measurement (cont'd)

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

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

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

The Group's management determines the policies and procedures for recurring fair value measurement, such as for unquoted available-for-sale financial assets and 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.

2.8 Foreign currencies

The financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.8 Foreign currencies (cont'd)

(a) Transactions and balances (cont'd)

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

(b) Group companies

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

2.9 Cash dividend distribution to owners of the Company

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

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 profit or loss, 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.

De-recognition

A financial asset is primarily de-recognised (i.e., removed from the statement 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting estimates (Note 3)
- 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

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, either as financial liabilities at fair value through profit or loss or otherwise, 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 financial liabilities that are not carried at fair value through profit or loss, 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, related parties and subsidiaries.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Financial liabilities (cont'd)

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.

2.12 Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

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

For the purpose of the consolidated 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.

2.14 Government grants

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

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

2.15 Revenue recognition

Revenue is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(a) SPV investment management (cont'd)

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 2.11(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.15 Revenue recognition (cont'd)

Rendering of services (cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.16 Leases

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

Group as a lessee

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.

2.17 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.18 Taxes

(a) Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.19 Deferred revenue

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

2.20 Contingencies

A contingent liability is:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (cont'd)

2.21 Provisions

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

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

2.22 Related parties

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

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

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3. Significant accounting judgments, estimates and assumptions

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

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

- Capital management (Note 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 financial statements:

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 2017, the Group acted as manager for 8 (2016: 14) Investment SPVs and 4 (2016: 2) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3. Significant accounting judgments, estimates and assumptions (cont'd)

Estimates and assumptions (cont'd)

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 is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Operating segment information

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

(a) Investment management

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

(i) SPV investment management

The Group provides investment management services to investors of real estate development projects by establishing and incorporating Investment SPV through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Operating segment information (cont'd)

(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 year ended 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Operating segment information (cont'd)

Year ended 31 December 2017	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Project consultancy and management services S$'000	Property management and tenancy management S$'000	Financial advisory S$'000	Total S$'000
Segment revenue						
External customers	12,017	1,293	1,571	3,656	46	18,583
Segment results	10,459	(91)	1,275	(514)	(762)	10,367
Reconciliation:						
Other income and gains						270
Corporate and unallocated expenses						(4,198)
Profit before tax						6,439
Segment assets	13,583	2,366	896	928	1,164	18,937
Reconciliation:						
Corporate and unallocated assets						1,273
Total assets						20,210
Segment liabilities	730	1,052	124	813	48	2,767
Reconciliation:						
Corporate and unallocated liabilities						1,975
Total liabilities						4,742
Other segment information:						
Depreciation	87	12	10	18	12	139
Capital expenditure*	24	23	5	25	3	80

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Operating segment information (cont'd)

Year ended 31 December 2016	Investment management: SPV investment management S$'000	Investment management: Fund management S$'000	Project consultancy and management services S$'000	Property management and tenancy management S$'000	Total S$'000
Segment revenue					
External customers	8,263	176	858	2,196	11,493
Segment results	7,331	(1,927)	760	(536)	5,628
Reconciliation:					
Other income and gains					262
Corporate and unallocated expenses					(2,477)
Profit before tax					3,413
Segment assets	20,220	1,111	720	868	22,919
Reconciliation:					
Corporate and unallocated assets					3,976
Total assets					26,895
Segment liabilities	1,745	632	131	339	2,847
Reconciliation:					
Corporate and unallocated liabilities					1,723
Total liabilities					4,570
Other segment information:					
Depreciation					
– operating segment	74	23	7	48	152
– unallocated					14
					166
Write-off of items of property, plant and equipment	–	–	–	8	8
Capital expenditure*					
– operating segment	202	27	21	88	338
– unallocated					11
					349

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Operating segment information (cont'd)

Geographical information

(a) Revenue from external customers

	Group	
	2017	**2016**
	S$'000	**S$'000**
Singapore	**17,431**	10,307
Malaysia	**1,094**	1,116
Other countries/jurisdictions	**58**	70
	18,583	11,493

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

(b) Non-current assets

	Group	
	2017	**2016**
	S$'000	**S$'000**
Singapore	**171**	222
Other countries/jurisdictions	**12**	22
	183	244

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 reporting periods is set out below:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Customer A	**5,502**	N/A*
Customer B	**2,935**	N/A*
Customer C	**–****	3,428
Customer D	**–****	1,277

* Revenue from Customers A and B for the year ended 31 December 2016 were respectively less than 10% of the Group's revenue.

** Revenue from Customers C and D for the year ended 31 December 2017 were respectively less than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5. Revenue, and other income and gains

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

	Group	
	2017	2016
	S$'000	S$'000
Revenue		
Investment management		
– SPV investment management fees	**12,017**	8,263
– Fund management fees	**1,293**	176
Project consultancy and management service fees	**1,571**	858
Property management and tenancy management fees	**3,656**	2,196
Financial advisory fees	**46**	–
	18,583	11,493
Other income and gain		
Government grants*	**86**	98
Foreign exchange differences, net	**44**	109
Gain on disposal of available-for-sale financial assets, net of fair value changes reclassified from other comprehensive income of S$259,000 (2016: Nil) (Note 14)	**100**	–
Fair value gain for financial asset at fair value through profit or loss	**35**	–
Others	**5**	55
	270	262

* Government grants were 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 the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

6. Staff costs

	Group	
	2017	2016
	S$'000	S$'000
Employee benefit expense (including directors' remuneration (Note 8)):		
Salaries, bonuses, commission and other allowances	**6,070**	4,518
Retirement benefit scheme contributions (defined contribution scheme)	**702**	557
	6,772	5,075

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Profit before tax

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

	Group	
	2017	2016
	S$'000	S$'000
Auditor's remuneration	**121**	17
Listing expenses	**2,751**	811
Write-off of items of property, plant and equipment	**–**	8
Minimum lease payments under operating leases	**567**	217
Fair value (gain)/loss for financial asset at fair value through profit or loss	**(35)**	98
Dividend income from the Establishment Shares included in SPV investment management fees	**(10,603)**	(6,487)

8. Directors' and chief executive's remuneration

During the financial year ended 31 December 2017, 2 (2016: 1) directors received remuneration from the subsidiaries now comprising the Group for their appointment as director of these subsidiaries or in capacity as employee of these subsidiaries. The remuneration of the directors as recorded in the financial statements of the subsidiaries is set out below:

	Group	
	2017	2016
	S$'000	S$'000
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**363**	345
Retirement benefit scheme contributions (defined contribution scheme)	**5**	3
	368	348

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

Mr. Kong Chi Mo, Mr. Sim Mong Keang and Mr. Cheung Ying Kwan were appointed as independent non-executive directors with effect from 13 December 2017.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

8. Directors' and chief executive's remuneration (cont'd)

(b) Executive directors and chief executive (cont'd)

The remuneration of each of the directors of the Company for the years ended 31 December 2016 and 2017 is set out below:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Year ended 31 December 2017				
Yeo Choon Guan (Yao Junyuan)	**–**	**–**	**–**	**–**
Sim Kain Kain	**–**	**20**	**2**	**22**
Gwee Yuen Kerr Ryan	**–**	**–**	**–**	**–**
Siew Chen Yei	**–**	**343**	**3**	**346**
	–	**363**	**5**	**368**
Year ended 31 December 2016				
Yeo Choon Guan (Yao Junyuan)	–	–	–	–
Sim Kain Kain	–	–	–	–
Gwee Yuen Kerr Ryan	–	–	–	–
Siew Chen Yei	–	345	3	348
	–	345	3	348

During the years ended 31 December 2016 and 2017, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2016 and 2017.

9. Five highest paid employees

The five highest paid employees during the years ended 31 December 2016 and 2017 included one of the directors of the Company, details of whose remuneration are set out in Note 8 above.

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

	Group 2017 S$'000	Group 2016 S$'000
Salaries, bonuses, allowances and benefits in kind	**536**	598
Retirement benefit scheme contributions	**28**	53
	564	651

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. Five highest paid employees (cont'd)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the years ended 31 December 2016 and 2017 is as follows:

	Group	
	2017	**2016**
Nil to HKD1,000,000	**4**	3
HKD1,000,001 to HKD1,500,000	**–**	1
HKD1,500,001 to HKD2,000,000	**–**	–
	4	4

10. Income tax credit

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17.0% during the current year. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the years ended 31 December 2016 and 2017.

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

	Group	
	2017	**2016**
	S$'000	**S$'000**
Current:		
Overprovision in prior years	**(78)**	(23)
Deferred (Note 22)	**(113)**	(151)
Total tax credit for the year	**(191)**	(174)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

10. Income tax credit (cont'd)

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

Year ended 31 December 2017

	Singapore		Hong Kong		PRC		Australia		Total
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000
Profit/(loss) before tax	**7,457**		**(972)**		**(27)**		**(19)**		**6,439**
Tax at the statutory tax rate	**1,268**	**17.0**	**(160)**	**16.5**	**(7)**	**25.0**	**(5)**	**27.5**	**1,096**
Expenses not deductible for tax	**1,468**		**168**		**7**		**5**		**1,648**
Income not subject to tax	**(2,780)**		**(8)**		**–**		**–**		**(2,788)**
Benefits from previously unrecognized deferred tax asset	**(38)**		**–**		**–**		**–**		**(38)**
Deferred tax asset not recognised	**1**		**–**		**–**		**–**		**1**
Adjustments in respect of current tax of previous periods	**(78)**		**–**		**–**		**–**		**(78)**
Others	**(32)**		**–**		**–**		**–**		**(32)**
Tax credit at the Group's effective rate	**(191)**	**(2.6)**	**–**	**0.0**	**–**	**0.0**	**–**	**0.0**	**(191)**

Year ended 31 December 2016

	Singapore		Hong Kong		PRC		Australia		Total
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000
Profit/(loss) before tax	4,618		(1,211)		6		–		3,413
Tax at the statutory tax rate	785	17.0	(200)	16.5	2	25.0	–	27.5	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	(23)		–		–		–		(23)
Tax credit at the Group's effective rate	(174)	(3.8)	–	0.0	–	0.0	–	0.0	(174)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

11. Earnings per share attributable to owners of the Company

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

	2017 S$'000
Earnings	
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**6,630**
Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**734,591,427**

Earnings per share information for the year ended 31 December 2016 is not presented as its inclusion is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the year as explained in Note 2.1 to the financial statements.

12. Dividends

The following dividends were declared by a subsidiary of the Company to the ultimate holding company in 2016:

	Group	
	2017 S$'000	2016 S$'000
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2017: Nil (2016: S$3,417,000) per share	**–**	6,834

The dividends declared by the Company to the ultimate holding company during the current year are as follow:

	Company	
	2017 S$'000	2016 S$'000
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2017: 0.15 cent (2016: Nil) per share	**1,500**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13. Property, plant and equipment

	Computers S$'000	Office equipment S$'000	Furniture and fittings S$'000	Renovation S$'000	Total S$'000
Group					
Cost:					
At 1 January 2016	78	28	12	13	131
Additions	180	6	17	146	349
Write-offs	(11)	–	(10)	–	(21)
At 31 December 2016 and 1 January 2017	247	34	19	159	459
Additions	63	2	13	2	80
Exchange differences	–	–	(1)	(1)	(2)
At 31 December 2017	310	36	31	160	537
Accumulated depreciation:					
At 1 January 2016	60	1	1	–	62
Charge for the year	132	10	7	17	166
Write-off during the year	(11)	–	(2)	–	(13)
At 31 December 2016 and 1 January 2017	181	11	6	17	215
Charge for the year	67	12	7	53	139
At 31 December 2017	248	23	13	70	354
Net carrying amount:					
At 31 December 2016	**66**	**23**	**13**	**142**	**244**
At 31 December 2017	**62**	**13**	**18**	**90**	**183**

14. Available-for-sale financial assets

	Group 2017 S$'000	Group 2016 S$'000
Unlisted equity shares, at fair value	**3,367**	6,474
Contractual rights over unlisted equity shares, at fair value	**1,609**	10,521
	4,976	16,995

During the year ended 31 December 2017, the fair value change in respect of the Group's available-for-sale financial assets recognised in other comprehensive income amounted to a loss of S$11,760,000 (2016: gain of S$1,930,000). Fair value changes on available-for-sale financial assets reclassified from other comprehensive income to profit or loss amounted to a cumulative gain of S$259,000 (2016: Nil).

The above financial assets were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

14. Available-for-sale financial assets (cont'd)

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 5).

As at 31 December 2017, the Group held approximately between 10% and 17% equity shares in each of 13 SPVs (2016: between 14% and 17% equity shares in each of 9 SPVs). In addition, the Group also had contractual rights over the Establishment Shares to be awarded by the investors in 10 (2016: 14) Investment SPVs, which upon conversion, represent no more than 19% (2016: 19%) in the enlarged share capital of the respective Investment SPVs as at 31 December 2017.

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 substantially completed. The transactions were completed in November 2017 and the Group has derecognised available-for-sale financial assets relating to the six Investment SPVs which amounted to S$259,000.

15. Trade receivables

	Group	
	2017	**2016**
	S$'000	**S$'000**
Trade receivables	**6,416**	2,698

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. Trade receivables (cont'd)

Included in the trade receivables were Nil (2016: S$874,000) that were recognised as receivables as at December 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 reporting period, based on the invoice date, is as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Within 1 month	**878**	540
1 to 2 months	**321**	296
2 to 3 months	**284**	85
Over 3 months	**1,861**	217
	3,344	1,138

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

	Group	
	2017	**2016**
	S$'000	**S$'000**
Receivables not yet invoiced	**–**	874
Dividend receivables	**3,072**	686
Neither past due nor impaired	**1,071**	540
Less than 1 month past due	**128**	296
1 to 3 months past due	**2,145**	302
	6,416	2,698

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.

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15. Trade receivables (cont'd)

As at 31 December 2016 and 2017, the Group had the following trade receivables from related parties which are repayable on credit terms similar to those offered to major customers of the Group.

	Group	
	2017	**2016**
	S$'000	**S$'000**
Related parties*	**4,380**	1,372

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

	December	
	2017	**2016**
	S$'000	**S$'000**
BH-ZACD (Woodlands) Development Pte. Ltd.	**61**	139
BH-ZACD (Tuas Bay) Development Pte. Ltd.	**356**	235
Publique Realty Pte. Ltd.	**–**	172
SLP International	**5**	1
Publique Realty (Jurong) Pte. Ltd.	**80**	59
Wee Hur (Punggol Central) Pte. Ltd.	**89**	61
ZACD (Sennett) Pte. Ltd.	**–**	151
ZACD (Punggol Drive) Pte. Ltd.	**–**	367
ZACD (Sengkang) Pte. Ltd.	**–**	167
ZACD (BBW6) Ltd.	**–**	17
ZACD Investments (ARO II) Ltd.	**–**	3
Publique Realty (Pasir Ris) Pte. Ltd.	**133**	–
ZACD (AMK) Pte. Ltd.	**3,072**	–
ZACD (Shunfu2) Ltd.	**584**	–
	4,380	1,372

Relationships of the above related companies with the Company or the Group are set out in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

16. Investments in subsidiaries

	Company 2017 S$'000	Company 2016 S$'000
Unlisted shares, at cost	**14,015**	10

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 2017	Percentage of equity attributable to the Company 2016	Principal activities
Held by the Company:					
ZACD International Pte. Ltd. (formerly known as ZACD (Bio5) Pte. Ltd.)[1]	Singapore 28 January 2011	S$2	100%	–	Investment management and project consultancy and management services
ZACD Capital Pte. Ltd.[1]	Singapore 25 October 2011	S$3,580,000	100%	–	Investment management and fund management services
ZACD Financial Group Limited[2]	Hong Kong 7 October 2015	HKD8,000,000	100%	–	Financial advisory services
ZACD Group Holdings Limited[2]	Hong Kong 7 October 2015	HKD10,000	100%	–	Investment management services
ZACD POSH Pte. Ltd.[5]	Singapore 17 November 2016	S$10,000	100%	100%	Property management and tenancy management services
ZACD (Australia) Pty Ltd.[3]	Australia 23 November 2016	AUD2	100%	100%	Business consulting services
ZACD Fund Holdings Pte. Ltd.[6]	Singapore 15 March 2017	S$2	100%	–	Fund holding
Held through ZACD International Pte. Ltd.:					
獅展商務諮詢(上海)有限公司[3/4] (ZACD (China) Co., Ltd.*)	People's Republic of China ("**PRC**") 13 July 2016	RMB1,000,000	100%	–	Business consulting services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

16. Investments in subsidiaries (cont'd)

* For identification purpose only.

[1] The statutory financial statements of these entities for the years ended 31 December 2016 and 2017 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

[2] The statutory financial statements of these entities for the period from 7 October 2015 (date of incorporation) to 31 December 2016 and for the year ended 31 December 2017 prepared under Hong Kong Financial Reporting Standards were audited by Ernst & Young, Hong Kong.

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

[4] 獅展商務諮詢(上海)有限公司 is registered as a wholly-foreign owned enterprise under the laws of the PRC. As at the end of the reporting period, the paid up capital of this entity amounted to RMB290,900.

[5] The statutory financial statements of this entity for the period from 17 November 2016 (date of incorporation) to 31 December 2016 and for the year ended 31 December 2017 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

[6] The statutory financial statements of this entity for the period from 15 March 2017 (date of incorporation) to 31 December 2017 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

As at 31 December 2017, the amounts due from subsidiaries of S$2,413,000 (2016: Nil), included in the current assets of the Company, are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2017, the amounts due to subsidiaries of S$1,601,000 (2016: S$626,000), 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 related parties of the Group are as follows:

31 December 2017

	31 December 2017 S$'000	Maximum amount outstanding during the year S$'000	1 January 2017 S$'000
Due from related parties			
ZACD (Woodlands3) Pte. Ltd.	–	–	81
ZACD (Neew) Pte. Ltd.	6	6	6
SLP International	100	100	33
SKR Holdings Ltd.	–	–	20
ZACD (Woodlands) Pte. Ltd.	10	10	–
ZACD Investments (ARO II) Limited	4,000	4,000	–
	4,116		140

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

17. Balances with the ultimate holding company and related parties (cont'd)

31 December 2016

	31 December 2016 S$'000	Maximum amount outstanding during the year S$'000	1 January 2016 S$'000
Due from the ultimate holding company			
ZACD Investments	–	178	78
Due from related parties			
ZACD (Woodlands3) Pte. Ltd.	81	81	81
ZACD (Neew) Pte. Ltd.	6	6	6
SLP International	33	33	–
SKR Holdings Ltd.	20	20	–
	140		87

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Due to the ultimate holding company				
ZACD Investments	**553**	1,132	**–**	132
Due to related parties				
Magnificent Vine Group Holdings Pte. Ltd.	**194**	557	**17**	–
SLP International	**226**	182	**89**	–
SLP Realty Pte. Ltd.	**–**	2	**–**	–
	420	741	**106**	–

Relationships of the above related parties with the Company or the Group are set out in Note 26 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

18. Prepayments, deposits and other receivables

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Prepayments	**104**	387	**7**	231
Deposits	**185**	117	**14**	–
Other receivables	**248**	16	**–**	–
Deferred listing expenses	**1,103**	276	**1,103**	276
	1,640	796	**1,124**	507
Less: Amounts classified as current assets	**(1,640)**	(706)	**(1,124)**	(507)
Amounts classified as non-current assets	**–**	90	**–**	–

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 used the structured deposit primarily to enhance the return on investment. The structured deposit matured and was redeemed on 23 February 2017.

20. Cash and cash equivalents

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash and bank balances	**2,615**	4,371	**99**	–

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		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade payables	**94**	187	**–**	–
Other payables	**235**	638	**20**	–
Accruals	**2,658**	1,127	**1,843**	590
Deferred revenue	**760**	645	**–**	–
	3,747	2,597	**1,863**	590
Less: amounts classified as current liabilities	**(3,304)**	(2,425)	**(1,863)**	(590)
Amounts classified as non-current liabilities	**443**	172	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. Trade payables, other payables and accruals (cont'd)

An aged analysis of the Group's trade payables as at 31 December 2016 and 2017, based on the invoice date, is as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Within 1 month	**94**	176
1 to 2 months	**–**	11
	94	187

Included in the Group's trade payables as at 31 December 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, which amounted to S$78,000 (2016: S$160,000).

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 2017, investment management fees received in advance of S$443,000 (2016: S$172,000), were classified under non-current liabilities because the related services were expected to be rendered after one year from the end of the respective reporting period.

22. Deferred tax assets

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

	Losses available for offsetting against future taxable profits S$'000
Gross deferred tax assets at 1 January 2016	–
Deferred tax credited to the consolidated statement of profit or loss during the year *(Note 10)*	151
Gross deferred tax assets at 31 December 2016 and 1 January 2017	151
Deferred tax credited to the consolidated statement of profit or loss during the year *(Note 10)*	113
Gross deferred tax assets at 31 December 2017	264

The Group has unrecognised tax losses arising in Singapore and Hong Kong of Nil and S$2,314,000 (2016: S$54,000 and S$1,334,000) as at 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

22. Deferred tax assets (cont'd)

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group. They have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit for the year ended 31 December 2017 would increase by S$382,000 (2016: S$229,000).

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

23. Share capital

	Group	
	2017 S$'000	2016 S$'000
Issued and paid up capital:		
1,500,000,000 ordinary shares on 31 December 2017 (31 December 2016: 1 share)	**4,718**	–

A summary of movements in the Group's issued share capital during the period from 8 November 2016 (date of incorporation) to 31 December 2017 is as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares S$'000
Issued and fully paid:			
Upon incorporation on 8 November 2016 and as at 31 December 2016 and 1 January 2017	(a)	1	–
Issue of shares	(b)	13,704,641	13,705
Acquisition of subsidiaries in the Reorganisation	(b)	–	(8,987)
Issue of shares as a result of share split	(c)	986,295,358	–
Issue of shares as a result of further share split	(d)	500,000,000	–
As at 31 December 2017		1,500,000,000	4,718

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23. Share capital (cont'd)

(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.

(d) 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.

24. Reserves

The amounts of the Group's reserves and the movements therein during each of the reporting periods for the year ended 31 December 2016 and 2017 are presented in the consolidated statement of changes in equity.

Merger reserve

The merger reserve represents reserve arising from the Reorganisation.

Capital reserve

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

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FOR THE YEAR ENDED 31 DECEMBER 2017

25. Notes to the consolidated statement of cash flows

(i) Major non-cash transactions

The Group had the following major non-cash transactions:

(a) During the year ended 31 December 2016, dividends in the total amount of 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 year ended 31 December 2016, a subsidiary of the Company allotted 500,000 shares, satisfied by capitalisation of an outstanding payable to the ultimate holding company amounting to S$500,000.

(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.

			Non-cash changes			
	At beginning of reporting period	**Financing cash flows**	**Capitalisation of loans**	**Offsetting with trade receivables**	**Effect of changes in foreign exchange rates**	**At end of reporting period**
Year ended 31 December 2017						
Amount due to the ultimate holding company	**1,132**	**(579)**	**–**	**–**	**–**	**553**
Amounts due to related companies	**184**	**42**	**–**	**–**	**–**	**226**
Year ended 31 December 2016						
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions

Name of related companies	Relationship with the Company or the Group
Investment SPVs:	
ZACD (Kaki Bukit) Pte.Ltd.	ZACD (Kaki Bukit) Pte.Ltd. was a wholly-owned subsidiary of the ultimate holding company. Pursuant to the Ratification Deed, the beneficial equity interest in ZACD (Kaki Bukit) Pte.Ltd. was held in trust by the ultimate holding company for all the investors and the Group when ZACD (Kaki Bukit) Pte.Ltd. declared dividend on 28 October 2015 and since then, ZACD (Kaki Bukit) Pte.Ltd. 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.
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. was a wholly-owned subsidiary of the ultimate holding company. On 26 July 2017, it became a 19.0%-owned associate of the ultimate holding company.
ZACD (Neew) Pte. Ltd.	ZACD (Neew) Pte. Ltd. is a wholly-owned subsidiary of the ultimate holding company.
ZACD (Sengkang) Pte. Ltd. ("**ZACD (Sengkang)**")	ZACD (Sengkang) was a wholly-owned subsidiary of the ultimate holding company. Upon transfer of certain equity interests on 8 January 2016, ZACD (Sengkang) ceased to be the subsidiary of the ultimate holding company. One of the Controlling Shareholders remains as a key management personnel of ZACD (Sengkang) 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.

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FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions (cont'd)

Name of related companies	Relationship with the Company or the Group
Development SPVs:	
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.
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..
Private real estate funds managed by the Group:	
ZACD (BBW6) Ltd. ("**BBW6**")	BBW6 is managed by the Group and the Controlling Shareholders are key management personnel of BBW6. 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.
ZACD (Shunfu2) Ltd. ("**Shunfu2**")	Shunfu2 is managed by the Group and the Controlling Shareholders are key management personnel of Shunfu2.

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FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions (cont'd)

Name of related companies	Relationship with the Company or the Group
Common control of the Controlling Shareholders:	
Magnificent Vine Group Holdings Pte. Ltd ("**Magnificent Vine Group**")	Magnificent Vine Group is controlled by the Controlling Shareholders who are also the directors of the Company.
Neew Pte. Ltd.	Neew Pte. Ltd. is 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 years ended 31 December 2016 and 2017:

	Notes	Group 2017 S$'000	Group 2016 S$'000
Investment management – SPV management fees:	(i)		
The ultimate holding company		**126**	309
Investment management – dividend income:	(ii)		
ZACD (Punggol Central) Pte. Ltd.		**848**	3,428
ZACD (Punggol Drive) Pte. Ltd.		**–**	540
ZACD (Kaki Bukit) Pte. Ltd.		**–**	283
ZACD (KB2) Pte. Ltd.		**–**	125
ZACD (Sennett) Pte. Ltd.		**–**	366
ZACD (Sengkang)		**–**	1,277
ZACD (Woodlands) Pte. Ltd.		**511**	93
ZACD (Woodlands2) Pte. Ltd.		**807**	375
ZACD (AMK) Pte. Ltd.		**5,502**	–
ZACD (Punggol Field) Pte. Ltd.		**2,935**	–
		10,603	6,487
Investment management – fund management fees:	(iii)		
BBW6		**125**	17
ARO II		**243**	159
Shunfu		**484**	–
Shunfu2`		**441**	–
		1,293	176
Project consultancy and management fees:	(iv)		
BH-ZACD (Tuas Bay) Development Pte. Ltd.		**193**	257
BH-ZACD (Woodlands) Development Pte. Ltd.		**16**	191
Wee Hur (Punggol Central)		**320**	320
		529	768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions (cont'd)

	Notes	Group 2017 S$'000	Group 2016 S$'000
Property management and tenancy management fees:	(v)		
BH-ZACD (Woodlands) Development Pte. Ltd.		**197**	106
BH-ZACD (Tuas Bay) Development Pte. Ltd.		**129**	–
Publique Realty (Jurong) Pte. Ltd.		**222**	105
Publique Realty (Pasir Ris) Pte. Ltd.		**167**	187
Wee Hur (Punggol Central) Pte. Ltd.		**84**	211
SLP International		**2**	–
Kurnia Rezeki Utama Sdn. Bhd.		**32**	–
		833	609
Financial advisory fees:	(vi)		
SLP International		**46**	–
Corporate services expense:	(vii)		
Magnificent Vine Group		**121**	207
Repair and maintenance services expense:	(viii)		
Neew Pte. Ltd.		**553**	384
Rental expenses:	(ix)		
The ultimate holding company		**194**	–
SLP International		**161**	–
		355	–

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 compared 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 financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions (cont'd)

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

	Group	
	2017 S$'000	2016 S$'000
Short term employee benefits	**839**	591
Post-employment benefits	**44**	32
Total compensation paid to key management personnel	**883**	623

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:

	Group	
	2017 S$'000	2016 S$'000
Within 1 year	**461**	216
After 1 year but not more than 5 years	**194**	195
	655	411

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

28. Contingent liabilities

At the end of each of the years, the Group did not have any contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

29. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at 31 December 2016 and 2017 are as follows:

31 December 2017

Group – financial assets

	Available-for-sale financial assets S$'000	Financial asset at fair value through profit or loss – designated as such upon initial recognition S$'000	Loans and receivables S$'000	Total S$'000
Available-for-sale financial assets	4,976	–	–	4,976
Trade receivables	–	–	6,416	6,416
Financial assets included in prepayments, deposits and other receivables	–	–	433	433
Amounts due from related parties	–	–	4,116	4,116
Financial asset at fair value through profit or loss	–	–	–	–
Cash and cash equivalents	–	–	2,615	2,615
	4,976	–	13,580	18,556

Group – financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade payables, other payables and accruals	2,987
Amount due to ultimate holding company	553
Amounts due to related parties	420
	3,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

29. Financial instruments by category (cont'd)

31 December 2017 (cont'd)

Company – financial assets

	Loans and receivables S$'000
Deposits	**14**
Amounts due from subsidiaries	**2,413**
Cash and cash equivalents	**99**
	2,526

Company – financial liabilities

	Financial liabilities at amortised cost S$'000
Other payables	**20**
Accruals	**1,843**
Amounts due to related parties	**106**
Amounts due to subsidiaries	**1,601**
	3,570

31 December 2016

Group – financial assets

	Available-for-sale financial assets S$'000	Financial asset at fair value through profit or loss – designated as such upon initial recognition S$'000	Loans and receivables S$'000	Total S$'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
	16,995	1,500	7,342	25,837

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

29. Financial instruments by category (cont'd)

31 December 2016 (cont'd)

Group – financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade payables, other payables and accruals	1,382
Amount due to ultimate holding company	1,132
Amounts due to related parties	741
	3,255

Company – financial liabilities

	Financial liabilities at amortised cost S$'000
Accruals	590
Amount due to ultimate holding company	132
Amounts due to subsidiaries	626
	1,348

The Company did not have any financial assets as at 31 December 2016.

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:

	Carrying amounts		Fair values	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets				
Available-for-sale financial assets	**4,976**	16,995	**4,976**	16,995
Financial asset at fair value through profit or loss	**–**	1,500	**–**	1,500
	4,976	18,495	**4,976**	18,495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

30. Fair value and fair value hierarchy of financial instruments (cont'd)

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

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

The fair value of 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 2016 and 2017:

31 December 2017	Valuation technique	Significant unobservable input	Range of uncertainty discount	Sensitivity of fair value to the input
Unlisted available-for-sale financial assets	Discounted cash flow method	Input base uncertainty for projected cash flows	0% to 78%	Decrease by 10 percentage points would result in increase in fair value by S$223,000 Increase by 18 percentage points would result in decrease in fair value by S$417,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

30. Fair value and fair value hierarchy of financial instruments (cont'd)

31 December 2016	Valuation technique	Significant unobservable input	Range of uncertainty discount	Sensitivity of fair value to the input
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

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 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$'000	Significant observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Available-for-sale financial assets	–	–	4,976	4,976

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

30. Fair value and fair value hierarchy of financial instruments (cont'd)

Fair value hierarchy (cont'd)

Assets measured at fair value: (cont'd)

31 December 2016

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

The movements in fair value measurements within Level 3 during the years ended 31 December 2016 and 2017 are as follows:

	Group	
	2017 S$'000	**2016 S$'000**
Available-for-sale financial assets – unlisted:		
At beginning of reporting period	**16,995**	15,065
Total (losses)/gains recognised in other comprehensive income	**(11,760)**	1,930
Total gains reclassified to profit or loss	**(259)**	–
At the end of reporting period	**4,976**	16,995

The Group did not have any financial liabilities measured at fair value as at 31 December 2016 and 2017.

During the reporting periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

31. Financial risk management objectives and policies (cont'd)

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

	2017	2016
Due from the largest debtor	**48%**	18%
Due from the five largest debtors	**81%**	52%

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

Liquidity risk

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

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

Group

	On demand/ no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2017			
Financial liabilities included in trade payables, other payables and accruals	–	2,987	2,987
Amount due to the ultimate holding company	553	–	553
Amounts due to related parties	420	–	420
	973	2,987	3,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

31. Financial risk management objectives and policies (cont'd)

Liquidity risk *(cont'd)*

Company

	On demand/ no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2017			
Accruals	**–**	**1,843**	**1,843**
Other payables	**–**	**20**	**20**
Amounts due to related parties	**106**	**–**	**106**
Amounts due to subsidiaries	**1,601**	**–**	**1,601**
	1,707	**1,863**	**3,570**

Group

	On demand/ no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2016			
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
	1,873	1,382	3,255

Company

	On demand/ no fixed terms of repayment S$'000	Less than 1 year S$'000	Total S$'000
31 December 2016			
Accruals	–	590	590
Amount due to the ultimate holding company	132	–	132
Amounts due to subsidiaries	626	–	626
	758	590	1,348

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

31. Financial risk management objectives and policies (cont'd)

Capital management

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

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

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

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

32. Event occurring after the reporting period

On 21 March 2018, the Company proposed to pay a final dividend of 0.2 (2016: Nil) Singapore cent per ordinary share for the financial year ended 31 December 2017. The proposed dividend is subject to shareholders' approval at the Annual General Meeting.

33. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 21 March 2018.